

- 5 "Over the past century, resource rich economies like oil rich Nigeria and Venezuela have performed poorly whereas resource poor countries like Singapore, South Korea and Hong Kong notably have performed well economically".
Assess the possible reasons for this phenomenon.

[35]

Expected answer:

- Explain the possible reason for the phenomenon using economic theory.
 - o Lack of exogenous investment (and technology) Solow-Swan.
 - o Lack of domestic investment leading to technical progress (Romer)
 - o Openness vs Closedness of the economies (CA theory)
 - o Other non-economic arguments.
 - Historical exploitation (colonialists)
 - Poor government.
- Make a comparison the various possible reasons.
- Make a judgement wrt the appropriateness of the arguments made.

Mark Scheme

L3	Explanation of the issue is clear and succinct. The application of the theories are clearly and completely explained. Contrary arguments are clearly pointed and demonstrated with clear illustrative examples. Implications of the analysis is clearly identified. Able to link to alternative explanations of the issue.	18-25m
L2	Shows good understanding and application of the relevant growth theories (Solow-Swan and Romer models) to development in resource rich vs resource poor countries. Shows a clear understanding of the issue and has provided a clear, but not complete, explanation of the issue (using economic theory).	10-17m
L1	Shows good knowledge of the factors influencing growth & development.	1-9m
E3	Well-reasoned judgement supported with clear arguments. Various perspectives were considered and the different conclusions were compared. A useful comment on the overall conclusion was made. Recognised the potential impact of other world events on the conclusions drawn (e.g. increased trade, lower transport costs, decreased/increased reliance on exported raw materials)	7-10m
E2	Brief and poorly focused economic arguments. Various perspectives could be considered in the body of the essay but were not clearly summarised to a useful comment.	4-6m
E1	Recognised the limitations of arguments and some recognition of the unstated assumptions were demonstrated.	1-3m

Marker's comments:

- Students showed a good knowledge of the different economic theories. However, they were level to which they were applied varied tremendously.
- The appreciation of the apparent paradox alluded to in the preamble was not clearly recognized or explained.
- A good answer would have compared the ability of the theories to adequately explain the paradox. This was done to various degrees.
- Evaluative comments were largely absent and if made were very poorly supported.