Solutions

Economics answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

Each answer shows the steps, then the **result**.

2.1

- the growing economic links between countries — in trade, money, technology and people — so the world acts more like one market (2 for a clear definition; 1 for a partial idea)

2.2

- a group of countries that agree to trade freely among themselves (e.g. with no tariffs), such as the European Union (2 for a clear definition; 1 for a partial idea)

2.3

- any one of: cheaper transport and communication; free-trade agreements; the spread of multinational firms (1)

3.1 B

- Lower prices and more choice are a benefit of globalisation

3.2

- *[6]* For **each** of two benefits: AO1 1 + AO3 up to 2 — e.g. *larger markets*: firms can export to the world
- higher sales and economies of scale
- faster growth. *Technology and investment*: FDI and trade bring modern methods
- higher productivity
- industrialisation. Maximum 3 each

3.3

- *[12]* AO1/AO2/AO3 up to 8 + AO4 up to 4. **Developing gains:** access to large markets, FDI, technology, and a route out of poverty through industrialisation. **Developed gains:** cheaper imports, larger markets and profits for multinationals. **Costs (both):** lost jobs, inequality, pollution, and powerful firms avoiding tax. Judgement: both gain, but unevenly — developing countries can gain most *if* they industrialise and share the gains, yet they are also more exposed to volatile prices and exploitation; it depends on each country's policies