



---

# **GCE A LEVEL MARKING SCHEME**

---

**SUMMER 2019**

**A LEVEL  
ECONOMICS - COMPONENT 2  
A520U20-1**

## **INTRODUCTION**

This marking scheme was used by WJEC for the 2019 examination. It was finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

## **GENERAL MARKING GUIDANCE**

### **Positive Marking**

It should be remembered that candidates are writing under examination conditions and credit should be given for what the candidate writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in candidates' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level-based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Candidates' responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

1 (a)	Using the data, describe how an increase in the percentage of households in water poverty has occurred.	Total
	<p><b>AO1</b></p> <p>Award 1 mark for understanding that this has occurred because the price of water has risen faster than the rise in incomes.</p> <p><b>AO2</b></p> <p>Award 1 mark for using the data.</p> <p>Real price of water has risen by 40% and/or many of the poorest households are on benefits which only rise in line with CPI inflation.</p>	2

<b>1 (b)</b>	<b>Evaluate the effects of vertical and horizontal integration for a firm. [8]</b>		
Band	AO1	AO3	AO4
	2 marks	2 marks	4 marks
3			<b>4 marks</b> Excellent evaluation.  Strong counter-arguments for both horizontal and vertical integration are made.
2	<b>2 marks</b> Good understanding.  Clear understanding of the difference between horizontal and vertical integration.	<b>2 marks</b> Good analysis.  Candidate fully develops a good line of analysis that argues an advantage of both horizontal and vertical integration.	<b>2-3 marks</b> Good evaluation.  Candidate provides good counter-arguments to those points made in AO3, but counter-arguments are weaker on one type of integration.
1	<b>1 mark</b> Limited understanding.  Understanding is shown only of horizontal or vertical integration.	<b>1 mark</b> Limited analysis.  Candidate's line of analysis is either partially correct or not fully developed.  Only one of the two types of integration is developed.	<b>1 mark</b> Limited evaluation.  Counter-arguments are not fully developed only one counter argument is offered.
0	No valid knowledge.	No valid analysis.	No valid evaluation.

**Indicative content:**

Vertical integration enables a firm to control quality, reduce costs and more effectively manage the supply chain. Cuts out middle-men, resulting in higher profits. Restrict supply to other firms. Allow economies of scale if clearly linked to vertical integration.

Horizontal integration enables a firm to have greater market share/market power and the ability to set price. Benefits from various economies of scale.

BUT

Vertical integration assumes the firm has the expertise to operate in activities it is not familiar with.

Co-ordination of the supply chain can be difficult.

Horizontal integration can lead to diseconomies of scale.

Taking over another firm can be difficult with a potential clash of cultures.

Both forms of integration are costly and can take time to fulfil the potential benefits.

Risk of internal diseconomies of scale.

<b>1 (c)</b>	<b>Using the concept of marginal utility, discuss the extent to which replacing a fixed charge for water with water meters in a home will reduce water consumption.</b> <span style="float: right;"><b>[8]</b></span>		
Band	AO2	AO3	AO4
	2 marks	2 marks	4 marks
3			<b>4 marks</b> Excellent evaluation.  Theory is used to build an effective counter-argument and the answer comes to a plausible and well-supported judgement.
2	<b>2 marks</b> Good application.  Context of water is used well throughout the answer, refers to both metered and non-metered households.	<b>2 marks</b> Good analysis.  Marginal utility has been well used to explain why water consumption is likely to fall	<b>2-3 marks</b> Good evaluation.  Theory is used to build an effective counter-argument.
1	<b>1 mark</b> Limited application  Application to water consumption is limited and not convincing.	<b>1 mark</b> Limited analysis.  Marginal utility has been used to some extent to explain why water consumption is likely to fall.	<b>1 mark</b> Limited evaluation.  Counter-argument is present but not well developed.
0	<b>0 marks</b> No valid application.	<b>0 marks</b> No valid analysis.	<b>0 marks</b> No valid evaluation.

**Indicative content:**

Marginal utility measures the extra satisfaction gained from consuming one more unit of a product.

Water meters charge per unit of consumption and thus water becomes like energy (gas and electricity) which are metered. In theory, rational consumers will become aware of charges being linked to consumption and will control their consumption.

Fixed charges for water linked to rateable value mean that households will consume water up to the point where marginal utility = 0.

The water charge is unrelated to consumption; thus, households will consume more water than with a meter.

Any response is likely to take time – it takes a while to roll out the programme and consumers may take time to respond to metering.

Many households already have meters and they are fitted into new builds as standard.  
Note – answer is reversible.

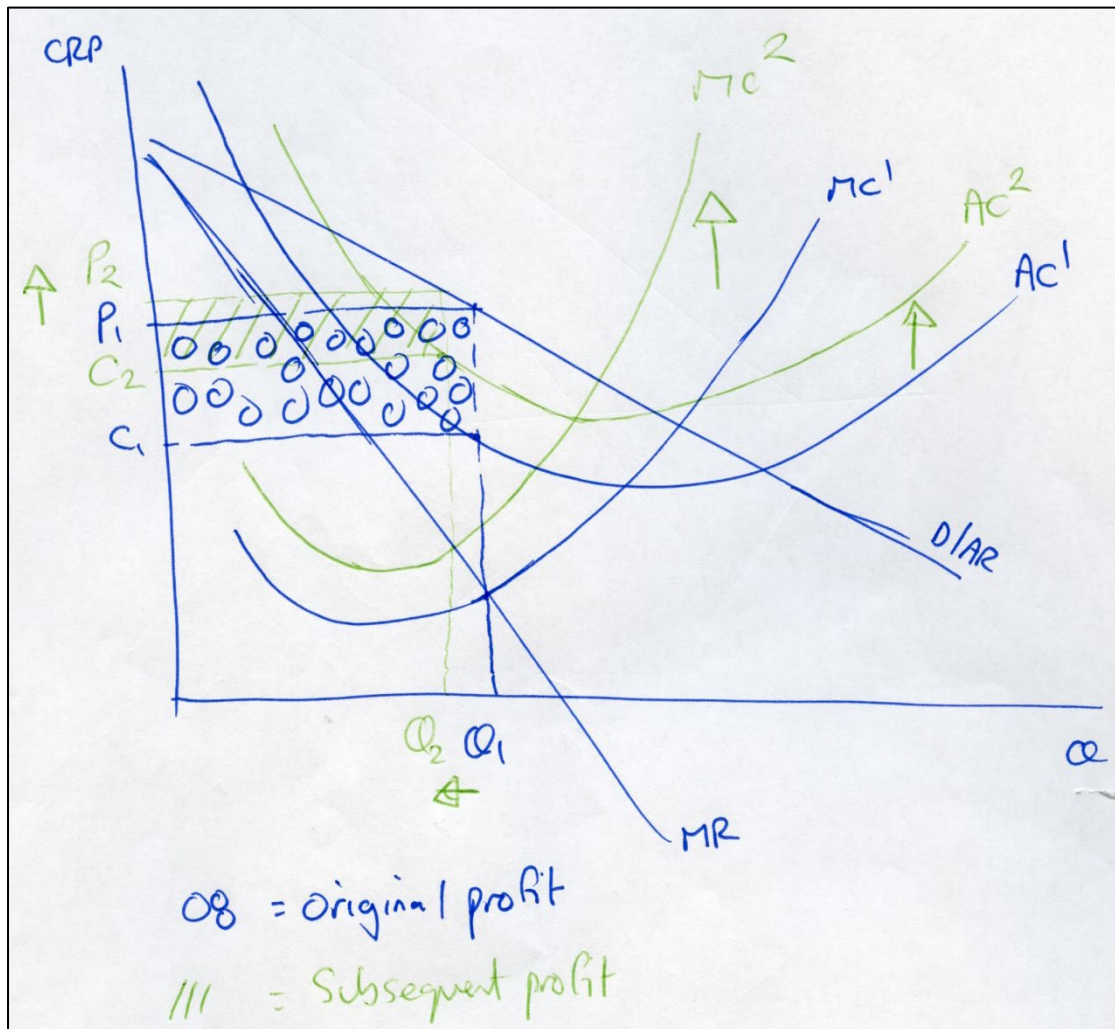
**Low PED (but needs to be well contextualised).**

1 (d)		Total
(i)	<p><b>Calculate the national average water bill in 2020.</b></p> <p><b>AO2</b></p> <p><math>\text{£}396/100 \times 5 = \text{£}19.80</math>, thus 2020 bill is <b>£376.20</b></p>	1
(ii)	<p><b>Calculate the percentage change in the average Anglian water bill between 2015 and 2020.</b></p> <p><b>AO2</b></p> <p><math>(\text{£}431 - \text{£}390)/\text{£}431 = -9.51\%</math></p>	1
(iii)	<p><b>In what circumstances will the average water bill fall in real terms between 2015 and 2020?</b></p> <p><b>AO2</b></p> <p>Award 1 mark for each correct statement.</p> <p><b>Indicative content:</b></p> <p>The nominal increase in price will have to be less than inflation (1).</p> <p>Firms will need to comply with Ofwat's 5% cut (1).</p> <p>Firms can only increase prices by inflation once the 5% cut has been applied (1).</p>	2

<b>1 (e)</b>	<b>Using a diagram, consider the extent to which a rise in variable costs for the water companies would affect price, output and profits.</b> <span style="float: right;"><b>[8]</b></span>		
Band	AO1	AO3	AO4
	4 marks	2 marks	2 marks
2	<p><b>3-4 marks</b> Good understanding.</p> <p>Strong use of a diagram showing the effects of a rise in variable costs. Diagram is used as an integral point of the answer.</p> <p>MC and AC both shift up.</p> <p>There are no errors in the labelling of the diagram.</p>	<p><b>2 marks</b> Good analysis.</p> <p>Strong analysis, making use of economic theory to explain how price will rise, and output and profit will fall.</p>	<p><b>2 marks</b> Good evaluation.</p> <p>Well-developed counter-argument is present</p>
1	<p><b>1-2 marks</b> Limited understanding.</p> <p>Weaker use of a diagram to illustrate the effects of a rise in variable costs.</p> <p>Only one of MC or AC shift.</p> <p>There are some labelling errors.</p>	<p><b>1 mark</b> Limited analysis.</p> <p>Use of economic theory is less convincing with errors shown in relation to the effects of the rise in variable costs.</p>	<p><b>1 mark</b> Limited evaluation.</p> <p>Some limited development of a counter-argument.</p>
0	<p><b>0 marks</b> No valid understanding.</p>	<p><b>0 marks</b> No valid analysis.</p>	<p><b>0 marks</b> No valid evaluation.</p>

**Indicative content:**

Diagram:



**AO3**

Variable costs are part of MC and AC and thus, if they rise, MC and AC will shift upwards. The firm will profit maximise where  $MR=MC$  at a higher price, lower output and lower profit than before.

**AO4**

- Depends on the extent to which variable costs rise
- Regulation may mean that firms are unable to pass costs on to consumers
- Competition may prevent prices from rising
- Depends on how price elastic demand is
- Companies like Welsh Water are not for profit
- Possibility of new entrants/degree of contestability
- Firms may absorb the costs and not increase price



<b>1 (f)</b>	<b>With reference to the water supply sector, evaluate the effects of privatisation on competition and efficiency.</b>			<b>[10]</b>
Band	AO2	AO3	AO4	
	3 marks	3 marks	4 marks	
3			<p><b>4 marks</b> Excellent evaluation.</p> <p>A critical evaluation of the effects of privatisation on competition and efficiency, coming to a reasoned judgement..</p> <p>Learner demonstrates a developed appreciation of both the beneficial and non-beneficial effects of privatisation.</p>	
2	<p><b>3 marks</b> Good understanding.</p> <p>Candidate applies the context of the water sector when illustrating the issues raised in the question.</p>	<p><b>3 marks</b> Good analysis.</p> <p>Candidate offers a good analysis of why privatisation has had beneficial effects on competition and efficiency.</p>	<p><b>3 marks</b> Good evaluation.</p> <p>A strong two-sided response with developed counter-arguments in one of the two question areas.</p> <p>The other area has counter-arguments, but these are not well developed.</p>	
1	<p><b>1-2 marks</b> Limited understanding.</p> <p>Candidate makes limited reference to the context of the water sector when illustrating the issues raised in the question.</p>	<p><b>1-2 marks</b> Limited analysis.</p> <p>Candidate offers a limited or only partially correct analysis of why privatisation has had beneficial effects on competition, efficiency and the wider economy.</p>	<p><b>1-2 marks</b> Limited evaluation.</p> <p>Learner offers only a limited evaluation of the impact of privatisation on competition, efficiency and the wider economy.</p>	
0	<p><b>0 marks</b> No valid application.</p>	<p><b>0 marks</b> No valid analysis.</p>	<p><b>0 marks</b> No valid evaluation.</p>	

## Indicative content:

### AO2

- In each region there is no **competition** in the household sector, thus a monopoly supplier.
- BUT maybe water is a natural monopoly and competition has been introduced for business customers at the retail point.
- Evidence in the past of regulatory capture.
- Need for regulation shows that the sector was not really appropriate for privatisation.
- Prices up by 40% in real terms.
- Increasing number households in water poverty.

### AO3/AO4

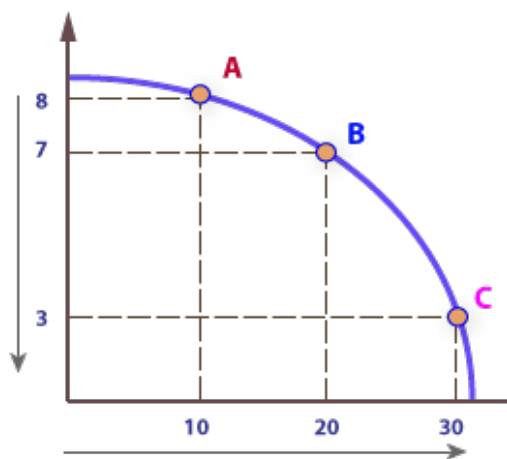
- As a monopoly, water is theoretically, allocatively and productively **inefficient** BUT monopoly profits may bring about dynamic efficiency and water may be a natural monopoly.
- Important role for the regulator in price control and investment decisions. Danger of regulatory capture.
- Real prices of water rising in recent years raise business costs in the **economy** and reduce price competitiveness.
- Firms are profit-motivated and will therefore cut costs because they can't push up prices due to regulation.
- Water increasingly owned by foreign firms, with negative effects on the balance of payments.
- Lack of competition in the water industry is a potential drag on productivity.
- BUT major investment in the water infrastructure in recent years has boosted the construction and engineering sector so may be dynamically efficient.

<b>2 (a) (i)</b>	<b>Using the data and production possibility diagrams in each case, outline the opportunity cost of Albania's military bunker building programme:</b>	
	<b>In the short run.</b> <span style="float: right;"><b>[4]</b></span>	
<b>Band</b>	<b>AO1</b>	<b>AO2</b>
	2 marks	2 marks
<b>2</b>	<b>2 marks</b> Good understanding.  Appropriately labelled PPF diagram is used to show that making more bunkers leads to less of something else.	<b>2 marks</b> Good application.  Data is used convincingly to show the effect of building bunkers, with developed examples.
<b>1</b>	<b>1 mark</b> Limited understanding.  PPF diagram contains errors or is not directly used.	<b>1 mark</b> Limited application.  Data is used to a limited extent to outline opportunity cost in this case.
<b>0</b>	<b>0 marks</b> Diagram does not show opportunity cost.	<b>0 marks</b> No valid application.

**Indicative content:**

**AO1**

Roads/apartments, etc



Bunkers (000)

Producing more bunkers (eg increase in bunkers from 10 to 20 thousand reduces roads from '8' to '7').

**AO2**

Answer will develop issues such as:

The average bunker was said to cost as much as a two-room apartment

20 bunkers cost as much as constructing a kilometre of road.

The bunkers also occupied a lot of fertile agricultural land.

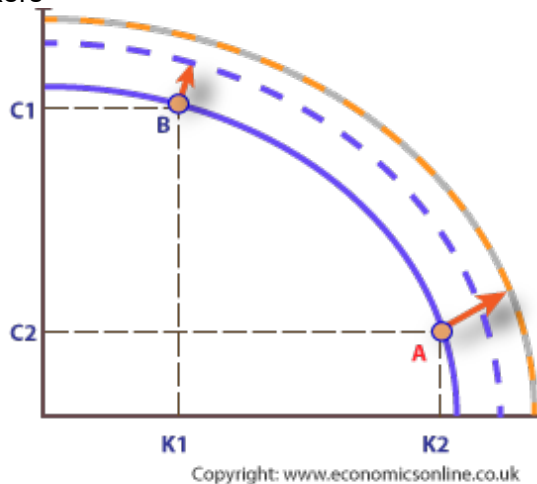
Also, resources could have been used for power plants, etc.

2 (a) (ii)	Using the data and production possibility diagrams in each case, outline the opportunity cost of Albania's military bunker building programme:  In the long run. <span style="float: right;">[4]</span>	
Band	AO1	AO2
	2 marks	2 marks
2	<b>2 marks</b> Good understanding.  Appropriately labelled PPF diagram is used to show that making more bunkers in the short run hampers growth in the longer run.	<b>2 marks</b> Good application.  Data is used convincingly to show the effect of building bunkers, with examples developed to show long-run opportunity cost.
1	<b>1 mark</b> Limited understanding.  PPF diagram contains errors or is not directly used.	<b>1 mark</b> Limited application.  Data is used to a limited extent to outline opportunity cost in this case.
0	<b>0 marks</b> Diagram does not show opportunity cost.	<b>0 marks</b> No valid application.

**Indicative content:**

**AO1**

Bunkers



Non-Bunkers

Producing at B instead of A (note axes switched relative to part (a)) leads to slower growth (orange PPF instead of dotted blue).

Allow appropriately labelled diagrams and referenced inward shift.

**AO2**

Answer will develop issues such as:

This programme was a massive drain on Albania's economy, with the programme diverting resources away from other projects that might better have supported Albania's long-run growth, such as roads and power projects.

The bunkers also occupied a lot of fertile agricultural land and around 100 people a year died building them.

2 (b) (i)	Outline the difference between by GNI/GNP per capita and GDP per capita.	Total
	<p><b>AO1</b></p> <p>Award <b>2</b> marks for a clear outline:</p> <p>Either:  GNI shows income generated by domestically owned factors of production whereas GDP shows income/output generated by domestically based FOPs.  Or  GNI/P is calculated by taking GDP and then adding net (property) income from abroad.</p> <p>Award <b>1</b> mark for some understanding of the difference being shown, but the answer is not convincing or a good understanding of one of the two.</p>	2

<b>2 (b) (ii)</b>	<b>Using the data, explain the likely reasons for the trends in Albania's GNI/capita in source 1:</b>	
	<b>Between 1990 and 1992. [4]</b>	
Band	AO2	AO3
	2 marks	2 marks
2	<p><b>2 marks</b></p> <p>Good application.</p> <p>Data is used convincingly, with specific examples to show why Albania's GNI/capita fell in 1990-92.</p>	<p><b>2 marks</b></p> <p>Good analysis.</p> <p>Clear and well-developed chain of reasoning, explaining why GNI/capita fell in that period.</p>
1	<p><b>1 mark</b></p> <p>Limited application.</p> <p>Data is used to a limited extent to show why Albania's GNI/capita fell in 1990-92.</p>	<p><b>1 mark</b></p> <p>Limited analysis.</p> <p>Some explanation as to why GNI/capita fell, but points are not developed.</p>
0	<p><b>0 marks</b></p> <p>Answer is largely theoretical.</p>	<p><b>0 marks</b></p> <p>Answer only asserts that GNI or GNI/capita fell.</p>

**Indicative content:**

**AO2**

Albania was not well prepared for the end of communism and any form of transition to market-based, systems-inefficient, state-run firms would have quickly failed, reducing GNI.

State run firms could not continue after 1990 when the government collapsed.

Mass emigration of high-skilled workers in 1990 would mean that GNI/capita would fall.

**AO3**

Inability to compete will cause firms to shut down, reducing GNI, increasing unemployment.

Absence of government funds led to immediate shutdown of some firms, again reducing GNI and causing unemployment.

Emigration means that, although the population fell, it was higher skilled workers that left, leading to an overall reduction in GNI per capita.

<b>2 (b) (ii)</b>	<b>From 1992 onwards.</b>		<b>[4]</b>
Band	AO2	AO3	
	2 marks	2 marks	
2	<p><b>2 marks</b></p> <p>Good application.</p> <p>Data is used convincingly to show why Albania's GNI/capita rose after 1992.</p>	<p><b>2 marks</b></p> <p>Good analysis.</p> <p>Clear and well-developed chain of reasoning, explaining why GNI/capita rose in that period.</p>	
1	<p><b>1 mark</b></p> <p>Limited application.</p> <p>Data is used to a limited extent to show why Albania's GNI/capita rose after 1992.</p>	<p><b>1 mark</b></p> <p>Limited analysis.</p> <p>Some explanation as to why GNI/capita rose, but points are not developed.</p>	
0	<p><b>0 marks</b></p> <p>Answer is largely theoretical.</p>	<p><b>0 marks</b></p> <p>Answer only asserts that GNI or GNI/capita rose.</p>	

**Indicative content:**

**AO2**

Answer is well linked to any of:

- Exchange rate liberation
- Privatisation
- Fiscal prudence
- Monetary control
- EU integration – tariff-free access for goods
- Improved transparency
- Remittances from 1990 emigrants

**AO3**

AO2 points are developed.

Exchange rate liberalisation should lead to a fall in the lek (Albania's currency), helping to improve competitiveness, therefore boosting GNI in the longer term.

Privatisation again creates supply side improvements, stimulating growth.

Fiscal prudence holds down borrowing costs both for the government and for private sector firms (avoiding crowding out), allowing lower taxes and more investment.

Avoidance of inflation helps to create a stable environment for investment, again supporting growth.

<b>2 (c)</b>	<b>With reference to Sources 2 and 3, discuss the extent to which it is reasonable to claim that "Albania's overall level of economic development is very similar to that of Croatia".</b>			<b>[10]</b>
Band	AO2	AO3	AO4	
	3 marks	3 marks	4 marks	
<b>3</b>	<b>3 marks</b> Excellent application.  Excellent use of data on both sides of the case in which meaningful comparisons are made. Both sources are used.	<b>3 marks</b> Excellent analysis.  Very well developed on one side of the argument that is clearly well linked to the concept of 'development,' showing why there are differences.	<b>4 marks</b> Excellent evaluation.  Very well-developed counter-arguments that are clearly well linked to the concept of 'development'.  Top band candidates will make a justified decision that is rooted in their answer.	
<b>2</b>	<b>2 marks</b> Good application.  Data is used very well on one side of the case but to a more limited extent on the other.	<b>2 marks</b> Good analysis.  Well-developed chain of reasoning on one side of the debate that is not well linked back to the concept of 'development', showing why there are differences.	<b>2-3 marks</b> Good evaluation.  Well-developed chain of reasoning on the other side of the debate that argues that there are important measures of development where the two countries are similar).	
<b>1</b>	<b>1 mark</b> Limited application.  Data is used to a limited extent – there is only superficial coverage.	<b>1 mark</b> Limited analysis.  Some development of one side of the case, but the arguments are lacking depth.	<b>1 mark</b> Limited evaluation.  Some development of the other side of the case, but the arguments are lacking depth.	
<b>0</b>	<b>0 marks</b> No valid application.	<b>0 marks</b> No valid analysis.	<b>0 marks</b> No valid evaluation.	

**Indicative content:**

**AO2**

Similarities:

Life expectancy  
Literacy  
Women  
Inequality

Differences:

GNI/capita  
Child mortality  
Internet users  
Access to clean water  
Agriculture  
Unemployment



### **AO3**

Economic development is the process by which a nation improves the economic, political, and social well-being of its people.

The key is that the points are developed in terms of their impact on the level of development; this is not just a comparison exercise. Therefore, to perform well on either of the higher order skills, candidates will need to take a factor and explain why it does or does not show development.

Life expectancy and child mortality obviously tells you something about the quality of the health system, but the high child mortality suggests that there are issues somewhere in the system. It might suggest that the high LEAB is the result of factors other than the health system, suggesting that development in some sense is therefore lower.

GNI/capita provides both governments and individuals with greater financial resources which can then be used to provide better housing health, diet and education. Albania is fairly low here, although the impact of GNI begins to diminish after about \$10,000.

Inequality is not really an indicator of development, but it shows the extent to which GNI is likely to be well-distributed, and a similar point can be made about the role of women (although there is some correlation between HDI and gender equality). Similarly, unemployment is not really a measure of development, although it may have an impact if it is sustained into the longer term.

The agriculture statistics are a big indicator of significant differences between the two economies, suggesting that the way of life for many Albanians is relatively basic and that, economically, the economy is not as sophisticated as Croatia.

Access to clean water is a pretty basic one and, again, it is a give-away that, although the countries are superficially similar, there are clear differences underneath. This is partially supported by internet usage too.

### **AO4**

Only limited credit can be gained by simply pointing out that the two countries are similar in some areas. The key is to explain why/whether these areas matter in terms of development.

Good points may therefore include:

Similarities in terms of life expectancy and literacy show that the two countries do have underlying strengths in health and education but, in the case of Albania, this is undermined by high infant mortality.

The two countries are similar in terms of inequality and the role of women, but these are not necessarily indicators of development.

The countries are different in areas that have a big impact on quality of life – the proportion of the population working in low value-added agriculture, the proportion without access to clean water are both give-aways that the levels of development are, in reality, not directly comparable, and a smart candidate will use the information in Chart 3 to make that point with Croatia the right side of 'very high' human development and Albania the wrong side.

It is possible, however, to argue it the other way and to point out that the absolute differences in HDI are not that big, that the 'very high' boundary is an arbitrary one, and so on.

<b>2 (d)</b>	<b>Using the information in the case study, discuss whether EU membership "will help Albania to make the jump to 'very high' levels of human development". [12]</b>		
Band	AO2	AO3	AO4
	4 marks	4 marks	4 marks
<b>3</b>	<p><b>4 marks</b> Excellent application.</p> <p>Context of Albanian EU membership is used throughout, with a range of quantitative and qualitative data developed.</p> <p>Not just learned +/- of EU.</p>	<p><b>4 marks</b> Excellent analysis.</p> <p>Very well-developed argument, explaining how EU membership will help Albania to achieve very high levels of development.</p>	<p><b>4 marks</b> Excellent evaluation.</p> <p>Very well-developed counter-arguments that are clearly well linked to the concept of very high levels of development.</p> <p>Top band candidates will make a justified decision that is rooted in their answer.</p>
<b>2</b>	<p><b>2-3 marks</b> Good application.</p> <p>Data is used to an extent but focuses either on quantitative or qualitative aspects of Albanian membership.</p> <p>Not just learned +/- of EU.</p>	<p><b>2-3 marks</b> Good analysis.</p> <p>Well-developed chain of reasoning, explaining how EU membership will benefit Albania without a good link back to very high levels of development.</p>	<p><b>2-3 marks</b> Good evaluation.</p> <p>Well-developed chain of reasoning on the other side of the debate that argues that EU membership will not benefit Albania, without a good link back to very high levels of development.</p>
<b>1</b>	<p><b>1 mark</b> Limited application.</p> <p>Data is used to a limited extent – there is only superficial coverage on only one side.</p> <p>Not just learned +/- of EU.</p>	<p><b>1 mark</b> Limited analysis.</p> <p>Some development of the benefits of EU membership.</p>	<p><b>1 mark</b> Limited evaluation.</p> <p>Some development of the other side of the case, but the arguments are lacking depth, probably just arguing that there are disadvantages of EU membership.</p>
<b>0</b>	<p><b>0 marks</b> No valid application.</p>	<p><b>0 marks</b> No valid analysis.</p>	<p><b>0 marks</b> No valid evaluation.</p>

**Indicative content:**

**AO2** (AO3 and AO4 are embedded here as well)

Application can come from anywhere in the case (not learned advantages of EU membership), but is likely to centre around:

Text on current situation:

Weak court system – could argue that this will undermine the benefits of EU membership or that EU membership will force changes to be made allowing for corruption and organised crime to be reduced. This will allow the benefits of economic growth to feed through to ordinary citizens more directly, leading to better health education and income outcomes, therefore improving the HDI. Corruption and organised crime may mean that any benefits

that EU membership does bring will not be well spread, therefore meaning that, even if Albania develops economically, the health and education benefits will not follow, making it harder to reach 'very high' levels of human development.

Edi Rama's Facebook post:

Peace and cooperation. Will have obvious direct and indirect effects on human development, indirect effects via I/FDI boosting economic growth, etc, therefore increasing GNI/capita.

Access to passporting for banks. Will boost GNI/capita.

Trade restrictions/red tape – tariffs on some fruit and vegetables. Once these are removed, Albanian businesses will again be able to grow, again increasing GNI/capita.

Access to global markets via the EU. Ditto.

EU laws can cut both ways, damaging Albanian competitiveness and imposing business costs, but also enshrining rights such as health and safety which can again impact on the HDI.

Sources 3 and 4:

Albania is already quite close and is likely to hit 0.8 with or without EU membership.

Albanian productivity levels are quite weak, which might mean that they struggle, but they are not much worse than Bulgaria and Slovakia and wage costs are much lower than Slovakia in particular (although adopting EU rules may drive up labour costs).

### **AO3**

Might take the AO2 points or other advantages of EU membership and then link them to development.

Non-case specific points include:

Free movement of labour  
EU structural funds  
Payments into the EU  
FDI flows, and so on

Allow any other plausible benefit but do not credit it as AO2!

### **AO4**

The key here is to judge the extent to which EU membership is either necessary or sufficient to give 'very high' human development.

In reality, this is pretty much inevitable (depending on the time frame), but it is hard to see how, in reality, EU membership is likely to harm their chances. Bulgaria and Romania both grew rapidly after EU membership in the mid-00s and this has led to material improvements in economic development.

Evaluation might centre around the idea that improvements in the HDI and EU membership are not really well correlated.