



HWA CHONG INSTITUTION (High School Section)
INTEGRATED HUMANITIES (ELECTIVE)
SEC 3 (PPE)
LORMS
Topic : International Trade 2 (Comparative Advantage)

Name : _____ ()

Class : 3 / _____

Date : _____

Marks : / 25

***ALL INFORMATION MUST BE ADEQUATELY CITED AND DULY ACKNOWLEDGED.**

2a. Explain with the help of diagrams and examples the concept of opportunity cost. (5)

Level of response	Level Descriptor and Rubrics	Marks
L1	Answers on the topic but not addressing the question	1m
L2	Describes opportunity cost <i>Award 2m marks for a definition from a credible source.</i>	2m
L3	Explains opportunity cost <i>Award 3 marks for an explanation, and additional marks for any supporting detail or additional reasons, to a maximum of 5 marks.</i> <ul style="list-style-type: none">- Explains scarcity of factors of production- 3m- Links to the imperatives for making choices- Explains the concept of opportunity cost, as the next best alternative (not just the financial cost)	3-5m

1b. How does the Theory of Comparative Advantage justify international trade? Your answer must be supported with diagrams and examples. [10]

Level of response	Level Descriptor and Rubrics	Marks
L1	<p>Answers on the topic but not addressing the question</p> <p><i>These would be general answers; e.g. about David Ricardo</i></p>	1-3m
L2	<p>Describes the Theory of Comparative Advantage</p> <p><i>Award 3m for identification and 5m for both identification and description of opportunity cost, specialization and reciprocal Trade.</i></p>	4-5m
L3	<p>Explains the Theory of Comparative Advantage</p> <p><i>Award 6 marks for an explanation, and additional marks for any supporting detail or additional reasons, to a maximum of 9 marks.</i></p> <ul style="list-style-type: none"> - Explains the concept of opportunity cost and specialization using a simple game theoretical model before specialization (6) - Explains the reciprocal specialization and trade (7-8) - Explains impact of specialization on world output (9) 	6-9m
L4	<p>Considers the application of the Theory of Comparative Advantage in the contemporary world.</p>	10m

1c. Despite the theoretical benefits, why do countries continue to limit free trade? Your answer must include actual case study of trade limitation. [10]

Level of response	Level Descriptor and Rubrics	Marks
L1	<p>Answers on the topic but not addressing the question</p> <p><i>These would be general answers about protectionism and international trade.</i></p>	1-2m
L2	<p>Describes/ identifies the rationale for limiting international trade</p> <p><i>Award 3m for identifying each reason:</i></p> <p>Tariffs on imports: this is designed to make imported products more expensive and locally produced goods cheaper.</p> <p>Subsidies: Subsidies are incentives given to local producers in order to increase local production and encourage the growth of domestic industry, at the same time reducing the demand for imports.</p> <p>Quotas: A quota refers to a fixed quantity/number of certain product that could enter in a country in a given year.</p>	3-5m
L3	<p>Explains the rationale for limiting free trade</p> <p><i>Award 6 marks for an explanation, and additional marks for any supporting detail or additional reasons, to a maximum of 8 marks.</i></p> <ul style="list-style-type: none"> • Protecting key industries of National interest • Protect Employment • Political motivations 	6-8m
L4	<p>Considers the application of protectionism in the contemporary world.</p> <p>e.g. Case study of European Farmers.</p>	9-10m