



HWA CHONG INSTITUTION (High School Section)
INTEGRATED HUMANITIES (ELECTIVE)
SEC 3 (PPE)
LORMS
Topic : International Trade 1 (Absolute Advantage)

Name : _____ ()

Class : 3 / _____

Date : _____

Marks : / 25

1a. Explain the theory of absolute advantage propounded by Adam Smith. Your explanation must be supported with adequate diagrams and examples. [12]

Level of response	Level Descriptor and Rubrics	Marks
L1	Answers on the topic but not addressing the question <i>These would be general answers about the Theory of Absolute Advantage/ Adam Smith/ Arguments for cooperation.</i>	1-3m
L2	Describes the Theory of Absolute Advantage <i>Award 3m for identification and 4m for both identification and description of Efficiency, Specialization and Reciprocal Trade.</i>	4-5m
L3	Explains the Theory of Absolute Advantage <i>Award 6 marks for an explanation, and additional marks for any supporting detail or additional reasons, to a maximum of 9 marks.</i> <ul style="list-style-type: none">- Explains the concept of efficiency 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	Considers the application of the Theory of Absolute Advantage in the contemporary world.	10-12m

1b. Explain 3 reasons why do countries trade with one another? Your explanation must include adequate cases from the contemporary world. [13m]

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 specialization and international trade.</i></p>	1-2m
L2	<p>Describes/ identifies the rationale for international trade</p> <p><i>Award 3m for identifying each reason:</i></p> <p>a. Difference in countries resources endows them with natural advantage for trade</p> <p>b. Difference in taste in preferences</p> <p>c. Difference in relative cost of production</p>	3-5m
L3	<p>Explains the rationale for specialization and 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 9 marks.</i></p> <p>Explains the concept of efficiency and specialization as the basis for trade (6); explain how (a) Difference in countries resources endows them with natural advantage for trade; (b). Difference in taste in preferences; (c). Difference in relative cost of production- leads to specialization and trade.</p>	6-9m
L4	<p>Considers the application of International Trade in the contemporary world.</p> <p>Award 11 marks for applying the case study of iPod Award 12 marks for applying a case other than iPod</p>	11-12m