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** *These would be general answers about the Theory of Absolute Advantage/ Adam Smith/ Arguments for cooperation.*	1-3m
L2	**Describes the Theory of Absolute Advantage** *Award 3m for identification and 4m for both identification and description of Efficiency, Specialization and Reciprocal Trade.*	4-5m
L3	**Explains the Theory of Absolute Advantage** *Award 6 marks for an explanation, and additional marks for any supporting detail or additional reasons, to a maximum of 9 marks.* - 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	**Answers on the topic but not addressing the question** *These would be general answers about specialization and international trade.*	1-2m
L2	**Describes/ identifies the rationale for international trade** *Award 3m for identifying each reason:* 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	3-5m
L3	**Explains the rationale for specialization and free trade** *Award 6 marks for an explanation, and additional marks for any supporting detail or additional reasons, to a maximum of 9 marks.* 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.	6-9m
L4	**Considers the application of International Trade in the contemporary world.** Award 11 marks for applying the case study of iPod Award 12 marks for applying a case other than iPod	11-12m