

HDI QUESTION – Extract from Mark Scheme

Knowledge 4, Application 4, Analysis 8, Evaluation 9

Understanding of economic development. Understanding of interventionist strategies.

Possible strategies may include: • Investment in education and training to develop human capital • Investment in healthcare to develop human capital

- Protectionism to promote economic growth (one dimension of development), allow diversification away from primary product production, earn tariff revenue, prevent dumping/protect domestic standards
- Managed exchange rates to promote international competitiveness which leads to economic growth (one dimension of development), allow diversification away from primary product production
- Infrastructure development
- Promoting joint ventures with global companies to benefit from R&D, training, higher quality products, employment opportunities
- Efforts to reduce corruption and increase good governance
- Policies to redistribute income, leading to less income inequality, e.g. increased use of progressive taxation and transfer payments
- Buffer stock schemes to give producers guaranteed minimum prices incentivising them to invest, and to give consumer guaranteed maximum prices allowing them to afford goods

Possible evaluation points include:

- How to finance strategies/opportunity cost of government spending • Some strategies will only be effective in the long run
- Some strategies may only be effective for a limited amount of time (e.g. protectionism) • Evaluative discussion of the different dimensions of economic development
- Policies to redistribute income may lead to capital flight, or otherwise slow the rate of economic growth • Difficulties associated with buffer stock schemes
- remove buffer stock point
- Possible trade-offs between growth and environmental impact.

NB For a Level 4 response, candidates must refer to a developing country in their answer.