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Markscheme

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Economics

Higher level

Paper 2

22 pages

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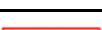
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The following are the annotations available to use when marking responses.

Annotation	Explanation
AE	Attempts Evaluation
AQ	Answers the Question
BOD	Benefit Of Doubt
CKS	Clear Knowledge Shown
✖	Cross - Incorrect Point
EE	Effective Evaluation
GA	Good Analysis
GD	Good Definition
GDIG	Good Diagram
GEXA	Good Example
GEXP	Good Explanation
GUT	Good Use of Text
▓	Highlight tool
ILbl	Incorrect Labelling
IR	Irrelevant
IU	Inappropriate Use
LD	Lacks Depth
LLS	Lacks Logical Structure
L0	Level 0
L1	Level 1
L2	Level 2
L3	Level 3

NAQ	Not Answered Question
NExa	No Examples
NUT	No Use of Text
1+1	Num 1 + 1; Split Criteria Mark
1+2	Num 1 + 2; Split Criteria Mark
2+1	Num 2 + 1; Split Criteria Mark
2+2	Num 2 + 2; Split Criteria Mark
T	On-page comment text box (for adding specific comments)
PD	Poor Diagram
?	Question mark - unclear
SEEN	Apply to blank pages
TCE	Theory is Clearly Explained
TNCE	Theory is Not Clearly Explained
✔	Tick – correct point (colourable)
TV	Too Vague
⎯	Underline tool
UR	Unbalanced Response

You **must** make sure you have looked at all pages. Please put the SEEN annotation on any blank page, to indicate that you have seen it.

Use the paper-specific markscheme together with the markbands. Award up to the maximum marks as indicated.

Section A

1. (a) (i) Define the term *tariff* indicated in bold in the text (paragraph ❷). **[2]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Vague definition.*	1
	The idea that it is a barrier to trade or a tax.	
2	*Accurate definition.*	2
	An explanation that it is a tax on imported goods.	

(ii) Define the term *economic growth* indicated in bold in the text (paragraph ❷). **[2]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Vague definition.*	1
	The idea that it is a growing economy (or an increase in GDP).	
2	*Accurate definition.*	2
	An explanation that it is one of the following: • an increase in real GDP • an increase in the real value of output (over time) • an increase in potential output.	

N.B. *The term "over time" is not necessary for* **[2]**.

(b)   Using an international trade diagram, explain the impact on the Kenyan
       government of implementing a tariff on steel imports.   **[4]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*There is a correct diagram **or** an accurate written response.*	1–2
	For drawing a correctly labelled tariff diagram showing a shift upwards of the world supply curve, with enough labelling so that it is possible to indicate, in some way, the area representing government revenue **or** for providing an explanation that the tariff causes the world supply curve to shift upwards (or the tariff causes the price to rise), creating government revenue *[1]* with the amount referenced to the diagram *[2]*.	
2	*There is a correct diagram **and** an accurate written response.*	3–4
	For drawing a correctly labelled tariff diagram showing a shift upwards of the world supply curve (with enough labelling so that it is possible to indicate, in some way, the area representing government revenue) **and** for providing an explanation that the tariff causes the world supply curve to shift upwards (or the tariff causes the price to rise), creating government revenue *[1]* with the amount referenced to the diagram *[2]*.	

Candidates who incorrectly label diagrams can receive a maximum of [3].

The use of P and Q on the axes is sufficient for a demand and supply diagram.
The world supply curve must be labelled S_w, or S_{world}. A title is not necessary.
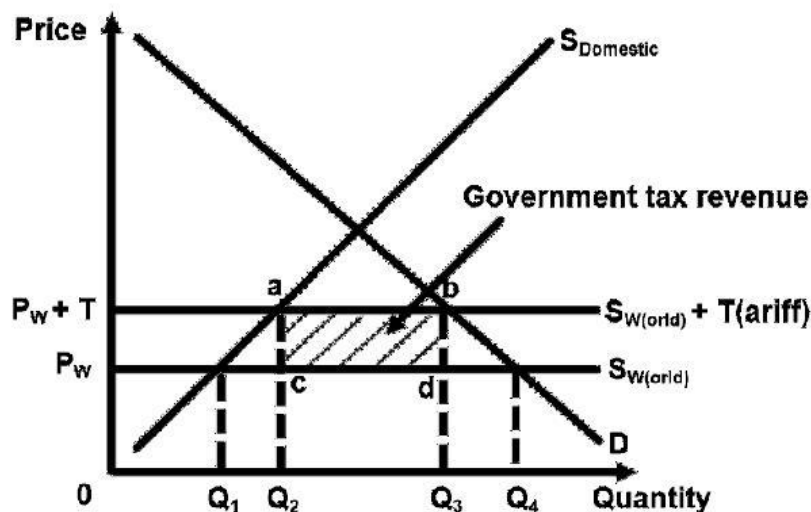
The area of government tax revenue may be
indicated in various ways, such as letters, shading,
or an indication using an arrow and label.

(c)   Using an AD/AS diagram, explain how "good economic growth rates in
       neighbouring countries like Uganda" benefit Kenya's economy (paragraph ❺).   **[4]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*There is a correct diagram **or** an accurate written response.*	1–2
	For drawing a correctly labelled AD/AS diagram showing a shift of the AD curve to the right and an increase in the real GDP **or** for providing an explanation that economic growth in neighbouring countries is likely to lead to an increase in Kenyan exports, leading to an increase in AD and real GDP.	
2	*There is a correct diagram **and** an accurate written response.*	3–4
	For drawing a correctly labelled AD/AS diagram showing a shift of the AD curve to the right and an increase in the real GDP **and** for providing an explanation that economic growth in neighbouring countries is likely to lead to an increase in Kenyan exports, leading to an increase in AD and real GDP.	

Candidates who incorrectly label diagrams can receive a maximum of [3].

*For AD/AS, the vertical axis may be price level or average price level.
The horizontal axis may be output, real output, national output, real national
output, national income, or GDP. A title is not necessary.*
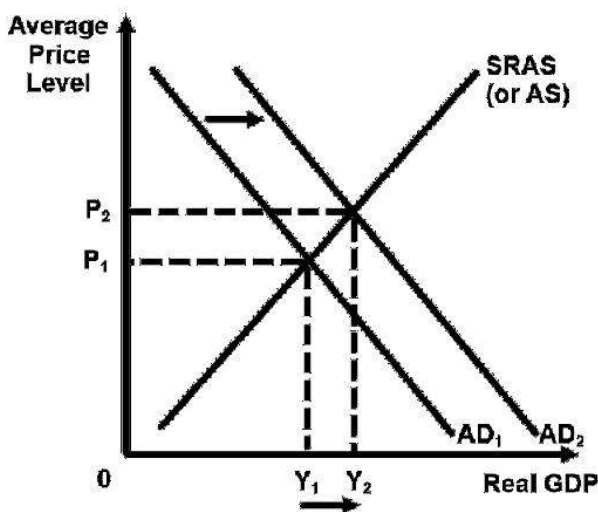
(d) Using information from the text/data and your knowledge of economics, evaluate the claim that protection measures will support economic growth in Kenya. **[8]**

Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.

Do not award beyond Level 2 if the answer does not contain reference to the information provided.

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Few relevant concepts are recognized.*	1–2
	There is basic knowledge/understanding.	
2	*Relevant concepts are recognized and developed in reasonable depth.*	3–5
	There is clear knowledge/understanding. There is some attempt at application/analysis.	
3	*Relevant concepts are recognized and developed in reasonable depth.*	6–8
	There is clear knowledge/understanding. There is effective application/analysis. There is synthesis/evaluation, supported by appropriate theory and evidence.	

Command term
"Evaluate" requires candidates to make an appraisal by weighing up the strengths and limitations. Opinions and conclusions should be presented clearly and supported with appropriate evidence and sound argument.

Responses **may** *include:*
- definition of economic growth
- definition of protectionist measures.

Strengths of protectionist measures:
- infant industry argument – allows steel and iron industry time to become internationally competitive, which can bring about growth
- helps diversify economy away from over reliance on primary exports, which is necessary for sustained growth (paragraph ❺)
- create more jobs thus increase consumption, AD and growth (+ diagram) (paragraph ❷)
- raises government revenue (paragraph ❷) that can be invested by the government in ways that will promote growth
- if imports are being unfairly subsidized, protectionism will level the playing field (paragraph ❷)
- can help correct the persistent current account deficit, which is hindering growth (paragraph ❺).

Limitations of protectionist measures:
- does not encourage long term efficiency, which may be better achieved through deregulation (paragraph ❺)
- inefficient allocation of resources argument
- protected industries can become over-reliant on government support and so may not contribute to economic growth
- politically difficult to remove protectionist measure once in place
- revenue from tariffs can be subject to corruption
- potential problems of retaliatory tariffs from trading partners, which could damage Kenya's exports and thus threaten future growth
- removing barriers and deregulation (administrative barriers) rather than protectionism could encourage domestic entrepreneurship and FDI which will support growth
- tariffs increase "cost of doing business" (paragraph ❹) for those producers reliant on imported components
- higher prices on steel and iron which will increase input costs for construction and infrastructure projects – necessary for economic growth
- higher input costs may reduce SRAS, causing a reduction in real GDP, threatening growth
- to achieve growth, Kenya should be producing goods in which they have a comparative advantage, not in which they need protectionism.

Any reasonable discussion.

2. (a) (i) Define the term *current account deficit* indicated in bold in the text (paragraph ❶). **[2]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Vague definition.*	1
	The idea that it is when the net flow of money from trade in goods and services is negative or that the value of imports is greater than the value of exports.	
2	*Accurate definition.*	2
	An explanation that it is when the net flow of money from trade in goods and services and income flows and/or transfers is negative.	

(ii) Define the term *gross national income* indicated in bold in the text (paragraph ❸). **[2]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Vague definition.*	1
	The idea that it is the total value of output	
2	*Accurate definition.*	2
	An explanation that it is the total value of incomes (or output or expenditure) earned by a nation's factors of production regardless of where the assets are located **or** gross domestic product plus net property income from abroad.	

(b) Using a definition of price elasticity of demand, explain why "the revenues received by the nation's biggest exporters continue to fall" (paragraph ❺). **[4]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*The written response is limited.*	1–2
	For providing an accurate definition of price elasticity of demand (or formula) **or** for noting that demand for commodities tends to be inelastic and since prices of exports are falling, total revenue will be falling because the percentage change in quantity is less than the percentage change in price.	
2	*The written response is accurate.*	3–4
	For providing an accurate definition of price elasticity of demand (or formula) **and** for noting than demand for commodities tends to be inelastic and since prices of exports are falling, total revenue will be falling because the percentage change in quantity is less than the percentage change in price.	

NB the definition of PED may be integrated with the explanation, and does not have to be separately defined.

(c) Using a definition of the terms of trade, explain the terms of trade change in Australia from 2011 to 2015 (Figure 1). **[4]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*The written response is limited.*	1–2
	For defining the terms of trade as the ratio of a country's average export prices to their average import prices (or for giving the equation Terms of trade = Average export prices / Average import prices x 100) **or** for explaining that there was a fall in the terms of trade index that could have been caused by either the fall in the average prices of Australia's exports and/or the increase in the average prices of Australia's imports.	
2	*The written response is accurate.*	3–4
	For defining the terms of trade as the ratio of a country's average export prices to their average import prices (or for giving the equation Terms of trade = Average export prices / Average import prices x 100) **and** for explaining that there was a fall in the terms of trade index that could have been caused by either the fall in the average prices of Australia's exports and/or the increase in the average prices of Australia's imports.	

NB [1] may be given for the explanation that the terms of trade is an indication of the amount of exports needed to buy imports.

(d) Using information from the text/data and your knowledge of economics, discuss the possible effects of the fall in Australia's terms of trade on the Australian economy. **[8]**

Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.

Do not award beyond Level 2 if the answer does not contain reference to the information provided.

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Few relevant concepts are recognized.*	1–2
	There is basic knowledge/understanding.	
2	*Relevant concepts are recognized and developed in reasonable depth.*	3–5
	There is clear knowledge/understanding. There is some attempt at application/analysis.	
3	*Relevant concepts are recognized and developed in reasonable depth.*	6–8
	There is clear knowledge/understanding. There is effective application/analysis. There is synthesis/evaluation, supported by appropriate theory and evidence.	

Command term
"Discuss" requires candidates to offer a considered and balanced review that includes a range of arguments, factors or hypotheses. Opinions or conclusions should be presented clearly and supported by appropriate evidence.

*Responses **may** include:*
- definition of terms of trade
- it may harm the current account balance (paragraph ❶), depending upon PED
- Australia's reliance on export income of energy (paragraph ❷)
- fall in purchasing power for households and businesses (paragraph ❸)
- pressure on real GDP growth (paragraph ❸)
- effects upon government revenue (paragraph ❹)
- the effect on revenues of domestic producers and thus a fall in investment – "may lead to a recession" (paragraph ❺)
- the pressure to improve productivity (supply side policies?) (paragraph ❼)
- the need to sell more exports to cover imports and the overuse of resources, resulting in negative externalities
- problems of being dependent on commodity exports and price volatility.

Any reasonable discussion.

Section B

3. (a) (i) Define the term *infrastructure* indicated in bold in the text (paragraph ❶). **[2]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Vague definition.*	1
	The idea that it is (any **one** of the following is sufficient): • large scale services or facilities of a country • necessary for economic activity • add to the capital stock of a nation • usually supplied by the government.	
2	*Accurate definition.*	2
	An explanation that it is (any **two** of the following is sufficient): • large scale services or facilities of a country • necessary for economic activity • add to the capital stock of a nation • usually supplied by the government.	

(ii) Define the term *micro-credit* indicated in bold in the text (paragraph ❺). **[2]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Vague definition.*	1
	The idea that it is a small loan.	
2	*Accurate definition.*	2
	An explanation that it is a small loan, plus one further descriptor, such as: • micro-credit allows poor people to set up a small scale business • micro-credit is loaned to borrowers who do not have security/collateral • at a low rate of interest.	

(b)   Using a demand and supply diagram, explain the impact on the market for fuel of the government's decision to reduce fuel subsidies (paragraph ❷).   **[4]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*There is a correct diagram **or** an accurate written response.*	1–2
	For drawing a correctly labelled demand and supply diagram with a shift of the supply curve to the left and a higher price and lower quantity **or** for explaining that the reduction in fuel subsidies will lead to increased costs and so a fall in supply with a higher price and a lower quantity.	
2	*There is a correct diagram **and** an accurate written response.*	3–4
	For drawing a correctly labelled demand and supply diagram with a shift of the supply curve to the left and a higher price and lower quantity **and** for explaining that the reduction in fuel subsidies will lead to increased costs and so a fall in supply with a higher price and a lower quantity.	

*Candidates who incorrectly label diagrams can be awarded a maximum of **[3]**.*

For a demand and supply diagram, the vertical axis should be price or p.
The horizontal axis should be quantity or q. A title is not necessary.
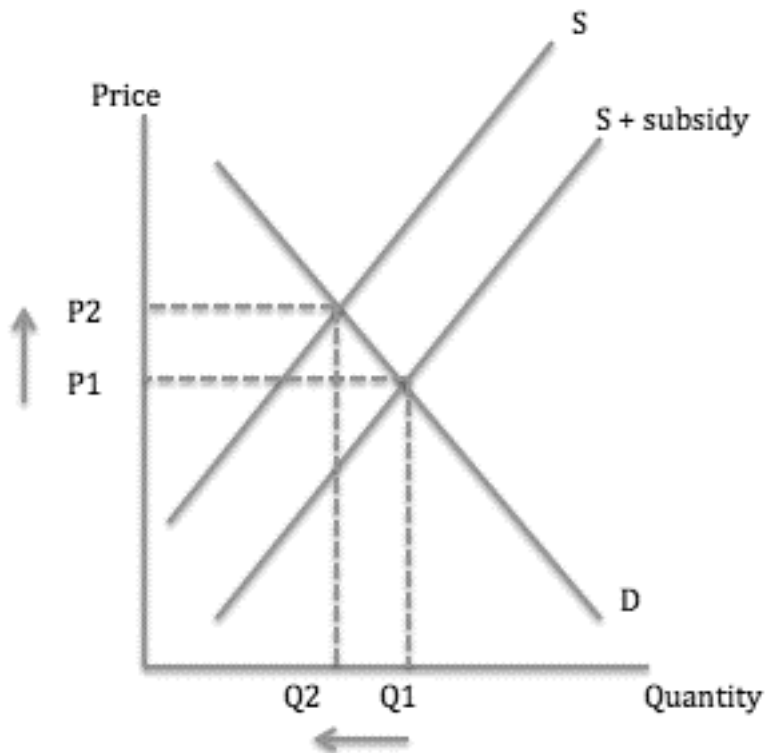
(c) Using a production possibilities curve (PPC) diagram, explain how "the government's record US$22 billion investment in infrastructure projects" will affect Indonesia's production possibilities (paragraph ❷). **[4]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*There is a correct diagram **or** an accurate written response.*	1–2
	For drawing a PPC (outward shift) showing an increase in production possibilities in Indonesia **or** for explaining that the government's record US$22 billion investment in infrastructure projects would likely improve the quality and/or the quantity of the factors of production (capital) and therefore may increase production possibilities and/or potential economic output.	
2	*There is a correct diagram **and** an accurate written response.*	3–4
	For drawing a PPC (outward shift) showing an increase in production possibilities in Indonesia **and** for explaining that the government's record US$22 billion investment in infrastructure projects would likely improve the quality and/or the quantity of the factors of production (capital) and therefore may increase production possibilities and/or potential economic output.	

*Candidates who incorrectly label diagrams can be awarded a maximum of **[3]**.*

An alternate approach would be to explain that improved infrastructure allows firms to make more efficient use of their factors of production, leading to increased production possibilities.

For a PPC diagram, there must be two goods or groups of goods competing for the same resources on the axes. Good X and Good Y are appropriate, but simply X and Y are not sufficient.
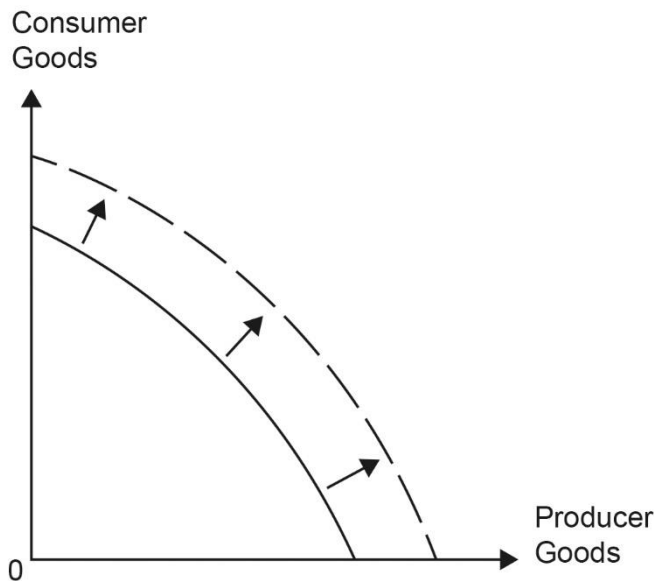
(d)   Using information from the text/data and your knowledge of economics, discuss the possible impacts of market-oriented **and** interventionist policies on Indonesia's economic development.   **[8]**

Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.

Do not award beyond Level 2 if the answer does not contain reference to the information provided.

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Few relevant concepts are recognized.*	1–2
	There is basic knowledge/understanding.	
2	*Relevant concepts are recognized and developed in reasonable depth.*	3–5
	There is clear knowledge/understanding. There is some attempt at application/analysis.	
3	*Relevant concepts are recognized and developed in reasonable depth.*	6–8
	There is clear knowledge/understanding. There is effective application/analysis. There is synthesis/evaluation, supported by appropriate theory and evidence.	

Command term
"Discuss" requires candidates to offer a considered and balanced review that includes a range of arguments, factors or hypotheses. Opinions or conclusions should be presented clearly and supported by appropriate evidence.

Responses **may** include:
• definition of economic development
• explanation of supply-side policies
• explanation/definition of interventionist policies (paragraph ❶, ❷ and ❺)
• explanation/definition of market-oriented supply side policies (paragraph ❶ and ❷)
• examples of market-oriented policies: reducing red tape, tax cuts, tax incentives, reducing fuel subsidies
• examples of interventionist policies: infrastructure projects, investment in education and training, increased trade protection, access to micro-credit.

Benefits of government intervention:
- government spending on infrastructure – "upgrading infrastructure" (paragraph ❶) including power plants (paragraph ❷) which could lead to increased growth and can contribute to economic development
- "create new jobs" (paragraph ❶), more employment leads to economic growth / higher incomes, a reduction in the unemployment rate and thus contributes to economic development
- "educate one of the world's youngest workforces" (paragraph ❶), this would allow the young workforce to get better paid jobs and support their families better
- increased access to credit and micro-credit (paragraph ❺), this would allow entrepreneurs to take out loans that otherwise they may not have access to. Having access to credit might stimulate the number of small businesses in Indonesia (which "play a critical part in Indonesia's economy", paragraph ❺), allowing for increased incomes and standards of living
- increased trade protection (paragraph ❻) – this would allow domestic firms to set up, or survive; it protects already existing businesses from cheaper imports, allowing economic growth to happen; more employment contributes to economic development.

Concerns (weaknesses of) about government intervention:
- interventionist policies may lead to inefficiency, bureaucracy and corruption, which hinder economic growth and economic development, which the citizens are hoping the new president will reduce (paragraph ❶)
- budget implications of increased government spending, with possible implications for future government spending on development objectives
- poor planning of project and no long-term plans.

Benefits of market-oriented policies:
- reducing red tape (paragraph ❶), less bureaucracy and deregulation might lead to more incentives to set up formal businesses, which may lead to economic growth and economic development (more jobs); more (foreign) investment
- tax cuts, tax incentives (paragraph ❷), industries like transport, telecommunications, metal production and agricultural processing, which are now promoted on a national scale, which may lead to economic growth and economic development (through more jobs)
- reducing corruption (paragraph ❶), reducing costs for individuals and firms, more opportunities for entrepreneurs, more formal businesses that pay tax.

Concerns (weaknesses of) about market-oriented policies:
- reducing fuel subsidies (paragraph ❷), allowing world prices to determine the price of fuel (which might be seen as a necessity in Indonesia for transport, cooking), likely will result in higher prices of this essential product. This could be problematic for the 28 million people in absolute poverty (Figure 1)
- (greater) inequality, which already exists (Figure 1)
- intervention may be necessary to provide merit goods, correct market failures, and reduce poverty but market-oriented policies may be needed to ensure a high enough rate of economic growth (which is already slow, paragraph ❸).

Any reasonable discussion.

4. (a) (i) Define the term *foreign direct investment* indicated in bold in the text (paragraph ❸). **[2]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Vague definition.*	1
	The idea that it is investment by companies abroad.	
2	*Accurate definition.*	2
	An explanation that it is any **two** of the following: • long-term investment in another country • Investment (spending on capital) by a multinational corporation (MNC) • investment in another country representing at least 10 % ownership • investment in productive facilities.	

(ii) Define the term *marginal cost* indicated in bold in the text (paragraph ❹). **[2]**

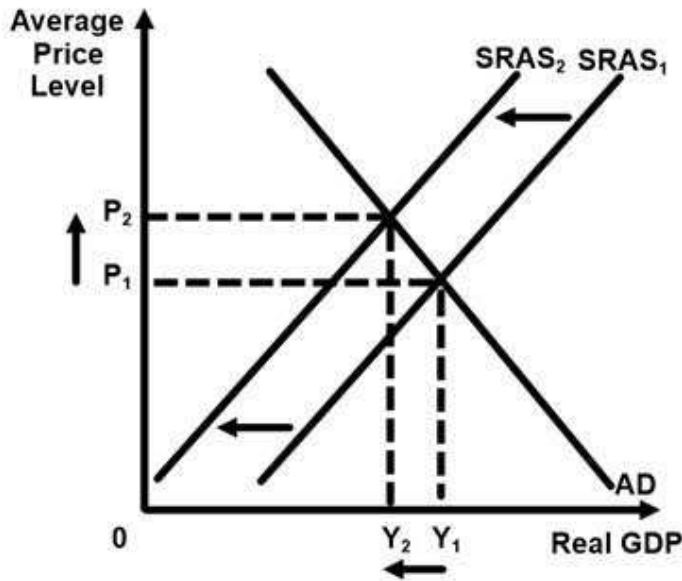| Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Vague definition.*	1
	The idea that it is the extra costs of production.	
2	*Accurate definition.*	2
	An explanation that is the (extra) cost of producing an additional unit of output **Or** The change in total costs divided by the change in output/quantity.	

(b)   Using an AD/AS diagram, explain how the falling value of the Zambian kwacha (Zambia's currency) is "feeding into inflation" (paragraph ❻). **[4]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*There is a correct diagram **or** an accurate written response.*	1–2
	For drawing a correctly labelled AD/SRAS diagram showing a shift of the SRAS to the left and an increase in the price level **or** for an explanation that the falling value of the kwacha results in higher costs of imported factors of production and thus a fall in SRAS and thus (cost-push) inflation.	
2	*There is a correct diagram **and** an accurate written response.*	3–4
	For drawing a correctly labelled AD/SRAS diagram showing a shift of the SRAS to the left and an increase in the price level **and** for an explanation that the falling value of the kwacha results in higher costs of imported factors of production and thus a fall in SRAS and thus (cost-push) inflation.	

*Candidates who incorrectly label diagrams can be rewarded with a maximum of **[3]**.*

For AD/AS, the vertical axis may be price level, average price level or APL. The horizontal axis may be real output, national output, real GDP, national income, Y or GDP. A title is not necessary.

(c) Using a Lorenz curve diagram, explain the meaning of the different Gini coefficient values for Zambia and Malawi shown in **Figure 1**. **[4]**

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*There is a correct diagram **or** an accurate written response.*	1–2
	For drawing a correctly labelled diagram showing two Lorenz curves, with the Lorenz curve for Malawi closer to the line of equality than the curve for Zambia **or** for an explanation that Malawi's Gini coefficient is lower than Zambia's Gini coefficient, which means that Malawi's Lorenz curve is closer to the line of perfect equality and so income distribution is more equal.	
2	*There is a correct diagram **and** an accurate written response.*	3–4
	For drawing a correctly labelled diagram showing two Lorenz curves, with the Lorenz curve for Malawi closer to the line of equality than the curve for Zambia **and** for an explanation that Malawi's Gini coefficient is lower than Zambia's Gini coefficient, which means that Malawi's Lorenz curve is closer to the line of perfect equality and so income distribution is more equal.	

*Candidates who incorrectly label diagrams can be rewarded with a maximum of **[3]**.*

The two curves may be shown on one graph, or may be shown on two graphs. If using two graphs, it must be clear that Malawi's curve is closer to the line of equality than Zambia's.

The vertical axis should be labelled cumulative % of income, or % of income and the horizontal axis should be cumulative % of population or % of population. A title is not necessary. There must be a diagonal line, but it is not a requirement that it is labelled. There should be labels to indicate the difference between the two Lorenz curves.
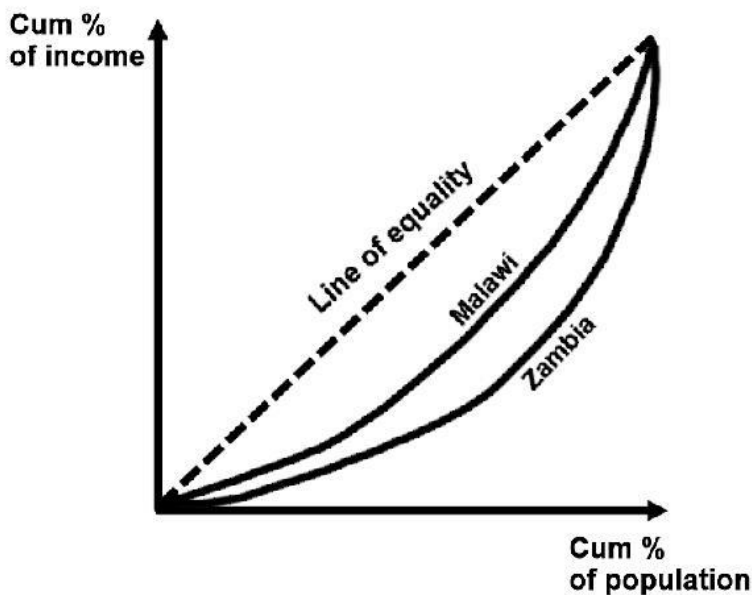
(d)   Using information from the text/data and your knowledge of economics, discuss the possible impacts of Zambia's reliance on copper production on its economic development.   **[8]**

Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.

Do not award beyond Level 2 if the answer does not contain reference to the information provided.

Level		Marks
0	*The work does not meet a standard described by the descriptors below.*	0
1	*Few relevant concepts are recognized.*	1–2
	There is basic knowledge/understanding.	
2	*Relevant concepts are recognized and developed in reasonable depth.*	3–5
	There is clear knowledge/understanding. There is some attempt at application/analysis.	
3	*Relevant concepts are recognized and developed in reasonable depth.*	6–8
	There is clear knowledge/understanding. There is effective application/analysis. There is synthesis/evaluation, supported by appropriate theory and evidence.	

Command term
"Discuss" required candidates to offer a considered and balanced review that includes a range of arguments, factors or hypotheses. Opinions or conclusions should be presented clearly and supported by appropriate evidence.

Responses **may** include:
• definition of economic development.

Possible positive consequences:
• may have been instrumental in allowing Zambia to become both a middle-income and a medium human development country (paragraph ❶)
• Zambian HDI higher than that of the sub-Saharan average (Figure 1) even though its GNI per capita is lower. This suggests that its economic development might be benefitting from the economic growth
• creation of jobs in the copper sector (paragraph ❷) leading to higher incomes and improved standards of living
• generation of tax/government revenue (paragraph ❷), which may be used to finance development objectives (through spending on health, education and infrastructure)
• attraction of FDI = strong economic growth (paragraph ❸), plus the theoretical benefits of FDI (increase in AD diagram, increase in LRAS diagram, jobs, government revenue, multiplier effects, training for workers) and the ways that these might impact upon economic development (increased incomes, improved skill levels, government revenue to finance development objectives, paragraph ❼).

Possible negative consequences:
- "resource curse" arguments
- while growth rates have been good, there is evidence to suggest that the benefits have not been shared equitably (paragraph ❶, paragraph ❼, Figure 1 with inequality and poverty data)
- vulnerable to price volatility (both demand and supply of copper likely to be inelastic, so a fall in demand from China leads to a significant fall in the price) (paragraph ❺)
- falling price may lead to a fall in Zambia's terms of trade since copper generates 80 % of its export revenues. If the terms of trade deteriorate, the current account will worsen since demand for copper is likely to be inelastic
- copper mining uses a lot of hydropower, possibly diverting its use from households and other industries
- the currency is vulnerable to changes in the price of copper
- threat to government budget when the price falls making it difficult for the government to finance its development objectives
- fluctuating revenues make it difficult for governments to plan for spending on development objectives
- copper mining may generate external costs and represent a threat to sustainable development (negative externalities of production diagram).

Any reasonable discussion.