Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/21**

Paper 2 Data Response and Essay **May/June 2023**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

© UCLES 2023

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

© UCLES 2023

Social Science-Specific Marking Principles (for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)

b DO credit alternative answers/examples which are not written in the mark scheme if they are correct

c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).

d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)

e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities

f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).

g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

© UCLES 2023

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Assessment objectives

AO1 Knowledge and understanding

- Show knowledge of syllabus content, recalling facts, formulae and definitions.
- Demonstrate understanding of syllabus content, giving appropriate explanations and examples.
- Apply knowledge and understanding to economic information using written, numerical and diagrammatic forms.

AO2 Analysis

- Examine economic issues and relationships, using relevant economic concepts, theories and information.
- Select, interpret and organise economic information in written, numerical and diagrammatic form.
- Use economic information to recognise patterns, relationships, causes and effects.
- Explain the impacts and consequences of changes in economic variables.

AO3 Evaluation

- Recognise assumptions and limitations of economic information and models.
- Assess economic information and the strengths and weaknesses of arguments.
- Recognise that some economic decisions involve consideration of factors such as priorities and value judgements.
- Communicate reasoned judgements, conclusions and decisions, based on the arguments.

© UCLES 2023

Table A: AO1 Knowledge and understanding and AO2 Analysis

Use this table to give marks for each candidate response for AO1 Knowledge and understanding and AO2 Analysis for **Questions 2(b)**, **3(b)**, **4(b)** and **5(b)**.

Level	Description	Marks
3	• A detailed knowledge and understanding of relevant economic concepts is included, using relevant explanations. Explanations are supported by examples, where appropriate. • The response clearly addresses the requirements of the question and explains economic issues, and fully develops these explanations. • Analysis is developed and detailed and makes accurate and relevant use of economic concepts and theories. Where necessary, there is accurate and relevant use of analytical tools such as diagrams and formulae, and these are fully explained. • Responses are well-organised, well-focused and presented in a logical and coherent manner.	6–8
2	• Knowledge and understanding of some relevant economic concepts is included, using explanations and examples that are limited, over-generalised or contain inaccuracies. • The response addresses the general theme of the question and the relevant economic issues, with limited development. • Analysis is generally accurate with some development but little detail. Uses analytical tools such as diagrams and formulae where necessary. Use of these tools is partially accurate or not fully explained. • Responses are generally logical and coherent but are sometimes lacking in focus or organisation.	3–5
1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.	1–2
0	No creditable response.	0

Table B: AO3 Evaluation

Use this table to give marks for each candidate response for AO3 Evaluation for **Questions 2(b)**, **3(b)**, **4(b)** and **5(b)**.

Level	Description	Marks
2	• Provides a justified conclusion or judgement that addresses the specific requirements of the question. • Makes developed, reasoned and well-supported evaluative comment(s).	3–4
1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.	1–2
0	No creditable response.	0

Section A Data response

Question	Answer	Marks
Follow the point-based marking guidance at the top of this mark scheme.		
1(a)	**Using the data in Fig. 1.1, calculate the change in India's unemployment rate between July 2020 and May 2021.** Over this period as a whole, the unemployment rate has increased from 7.4% in July 2020 to 11.9% in May 2021. (1 mark) This is an increase of 4.5% in India's unemployment rate. (1 mark) **OR** This is an increase of 60.8% (the exact figure is 60.81081%) in India's unemployment rate (4.5 / 7.4 × 100); accept either 60% or 61%. (1 mark)	**2**
1(b)	**Using the information provided, explain how agriculture caused seasonal unemployment in India in December 2020.** The agricultural sector has failed to absorb the influx of additional labour; December is not a good month to be taking on more agricultural workers; it is more likely to be a time when agricultural jobs are being lost. (1 mark) In December 2020, 9.8 million jobs were lost in agriculture, more than the 6 million additional labour. (1 mark)	**2**

Question	Answer	Marks
1(c)	**Consider the extent to which difficulties may arise in the measurement of unemployment in India.** Inactive workers not actively seeking employment who might look for work if their situation changed. (Up to 2 marks) Discouraged/disincentivised workers who have had no success in finding employment. (Up to 2 marks) Disguised unemployment, i.e. people might be in employment, but are not really doing any meaningful work. (Up to 2 marks) Unreported employment: some workers in India may be registered as unemployed but are in fact in employment, possibly in the illegal or underground or informal economy. (Up to 2 marks) The efficiency of the tax collection system could be a valid difficulty in the measurement of unemployment. (Up to 2 marks) The scale of the operation could also be a valid difficulty. (Up to 2 marks) Particular difficulty of measurement in rural areas of India. (Up to 2 marks) **3 marks maximum** **Evaluation** Offers a valid judgement on the extent to which these are significant difficulties in the measurement of unemployment in India. (1 mark) **1 mark maximum**	**4**

Question	Answer	Marks
1(d)	**Assess whether seasonal unemployment is likely to be a more serious problem than frictional unemployment for India's economy.** **Up to 4 marks for explanation/analysis:** Explanation/analysis of seasonal unemployment in India, such as in relation to employment in the agricultural sector. (Up to 2 marks) Explanation/analysis of frictional unemployment in India resulting from the reluctance of people to relocate to other places or other sectors to take jobs, due to geographical immobility and/or occupational immobility. (Up to 2 marks) **Guidance:** Award 2 marks if detailed explanation/analysis of one type of unemployment. Award 1 mark for less detailed explanation/analysis of one type of unemployment. **Up to 2 marks for evaluation:** Relevant evaluation which considers both types of unemployment. (1 mark) A conclusion on the extent to which one type of unemployment is a more serious problem than the other for India's economy. (1 mark)	**6**

© UCLES 2023

Question	Answer	Marks
1(e)	**Assess the possible measures that could be taken to increase employment in a country such as India.** **Up to 4 marks for explanation/analysis:** Fiscal policy could be used to increase employment, such as through decreases in taxes and/or increases in public expenditure, e.g. on infrastructure investment projects, to include potential problems of such measures. (Up to 2 marks) Monetary policy could be used to increase employment, such as through decreases in interest rates and/or increases in the money supply, to include potential problems of such measures. (Up to 2 marks) Supply-side policies could be used to increase employment, such as through making the labour market more flexible, increasing the training/retraining provision, reducing disincentives to work, such as reducing unemployment benefits, reducing marginal tax rates and the encouragement of investment, to include potential problems of such measures. (Up to 2 marks) **4 marks maximum** **Up to 2 marks for evaluation:** Relevant evaluation such as in relation to the extent of the unemployment (Fig. 1.1 shows that the rate of unemployment in India has varied between 6.5% in November 2020 and January 2021 and 11.9% in May 2021), whether the measures are essentially short-term or long-term (particularly the case with supply-side measures) and whether they are concentrated in particular regions of a country.	**6**

Question	Answer	Marks
EITHER		
2(a)	**With the help of a diagram, explain the difference between the causes of a movement along, and a shift of, a production possibility curve (PPC) and consider which is likely to have the most immediate impact on an economy.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and understanding (3 marks maximum)** An understanding of a PPC shown through an accurate diagram, with correctly labelled axes (1), a movement along a PPC showing a trade-off between production on the two axes (1), and a shift of a PPC showing an increase in production of two goods with no trade-off. (1) **AO2 Analysis (3 marks maximum)** Uses the PPC to explain that a movement along a PPC is caused by a reallocation of resources (1), as resources are shifted between the two types of product, involving an opportunity cost (1), but a shift of a PPC is caused by an increase in the quantity and/or quality of resources, allowing more of both goods to be produced. (1) **AO3 Evaluation (2 marks maximum)** Offers a valid judgement on whether a movement along, or a shift of, a PPC is likely to have the most immediate impact on an economy (1) to reach a conclusion. (1)	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
2(b)	**Assess whether education should be classified as a public good rather than classified as a merit good.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • Education is classified as a merit good because it is a private good with the characteristics of being both rival and excludable; it can therefore be provided through a market because it is possible to charge a price for it, although it can also be provided by the state. • A public good is distinct from a private good because it has the characteristics of being both non-rival and non-excludable; it is therefore difficult, if not impossible, to charge a price for it due to the existence of the free rider problem; it therefore has to be provided by the state. **AO3 Evaluation** • Public goods can only be provided by the state. • Merit goods will be underprovided in the free market and governments should intervene to increase provision. • However, if the demand for education is extremely low in a country, when provided through a market, a government could decide to provide it entirely through the state. • In conclusion, education should be classified as a merit good rather than as a public good. Accept all valid responses.	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Question	Answer	Marks
OR		
3(a)	**With the help of a formula, explain the meaning of cross elasticity of demand <u>and</u> consider which determinants are most important in establishing the size and sign of its coefficient.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and understanding (3 marks maximum)** An understanding of what the cross elasticity of demand measures (1), the formula for cross elasticity of demand (1) and the distinction between positive and negative XED. (1) **AO2 Analysis (3 marks maximum)** Explanation of why XED can be positive (substitutes) (1), explanation of why XED can be negative (complements) (1) and explanation of determinants establishing its magnitude (the closer the relationship between two products, whether substitutes or complements, the greater the magnitude of the value of XED). (1) **AO3 Evaluation (max 2 marks)** Offers a valid judgement on the relative importance of the determinants that influence the magnitude of XED and whether it is positive or negative (1) to reach a conclusion. (1)	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
3(b)	**With the help of a diagram, assess whether the benefits of a buffer stock scheme for an agricultural product always outweigh its disadvantages.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** Diagram of a buffer stock scheme, correctly labelled with an equilibrium (target) price and quantity and with changes to price and quantity when there is an increase and a decrease of supply. Explanation of the potential benefits of a buffer stock scheme. Explanation of the disadvantages and limitations associated with a buffer stock scheme and of why such a scheme might be ineffective. **AO3 Evaluation** • Consideration of the potential effectiveness of a buffer stock scheme. • Consideration of whether the benefits of a buffer stock scheme always outweigh its disadvantages. • In conclusion, whether such a scheme will always be effective for all agricultural products. Accept all valid responses.	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Question	Answer	Marks
EITHER		
4(a)	**With the help of an AD/AS diagram(s), explain cost-push inflation and demand-pull inflation in an economy and consider in what circumstances one may be more damaging than the other.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and understanding (3 marks maximum)** An understanding of the causes of inflation in an economy shown through an accurate diagram with correctly labelled axes (price level and real output) (1), with cost-push inflation shown by a shift of the AS curve to the left (1) and demand-pull inflation shown by a shift of the AD curve to the right. (1) **AO2 Analysis (3 marks maximum)** • Uses the diagram to explain the possible damaging effects of cost-push inflation in an economy. (Up to 2 marks) • Uses the diagram to explain the possible damaging effects of demand-pull inflation in an economy. (Up to 2 marks) **3 marks maximum** **AO3 Evaluation (2 marks maximum)** Offers a valid judgement on the comparison of the two causes of inflation in an economy, including the factors that could make one cause more damaging than the other (1) to reach a conclusion. (1)	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
4(b)	**Assess whether monetary policy or supply-side policy is likely to be more successful in reducing the rate of inflation in an economy.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • The meaning of monetary policy. • The tools of monetary policy appropriate to a contractionary monetary policy: decreases in the money supply and/or an increase in the rate of interest and an appreciation of the exchange rate. • An explanation of the strengths and weaknesses of monetary policy to reduce the rate of inflation in an economy. • The meaning of supply-side policy. • Examples of supply-side policy to reduce the rate of inflation in an economy, such as making the labour market more flexible, increased expenditure on education and training and promotion of competition in markets. • An explanation of the strengths and weaknesses of supply-side policy to reduce the rate of inflation in an economy. **AO3 Evaluation** • Consideration of whether each policy is appropriate for both types of inflation. • To arrive at a conclusion on whether monetary policy or supply-side policy is likely to be more successful in reducing the rate of inflation in an economy. Accept all valid responses.	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Question	Answer	Marks
OR		
5(a)	**With the help of a diagram(s), explain the likely causes of a depreciation of a floating exchange rate and consider whether such a depreciation is always beneficial to an economy.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and understanding (3 marks maximum)** An understanding of: • the demand for, and the supply of, a currency, shown through an accurate diagram, with correctly labelled axes (1) • correctly labelled demand and supply curves showing appropriate shift(s) (1) • and a fall in the value of the exchange rate. (1) **AO2 Analysis (3 marks maximum)** Uses the diagram to explain what could cause a shift of the demand curve for the currency to shift to the left and/or a shift of the supply curve of the currency to the right and analyses how these shifts could impact on the value of a currency. Consideration of potential advantages and disadvantages of a depreciation to an economy. **AO3 Evaluation (2 marks maximum)** Offers a valid judgement on whether the potential benefits of a depreciation of a country's floating exchange rate always outweigh the potential disadvantages (1) to reach a conclusion. (1)	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
5(b)	**Assess whether the arguments for protectionism in the context of international trade are always stronger than the arguments against.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** The arguments for protectionism/against free trade. These might include: • Infant/sunrise industry argument • Declining/sunset industry argument • Strategic industry argument • To prevent dumping • To reduce a current account deficit • To raise revenue for a government. The arguments against protectionism/for free trade. These might include: • Free trade can lead to greater specialisation and, as a consequence, greater output • Resources are allocated more efficiently • Consumers have a wider range of products to choose from • This can lead to improved standards of living. **AO3 Evaluation** • Considers the possible issues of protectionism and the relative strength of the different arguments. • In conclusion, which approach will be better for particular economic situations. Accept all valid responses.	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/22**

Paper 2 Data Response and Essay **May/June 2023**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

© UCLES 2023

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

© UCLES 2023

Social Science-Specific Marking Principles (for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)

b DO credit alternative answers/examples which are not written in the mark scheme if they are correct

c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).

d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)

e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities

f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).

g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

© UCLES 2023

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Assessment objectives

AO1 Knowledge and understanding

- Show knowledge of syllabus content, recalling facts, formulae and definitions.
- Demonstrate understanding of syllabus content, giving appropriate explanations and examples.
- Apply knowledge and understanding to economic information using written, numerical and diagrammatic forms.

AO2 Analysis

- Examine economic issues and relationships, using relevant economic concepts, theories and information.
- Select, interpret and organise economic information in written, numerical and diagrammatic form.
- Use economic information to recognise patterns, relationships, causes and effects.
- Explain the impacts and consequences of changes in economic variables.

AO3 Evaluation

- Recognise assumptions and limitations of economic information and models.
- Assess economic information and the strengths and weaknesses of arguments.
- Recognise that some economic decisions involve consideration of factors such as priorities and value judgements.
- Communicate reasoned judgements, conclusions and decisions, based on the arguments.

© UCLES 2023

Table A: AO1 Knowledge and understanding and AO2 Analysis

Use this table to give marks for each candidate response for AO1 Knowledge and understanding and AO2 Analysis for **Questions 2(b)**, **3(b)**, **4(b)** and **5(b)**.

Level	Description	Marks
3	• A detailed knowledge and understanding of relevant economic concepts is included, using relevant explanations. Explanations are supported by examples, where appropriate. • The response clearly addresses the requirements of the question and explains economic issues, and fully develops these explanations. • Analysis is developed and detailed and makes accurate and relevant use of economic concepts and theories. Where necessary, there is accurate and relevant use of analytical tools such as diagrams and formulae, and these are fully explained. • Responses are well-organised, well-focused and presented in a logical and coherent manner.	6–8
2	• Knowledge and understanding of some relevant economic concepts is included, using explanations and examples that are limited, over-generalised or contain inaccuracies. • The response addresses the general theme of the question and the relevant economic issues, with limited development. • Analysis is generally accurate with some development but little detail. Uses analytical tools such as diagrams and formulae where necessary. Use of these tools is partially accurate or not fully explained. • Responses are generally logical and coherent but are sometimes lacking in focus or organisation.	3–5
1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.	1–2
0	No creditable response.	0

Table B: AO3 Evaluation

Use this table to give marks for each candidate response for AO3 Evaluation for **Questions 2(b)**, **3(b)**, **4(b)** and **5(b)**.

Level	Description	Marks
2	• Provides a justified conclusion or judgement that addresses the specific requirements of the question. • Makes developed, reasoned and well-supported evaluative comment(s).	3–4
1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.	1–2
0	No creditable response.	0

Section A

Question	Answer	Marks
Follow the point-based marking guidance at the top of this mark scheme.		
1(a)	**Compare the government budget balance of Nigeria in 2016 with the government budget balance in 2020** Between 2016 and 2020 the budget **deficit (1) increased (1)** **Guidance:** • Must refer to the fact that the budget is in deficit both years • Do not accept e.g. 'became worse'	**2**
1(b)	**Using a production possibility curve (PPC) diagram, demonstrate the impact of the rising level of unemployment on the Nigerian economy** • For a fully accurately labelled PPC diagram i.e., axes labelled as 2 products and curve touching both **(1)** • Showing a movement to the left within the curve or from the curve to a position within the curve **(1)**	**2**
1(c)	**Consider the extent to which the removal of fuel subsidies in Nigeria would lead to an increase in inflation.** • For an explanation of why the removal of subsidies is likely to lead to an increase in the price of fuel e.g., by increasing the cost of producing and / or supplying fuel or by shifting the supply curve to the left to its original position. **(1)** • For an explanation of why this is likely to lead to an increase in inflation / a rise in the price level e.g., fuel will have a high weighting in the measurement of inflation / PED is likely to be inelastic/ it is an important cost of production that affects the price of many other products / it may lead to cost-push inflation. **(1)** • For an explanation of why this may lead to continuing inflation e.g., as price rises, wage demands fuel further inflation / may lead to an increase in the price level for a much wider range of products. **(1)** **For some evaluation of the overall impact e.g., the inflationary impact may be offset by the fact that**: **(1)** • there is a reduction in other costs/prices OR • PED may in fact be elastic leading to a fall in demand and therefore prices rise but at a lower rate OR • It also may depend on the size of the original subsidy. Accept any other valid reason why the inflationary impact may be offset.	**4**

Question	Answer	Marks
1(d)	**Assess whether using supply-side policy is the best way to diversify the Nigerian economy away from its dependence on oil and natural gas exports.** **Up to 4 marks for the explanation/analysis:** of any valid supply-side policy to diversify the economy which may include: • Training and education • Government support to business e.g., assistance in setting up • Improved infrastructure • Research and development • Deregulation. For an explanation of the strengths **and** weaknesses with **no explicit or clear implicit reference** to how the chosen policy(ies) may help diversify the Nigerian economy away from its dependence on oil and natural gas exports then (**maximum 1 mark overall)** For analysis that clearly explains the strengths of the chosen policy(ies) in helping to diversify the Nigerian economy away from its dependence on oil and natural gas exports. **(Up to 2 marks)** For analysis that clearly explains the weaknesses of the chosen policy(ies) in helping to diversify the Nigerian economy away from its dependence on oil and natural gas exports. (**Up to 2 marks)** **Up to 2 marks for evaluation:** • Which must (weigh up) assess the analysis of the relative strengths / advantages and weaknesses / disadvantages of the **policy/ policies** in diversifying the Nigerian economy away from an overdependence on oil and natural gas exports. • Supply-side policy may also be judged against an alternative policy e.g., protection of infant industries. • Reaches an overall and justified conclusion as to whether supply-side policy is the best way in the context of the Nigerian economy **(reserve 1 mark)**	**6**

Question	Answer	Marks
1(e)	**Assess whether adjusting the collection of direct tax or indirect tax is likely to be more effective in increasing the tax revenue collected by the Nigerian government.** **Up to 4 marks for the explanation/analysis:** • For a simple assessment of the strengths and weaknesses of different methods of collecting direct and indirect tax with **no explicit link** to their effectiveness in increasing the tax revenue collected by the Nigerian government then **(maximum of 1 mark overall)** • One method of adjusting direct tax may be to introduce a more progressive income tax. Analysis should consider the advantages and disadvantages of this in raising more domestic tax revenue. **(Up to 3 marks maximum; but 1 mark maximum if only advantages or disadvantages are analysed.)** • One method of adjusting indirect tax may be to further increase the rate of VAT higher than the rate of 7.5% mentioned in extract 2. Analysis should consider the advantages and disadvantages of doing this in raising more domestic tax revenue. **(Up to 3 marks maximum; but 1 mark maximum if only advantages or disadvantages are analysed.)** **A maximum of 3 marks if only one type of tax is analysed.** Issues to consider for both the above may include: • Fairness and equality • The amount that may be raised • Costs of ensuring compliance etc. **Up to 2 marks for evaluation:** • Which must compare and weigh up the likely effectiveness of **both types of tax** in raising tax revenue **with** consideration of the problems faced by the Nigerian government in increasing the amount of tax revenue raised. • Reaches an overall conclusion as to which type of tax is likely to be the most effective.	**6**

Section B

Question	Answer	Marks
EITHER		
2(a)	**With the help of a diagram(s), explain what is meant by consumer surplus and producer surplus and consider whether a rise in the price of a product because of higher costs of production is likely to always reduce the consumer surplus.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and Understanding (max 3 marks)** For a clear understanding of consumer surplus i.e., the difference between the price a consumer is willing to pay for a product and its market price **(1)**. For a clear understanding of producer surplus i.e., the difference between the price a producer is willing to accept and what is actually paid **(1)**. **Both** clearly shown on an accurately labelled diagram (s) **(1)** **AO2 Analysis (max 3 marks)** An accurately labelled diagram(s) showing a shift to the left in the supply curve **(1)** which explains and shows the extent of the change in consumer surplus for a product with an elastic price elasticity of demand **(1)** compared to a product with an inelastic price elasticity of demand **(1)** **AO3 Evaluation (max 2 marks)** Following suitable analysis of PED, it can be concluded that the overall impact is that consumer surplus will always fall **(1)** with a conclusion that the extent of the fall is dependent on the value of the price elasticity of demand **(1).**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
2(b)	**A government wishes to keep the price of an essential food, such as rice, affordable to help low-income households.** **Assess whether a policy of fixing the maximum price for an essential food is likely to be more effective than a policy of making transfer payments to low-income households.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis (max 8 marks)** The advantages and disadvantages of using a maximum pricing policy may include: • If the price is set below the equilibrium price and quantity, then it will make e.g., rice more affordable. • This will help low-income consumers and improve their living standards and improve their health **BUT** • It will create a shortage and informal markets may arise. • Governments may have to increase their spending to enforce the legislation. • Rich and poor households gain equally. Transfer payments may include: • Unemployment benefits • Pensions • Food vouchers etc. The advantages and disadvantages include: • They can be targeted at those most in need. • They can be targeted at the purchase of basic foodstuffs **BUT** • May be costly and have an opportunity cost. • The policies may not be used for their intended purposes (even vouchers may be sold in illegal markets) **A one-sided response can only gain a maximum of Level 2.** **AO3 Evaluation (max 4 marks)** • Consideration of the relative effectiveness of a maximum pricing policy compared with the use of transfer payments. • Consider the impact on low-income consumers of basic foodstuffs • In conclusion, which policy is most likely to be effective in helping low-income consumers. Accept all valid responses. **A one-sided response cannot gain any marks for evaluation.**	**12**

Question	Answer	Marks
2(b)	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Question	Answer	Marks
OR		
3(a)	**With the help of a diagram(s), explain what is meant by equilibrium in a market, and consider the extent to which the equilibrium price and equilibrium quantity are likely to change for a product following an increase in the wages for labour across the whole economy.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and Understanding (max 3 marks)** The equilibrium point is where the quantity demanded equals the quantity supplied **(1)** and there is no tendency to change in a market **(1)** with an accurately labelled diagram showing the equilibrium price and equilibrium quantity **(1)** **AO2 Analysis (max 3 marks)** **Note: there are two possible approaches to answering this question. If both the approach focused on demand-side (inferior and normal goods) and the supply-side approach are attempted, then only the best response should be marked including marks for evaluation.** **EITHER:** The demand curve will be expected to shift in this situation. Whether it shifts to the left or to the right will depend on the nature of the product and will shift to the left if it is an inferior good or to the right if it is a normal good. This should be the basis of the discussion. For an accurately labelled diagram demonstrating at least one of the appropriate shift(s) in the demand curve i.e., to the right and / or the left **(1)** that clearly shows the change in the equilibrium price and the equilibrium quantity for both a normal and inferior good **(1)** and is accompanied by a clear explanation of **both** shifts **(1)** If only one shift (normal or inferior goods) is **explained**, then a maximum of **2 marks.** **Note:** it is acceptable to use the same diagram for both knowledge and understanding and analysis **OR:** The supply curve will be expected to shift to the left in this situation. For a fully accurately labelled diagram that is clearly micro based and focused on the impact on a single product **(1)** that is used to clearly explain the resulting change in the price depending on whether demand is price elastic or price inelastic) **(1)** and quantity supplied (depending on whether supply is price elastic or price inelastic/use of buffer stocks/ effect of improved productivity) **(1)**	**8**

Question	Answer	Marks
3(a)	**AO3 Evaluation (max 2 marks)** **EITHER:** The extent of the change will be determined by whether the good is a normal good or an inferior good / the value of ped / the value of YED / the value of PES / the size of the actual change in income. A discussion focused on **the extent** of change **(1)** followed by a justified conclusion **(1)** **OR:** The extent of the change will depend on the importance of wage costs to an individual firm / the significance of PES **(1)** A discussion focused on the **extent** of change followed by a justified conclusion **(1)**	
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
3(b)	**Entrepreneurs are vital in a modern economy to achieve long run economic growth.** **Assess whether encouraging entrepreneurship or increasing another of the factors of production will be a more effective way to achieve long run economic growth.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis (max 8 marks)** The advantages of encouraging entrepreneurship include: • The fact that entrepreneurs are the ones who organise the other three factors of production to produce output in an economy. • They are the ones who take risks and in return receive profit which is the motivation to be successful and so stimulate economic growth. • The fact that entrepreneurs must be creative and innovative to succeed and therefore should have the skills to anticipate current and future needs to be successful and therefore increase the productive potential of an economy and thus stimulate long run economic growth e.g., as measured by a shift to the right of the PPC. • Modern economies are dynamic, ever changing and the need to respond quickly to changes is one that can be met by successful entrepreneurs. **BUT** • There may be a cost in training and educating future entrepreneurs. • The rate of success of a policy to increase entrepreneurship may be low • The success depends on other factors such as the availability of government subsidies etc. which have an opportunity cost as well as the availability and quality of the other factors of production, • Because of high risks, entrepreneurs may seek short run gain which may not encourage long run economic growth and may in fact make it less likely e.g., due to rapid depletion of scarce resources. These should be compared with the likely importance and the advantage(s) and disadvantage(s) of increasing **one** other factor of production i.e., land **OR** labour **OR** capital. This may include an assessment of the availability of other factors of production. **A one-sided response can only gain a maximum of Level 2.**	**12**

Question	Answer	Marks
3(b)	**AO3 Evaluation (max 4 marks)** • Consideration of the likely importance of increasing entrepreneurship compared to increasing one other factor of production to increase long run economic growth in a modern economy. • In conclusion, which factor of production is likely to be the **most** important. Accept all valid responses. **A one-sided response cannot gain any marks for evaluation.**	
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Section C

Question	Answer	Marks
EITHER		
4(a)	**Two countries each produce two products and wish to trade with each other.** **Explain the difference between the principles of absolute advantage and comparative advantage and consider whether the principle of comparative advantage is always the more important influence when each country is deciding whether to trade with each other.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and Understanding (max 3 marks)** Absolute advantage is a situation where, for a given set of resources, one country can produce more of a certain product than another country **(1)** comparative advantage exists where one country can produce a certain product at a lower opportunity cost than another country **(1)** plus a simple explanation that one country may have an absolute advantage in both products but the other country may have a lower opportunity cost in producing one of the products **(1)** **AO2 Analysis (max 3 marks)** The analysis should consider the advantages and disadvantages of using the principle of comparative advantage in deciding whether to trade or not. **Maximum of 2 marks** for an analysis that **only** considers the advantages and a **maximum of 2 marks** for an analysis that **only** considers the disadvantages. Points to consider include **(N.B. this list is not exhaustive so allow any reasoned points)**: • The benefits of specialisation leading to a more efficient allocation of resources • An increase in world output • An increase in employment and living standards **BUT** • May exhaust finite natural resources due to over specialisation. • Strategic industry argument • Exchange rate may not lie between the opportunity cost ratios. **Guidance:** For AO1 and AO2, it is not expected that tables / numeric examples are used. However, they are acceptable **provided** they are appropriately explained.	**8**

Question	Answer	Marks
4(a)	**AO3 Evaluation (max 2 marks)** For an answer that clearly compares the advantages and disadvantages of the principle of comparative advantage **(1)** and uses the analysis to reach a reasoned conclusion as to whether it is always the most important factor to consider **(1)**	
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

© UCLES 2023

Question	Answer	Marks
4(b)	**Assess whether protectionism is the best way to correct a deficit in the current account of the balance of payments.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis (max 8 marks)** Protectionism can include the use of: • Tariffs • Embargoes • Export subsidies etc. Analysis should consider the advantages and disadvantages of such a policy e.g. • Possible retaliation • Possible long-term reliance on such measures that may reduce future competitiveness etc. Analysis should also compare this policy with the advantages and disadvantages of another policy e.g., supply side policy, fiscal or monetary policy which may include: • Training and education to improve productivity. • Investment in better infrastructure • Incentives to entrepreneurs etc. • Expenditure dampening. • Encouragement of a depreciation in the exchange rate. **A one-sided response can only gain a maximum of Level 2.** **AO3 Evaluation (max 4 marks)** • Consideration of the relative effectiveness of the policies in correcting a deficit in the current account of the balance of payments. • A justified conclusion showing which policy is most likely to be successful in correcting a deficit in the current account of the balance of payments. Accept all valid responses. **A one-sided response cannot gain any marks for evaluation.**	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Question	Answer	Marks
OR		
5(a)	**Explain the difference between cost-push and demand-pull inflation and consider which is more likely to occur if there is a depreciation in the exchange rate of a country with few natural resources.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and Understanding (max 3 marks)** Cost push inflation is inflation caused by increases in the costs of production **(1)**. Demand pull inflation is caused by increases in AD not matched by equivalent increases in AS **(1)**. A clear explanation of the differences between the two **(1)** **AO2 Analysis (max 3 marks)** A depreciation in the exchange rate will lead to a fall in the price of exports for the trading partner and a rise in the price of imports for the country in question. This should be analysed with reference to the impact on the different types of inflation. Maximum of 2 marks if only demand-pull inflation is considered and should focus on the impact of the fall in price of exports and the rise in the price of imports and the possible impact on the X -M component of AD and therefore the impact on AD overall. Reference may be made to the PED of exports and the PED of imports. Maximum of 2 marks if only cost push inflation is considered. Reference must be made to the importance of imports (1) and the fact that this country has few natural resources which probably means they must be imported for the 2nd mark. **AO3 Evaluation (max 2 marks)** For an answer that clearly considers the fact that this country has few natural resources **(1)** to come to a justified conclusion as to which type of inflation is most likely to be the outcome for a country with few natural resources **(1)**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
5(b)	**Assess whether monetary policy is the only way to control a high rate of inflation.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis (max 8 marks)** Explain the advantages and disadvantages of using monetary policy to control high rates of inflation to analyse its effectiveness. Points to consider may include: • The use of interest rates to dampen AD. • Reductions in money supply to dampen AD. • The use of credit regulations to influence bank lending **BUT** • There is also a time lag between implementing interest rate policy and it taking effect. • Other factors other than interest rates may affect consumer spending and offset the impact of a rise in interest rates e.g., consumer confidence, expectations etc. Monetary policy should be compared with the advantages and disadvantages of at least one other appropriate policy e.g., supply side and/or fiscal policy **A one-sided response can only gain a maximum of Level 2.** **AO3 Evaluation (max 4 marks)** • Consideration of the relative effectiveness monetary policy to control high rates of inflation compared with at least one other appropriate policy. • Although it is not necessary within the analysis / question, reference may be made to the relative effectiveness of these policies in controlling the different **types** of inflation. • A justified conclusion showing which policy is most likely to be effective in controlling high rates of inflation. **A one-sided response cannot gain any marks for evaluation.** Accept all valid responses.	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

© UCLES 2023

Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/23**

Paper 2 Data Response and Essay **May/June 2023**

MARK SCHEME

Maximum Mark: 40

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

© UCLES 2023

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

© UCLES 2023

Social Science-Specific Marking Principles (for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)

b DO credit alternative answers/examples which are not written in the mark scheme if they are correct

c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).

d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)

e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities

f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).

g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

© UCLES 2023

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

© UCLES 2023

Table A: AO1 Knowledge and understanding and AO2 Analysis

Use this table to give marks for each candidate response for AO1 Knowledge and understanding and AO2 Analysis for **Questions 2(b)**, **3(b)**, **4(b)** and **5(b)**.

Level	Description	Marks
3	• A detailed knowledge and understanding of relevant economic concepts is included, using relevant explanations. Explanations are supported by examples, where appropriate. • The response clearly addresses the requirements of the question and explains economic issues, and fully develops these explanations. • Analysis is developed and detailed and makes accurate and relevant use of economic concepts and theories. Where necessary, there is accurate and relevant use of analytical tools such as diagrams and formulae, and these are fully explained. • Responses are well-organised, well-focused and presented in a logical and coherent manner.	6–8
2	• Knowledge and understanding of some relevant economic concepts is included, using explanations and examples that are limited, over-generalised or contain inaccuracies. • The response addresses the general theme of the question and the relevant economic issues, with limited development. • Analysis is generally accurate with some development but little detail. Uses analytical tools such as diagrams and formulae where necessary. Use of these tools is partially accurate or not fully explained. • Responses are generally logical and coherent but are sometimes lacking in focus or organisation.	3–5
1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.	1–2
0	No creditable response.	0

Table B: AO3 Evaluation

Use this table to give marks for each candidate response for AO3 Evaluation for **Questions 2(b)**, **3(b)**, **4(b)** and **5(b)**.

Level	Description	Marks
2	• Provides a justified conclusion or judgement that addresses the specific requirements of the question. • Makes developed, reasoned and well-supported evaluative comment(s).	3–4
1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.	1–2
0	No creditable response.	0

Section A Data response

Question	Answer	Marks
Follow the point-based marking guidance at the top of this mark scheme.		
1(a)	**Using the data in Fig.1.1, calculate the percentage change in the value of sales of doughnuts in the US from 2011 to 2019.** Extrapolation of data **(1)** Calculation of percentage change (1) **Guidance:** Data: 2011 cUSm 5500 2019 cUSm 7500 % change is 2000/5500 × 100% = 36% (accept 35–38%)	**2**
1(b)(i)	**Explain one reason why the US market for doughnuts contracted in 2020.** • More workers working from home **(1)** • **This** has led to less employees in city centres, therefore less demand for doughnuts **(1)** • Shopping trips have been less frequent and therefore less demand for doughnuts **(1)** **Maximum 2 marks**	**2**
1(c)	**Comment on whether the demand for doughnuts in the US is income elastic or income inelastic.** • Identification that it is Income **inelastic (1)** • Sales of doughnuts have increased to some consumers despite them having a fall in income **(1)**	**2**
1(d)	**Explain why a doughnut might be regarded as a demerit good.** • Doughnuts are undesirable and over-provided by the market **(1)** • This is because of information failure and means that consumers are unlikely to be fully aware of the health dangers of eating an excessive amount of doughnuts**(1)**	**2**

Question	Answer	Marks
1(e)	**With the help of a diagram, assess how the market for sugary foods in the UK might be affected by a ban on online advertising.** • **Up to 4 marks for explanation/analysis:** Accurately labelled diagram showing a shift to the left in the market demand curve for sugary foods • Explanation why a ban on online advertising is likely to lead to a fall in demand for sugary foods • Analysis of the effects of the shift in terms of the change in price and level of demand • Some consumers may not be put off by the information provided in advertising • Sugary foods are cheap and take up only a small proportion of the income of an adult • Demand for sugary foods is likely to be price inelastic • Informal market could develop amongst younger adults/children For an analysis that explains the advantages/strengths of an online advertising ban (Up to 2 marks) For an analysis that explains the disadvantages/weaknesses of an online advertising ban (Up to 2 marks) **Up to 2 marks for evaluation:** For a brief comment such as • The change in demand will depend on the PED for sugary foods • Sugary foods is a diverse term-some types of product will be more affected than others • Few palatable substitutes are available • Manufacturers are likely to use other than online advertising to promote their products • **Reserve 1 mark for a justified conclusion**	**6**

© UCLES 2023

Question	Answer	Marks
1(f)	**Assess the likely effects on UK consumers and the UK government of a ban on online adverts for sugary foods.** **Up to 4 marks for explanation/analysis of any valid effects such as** • Consumers, especially children, may be healthier/less obese • A wider range of alternative healthier snacks could become available • Reduced pressure on the NHS as less obese people • Educational standards and workplace productivity could improve • Could result in less tax revenue for government due to lower sales of sugary foods and reduced advertising from manufactures of sugary foods **For an explanation of the benefits and costs of the likely effects on UK consumers and the government but with no explicit reference to the context of sugary foods (1 mark max)** For an analysis that explains the benefits to UK consumers and the government of a ban on online adverts of sugary foods **(Up to 2 marks)** For an analysis that explains the costs to UK consumers and the government of a ban on online adverts of sugary foods **(Up to 2 marks)** **Up to 2 marks for evaluation:** • Uncertain impact of advertising ban • Not easy to measure impact on consumer demand or government revenue • Other forms of advertising will continue • **Reserve 1 mark for a justified conclusion**	**6**

Question	Answer	Marks
EITHER		
2(a)	**Explain, with the help of examples, the significance of the size and sign of the coefficient of income elasticity of demand for the classification of a good and consider how confident you are of this classification.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and Understanding (max 3 marks)** Knowledge of what is meant by income elasticity of demand **(1)** Formula for calculation of income elasticity of demand **(1)** Meaning of elastic/inelastic income elasticity of demand **(1)** **AO2 Analysis (max 3 marks)** Analysis of the significance of the size and sign of the coefficient for normal goods with relevant examples **(1)** Analysis of the significance of the size and sign of the coefficient for necessity goods with relevant examples **(1)** Analysis of the significance of the size and sign of the coefficient for inferior goods with relevant examples **(1)** Analysis of the significance of the size and sign of the coefficient for superior goods with relevant examples **(1)** **Award maximum of 1mark for two types of good but with no examples. Award maximum of 2 marks for three types of good but with no examples.** **AO3 Evaluation (max 2 marks)** For a brief comment such as • Classification is dependent on income level of individual/household in case of inferior goods or necessities or superior goods • A necessity for a low-income household could be a normal good for another household • YED is an estimate calculated over separate time periods • **Reserve 1 mark for a justified conclusion**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
2(b)	**When the price of a product changes, it usually changes the consumer surplus in the market.** **Assess how variations in price elasticity of demand for a product determine the extent of changes in consumer surplus in a market.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include **AO1 Knowledge and understanding and AO2 Analysis (max 8 marks)** • Knowledge and understanding of consumer surplus • Accurate labelled diagram of consumer surplus • Explanation of effects on consumer surplus when the price of a product increases • Explanation of the effects on consumer surplus when the price of a product decreases • Explanation of the change in consumer surplus for a product with a price elastic PED • Explanation of the change in consumer surplus for a product with a price inelastic PED • Comparison of changes in consumer surplus where there are variations in the PED for a product **Level 2 max for 1 sided answers i.e. those that analyse the impact of elastic or inelastic PED** **AO3 Evaluation (max 4 marks)** • Change in consumer surplus depends on the relative extent of the price change • Change in consumer surplus also depends on the coefficient of PED • It is assumed that a price change is the only factor that determines a change in consumer demand for a product **A one-sided response cannot gain any marks for evaluation.**	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

© UCLES 2023

Question	Answer	Marks
OR		
3(a)	**Explain why government intervention may be required to provide merit goods and consider why such intervention may not always be successful.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and understanding (max 3 marks)** Government intervention takes place when markets fail **(1);** nature of information failure **(1)** examples of merit goods **(1)** **AO2 Analysis (max 3 marks)** Application of reasons for government provision of merit goods to include essential nature of merit goods **(1);** private sector not willing to fully provide **(1);** problem of payment for merit goods **(1)** benefits in terms of society and the economy **(1)** **Guidance;** Award 1 mark for each example that is explained **AO3 Evaluation (max 2 marks)** • Governments may lack the resources to provide sufficient merit goods • Governments may not have enough information on which merit goods should be provided • **Reserve 1 mark for a justified conclusion**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
3(b)	**Assess the effectiveness of government intervention through buffer stock schemes in agricultural markets.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis (max 8 marks)** The advantages and disadvantages of a buffer stock scheme in agricultural markets may include • Effective in smoothing out price changes, particularly where these are volatile • Responsive to market conditions • Involves minimum and maximum prices • Storage of products can be used to influence price changes • Can be inefficient when surplus stocks build up • Little incentive for producers to change what they produce • Could lead to waste of perishable products Other methods of intervention can include • Subsidies paid to agricultural producers • Tariffs on imports • Export controls Advantages and disadvantages include • Less intervention, more emphasis on market forces • Improved security of supply for domestic market • Reduced dependence on imports • Income of efficient farmers can increase • Subsidies involve an opportunity cost **Level 2 max for 1 sided answers** **AO3 Evaluation (max 4 marks)** • **Consideration of relative effectiveness of buffer stock schemes compared to other methods of intervention** • How to determine minimum prices for government intervention • Problem of over-supply and impact on future market prices • Informal markets and scale of subsistence producers can be issues in low-income countries Accept all valid responses. **A one-sided response cannot gain any marks for evaluation.**	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Question	Answer	Marks
EITHER		
4(a)	**With the help of a circular flow of income diagram, explain how equilibrium is determined in an open economy and consider whether a budget deficit or a trade deficit is more likely to cause lasting disequilibrium.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and understanding (max 3 marks)** An understanding of the circular flow of income shown through an accurate diagram showing income flows between firms and households (1); correct inclusion of exports and imports (1); correct inclusion of government spending and taxation (1) **AO2 Analysis (max 3 marks)** Explanation of injections into the circular flow of income;**(1)**; explanation of leakages from the circular flow of income **(1);** determination of equilibrium in the circular flow of income **(1)** **AO3 Evaluation (max 2 marks)** Consideration how a budget deficit or a trade deficit leads to disequilibrium in the circular flow of income (1); consideration which is likely to cause lasting disequilibrium (1) **Reserve 1 mark for a justified conclusion**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
4(b)	**Assess whether an increase in investment in new infrastructure projects will always have a positive impact on the circular flow of income in an economy.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis (max 8 marks)** Increased investment in new infrastructure can have a positive and negative impact on the circular flow of income in an economy: • Increased investment can be from firms or government • Household savings can be a source of funds for this investment • Investment is an injection in to the circular flow of income • There is increased payments for factors of production • Households supply factor services to firms in the form of labour, enterprise and capital • In turn, firms provide factor services to implement the investment • Leakages impact on the total flow of funds in the circular flow of income • Taxation on the inputs into the new infrastructure project is a leakage from households and firms to the government • Other leakages are spending on imports of materials to implement the new infrastructure project • Household savings are a leakage from factor income • Equilibrium in the circular flow will depend on the balance between injections and leakages. **Maximum level 2 for a one-sided response** **AO3 Evaluation (max 4 marks)** • The circular flow model is a simplified view of reality. • The impact will depend upon the net of injections and leakages. • There could be a negative impact on the circular flow of income if leakages exceed injections. • Most forms of new infrastructure have a negative impact not taken into account by the model • Consideration as to whether all new infrastructure always has a positive impact on the circular flow of income Accept all valid responses. **A one-sided response cannot gain any marks for evaluation.**	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Question	Answer	Marks
OR		
5(a)	**Explain how monetary policy may be able to reduce the rate of inflation in an economy and consider the likely success of this policy.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and understanding (max 3 marks)** An understanding of monetary policy **(1);** tools of monetary policy :interest rates, supply of money and regulations **(1);** nature of a contractionary monetary policy **(1)** **AO2 Analysis (max 3 marks)** An explanation of how the tools of monetary policy can be applied to reduce inflation (1); analysis of these changes on aggregate demand and the price level (1); analysis of the effects on output and employment (1). **AO3 Evaluation (max 2 marks)** The effectiveness of monetary policy will depend upon the response of consumers and firms, in particular to higher interest rates (1) May also depend on the rate of inflation and its causes (1) **Reserve 1 mark for a justified conclusion.**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

© UCLES 2023

Question	Answer	Marks
5(b)	**Assess how governments use macroeconomic intervention to achieve their macroeconomic objectives.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis (max 8 marks)** • Macroeconomic objective of price stability • Macroeconomic objective of low unemployment • Macroeconomic objective of economic growth • Government budget as a form of intervention • Scope and use of fiscal policy as a form of intervention • Scope and use of monetary policy as a form of intervention • Scope and use of supply-side policy as a form of intervention • Examples of links between macroeconomic objectives and forms of intervention • Other objectives such as distribution of income **A one-sided response can only gain a maximum mark of Level 2** **AO3 Evaluation (max 4 marks)** • Consideration of the extent to which macroeconomic intervention allows governments to achieve their macroeconomic policy objectives • Effectiveness of particular interventions in relation to specific macroeconomic objectives Accept all valid responses. **A one-sided response cannot gain any marks for evaluation.**	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

© UCLES 2023