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.

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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.

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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.

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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.

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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**

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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