Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/23**

Paper 2 Data Response and Essay **October/November 2023**

MARK SCHEME

Maximum Mark: 60

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.

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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)	**Explain the meaning of 'negative economic growth'.** • It is a decrease/fall in national income/output (**1)** as measured by: • GDP/RGDP/GNP **(1)** • A movement within a correctly labelled PPC (if drawn) or a shift within it (**1)**	**2**
1(b)	**Which country shown in Fig. 1.1 experienced the most severe recession in 2020? Justify your answer.** • UK (**1)** because • It had the biggest percentage fall in GDP (1) • The other three economies performed consistently better than the OECD average **(1)**	**2**
1(c)	**State <u>two</u> likely economic reasons why China experienced strong economic growth starting in the second quarter of 2020 and consider which of these is likely to have generated the greater rate of growth.** Plausible reasons could include: • The increased demand for exports of PPE **(1)** • First to experience Covid and therefore the first to recover from it due to e.g., the speed of enforcing lockdowns. **(1)** • Successful government policies – one mark per stated policy e.g., fiscal, and monetary policies **(1)** Up to two marks for explaining why one of the stated reasons is likely to have generated the greatest growth. **(1+1)**	**4**
1(d)	**Assess how economic recovery is likely to have affected employment and price stability in China.** **Up to 4 marks for explanation/analysis:** • How a recovery may increase the components of AD i.e., C + G + I + X – M and how this may increase the level of employment **(up to 2 marks)** • The possible impact on price stability which will depend on e.g., the position on the AS curve, the possibility of cost-push inflationary pressure **(up to 2 marks).** **Up to 2 marks for evaluation:** • The effects on employment and price stability will depend on the speed and the size of the recovery **(1)** • For a justified conclusion **(1)**	**6**

Question	Answer	Marks
1(e)	**Assess whether monetary policies are the best way for high-income countries such as the US and the UK to produce an economic recovery.** **Up to 2 marks for an analysis of the uses of monetary policy:** • An explanation of what monetary policy consists of • How an expansionary monetary policy can be used to produce an economic recovery based on an increase in AD e.g., through reducing interest rates, increasing money supply e.g., through relaxing credit restrictions. • Increasing price competitiveness of exports due to a fall in the exchange rate. **Up to 2 marks for an analysis of the drawbacks of monetary policy:** • Expansionary monetary policy may cause inflation. • It depends upon consumer and business confidence and receptiveness towards reductions in interest rates. • The possible effects on the cost of imports due to a fall in the exchange rate. • Impact of time lags. **Up to 2 marks for evaluation:** • The degree of interest sensitivity on components of AD • The impact of such policies is uncertain. • Possible use of alternative policies • Reserve 1 mark for a justified conclusion	**6**

Question	Answer	Marks
EITHER		
2(a)	**The price elasticity of supply (PES) for a new smartphone is estimated to be 0.8 in the short run and 1.8 in the long run.** **Explain what these estimates mean for producers and consumers of smartphones <u>and</u> consider why the estimates differ.** 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)** Meaning of price elasticity of supply **(1)** an accurate formula **(1)** an explanation of what is meant by elastic/inelastic based on the responsiveness of changes in supply to changes in price **(1).** **AO2 Analysis (max 3 marks)** Analysis of why the values may differ due to e.g., the time period, level of stock, changes in the production process etc. Up to **2 marks** for each reason explained. **Maximum of 3 marks overall** **AO3 Evaluation (max 2 marks)** An assessment as to why the impact on consumers and producers may differ according to these different estimates e.g., on availability, pricing and investment decisions.	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
2(b)	**Assess whether knowledge and understanding of price elasticity of demand (PED) or cross elasticity of demand (XED) is likely to be more useful to a producer of smartphones.** 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** • Analysis of the benefits of using PED for a smartphone producer e.g., for raising / decreasing the price to maximise revenue. • Analysis of the limitations of the use of using PED e.g., the figures are only estimates and may change over time. • Analysis of the benefits of using XED for a smartphone producer e.g., to determine whether it is a complement or a substitute for a product produced e.g., by a different business to enable it to react to competitor pricing decisions. • Analysis of the limitations of using XED e.g., other factors may have a greater influence e.g., brand loyalty to a competitor. If limitations of only one measure are analysed then L3 mid-point maximum. If only one measure is analysed or no reference to smartphone producers then L2 maximum. **AO3 Evaluation** • Assessment of whether PED or XED is more useful to the producer. • Need to use other sources of information in decision-making – e.g., YED. • Justified conclusion. 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		
3(a)	**Explain why the provision of bus and local rail (mass transit) services in cities is classified as a private good and not a public good <u>and</u> consider why such services might only be provided by the private sector.** 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)** • Explanation of what is meant by excludability/non excludability **(1)** • Explanation of what is meant by rivalry/non rivalry **(1)** • Correct application to private and public goods **(1)** **AO2 Analysis (max 3 marks)** • Why is a mass transit service a private good with reference to both characteristics and therefore only provided by the private sector? **(up to 2 marks)** • Why is a mass transit service not a public good with reference to both characteristics and therefore not provided by the public sector? **(up to 2 marks)** **AO3 Evaluation (max 2 marks)** • Assessment of whether a mass transit service might only be provided by the private sector with 1 mark reserved for a justified conclusion.	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
3(b)	**Assess whether bus and rail (mass transit) systems in cities should receive substantial subsidies from governments.** 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:** • Explanation of what is meant by a subsidy (reward accurate diagrams if provided but these are not necessary) with reference to the impact on price and quantity. • Likely advantages of a subsidy for mass transit systems e.g., it can be considered a merit good that helps lower income families, improves labour mobility, reduces road congestion, and improves air quality/reduces the use of private cars which may be considered to be a demerit good. • Likely disadvantages of subsidies e.g., opportunity cost, poor decisions as a result of information failure, government inability to provide funding etc. • If only 1 sided answer i.e., only advantages or disadvantages are discussed, then L2 maximum. **AO3 Evaluation** • For an evaluation of the relative importance of the advantages **and** disadvantages of subsidies that leads to a justified conclusion 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 reference to a country that is known to you, explain the main causes of unemployment <u>and</u> consider which of these causes is most significant.** 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 an understanding of what is meant by/a definition of unemployment **(1)** • For an understanding of what is meant by at least **two** types of unemployment **(2 × 1)** **AO2 Analysis (max 3 marks)** An analysis of the causes of these **two** types of unemployment and their significance applied to a named country known to the candidate. **(up to 3 marks)** **Note:** If only **1** type of unemployment is analysed then **2 marks maximum.** If there is no named country, then **1 mark maximum.** **AO3 Evaluation (max 2 marks)** For an evaluation of which cause is the most significant in the named country leading to a justified conclusion **(reserve 1 mark).**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
4(b)	**Assess whether supply-side policy is the only way of reducing long-term unemployment 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** • Analysis of what is meant by supply side policy and how it can be applied to reduce **long-term unemployment** e.g., by retraining and updating skills, by providing information on job vacancies, by encouraging business start-ups etc. • Analysis of the advantages of using supply side policy e.g., may be non-inflationary, may be more long-term etc. • Analysis of the disadvantages of supply side policy e.g., may take a long time to have an effect, opportunity cost, receptiveness e.g., of the workforce, policies may not work depending on the type of unemployment e.g., demand side policy may be more applicable for cyclical unemployment. • An analysis of the advantages and disadvantages of at least one alternative macroeconomic policy. L3 lower-level **max** if only the advantages and disadvantages of supply side policy are analysed. L2 max if only advantages **OR** disadvantages of supply side policy are analysed. **AO3 Evaluation** • For an evaluation of whether supply side policy is the only way of reducing long term unemployment leading to a reasoned conclusion. 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 import tariffs might correct an imbalance in the current account of the balance of payments <u>and</u> consider whether these tariffs are the best way of correcting such an imbalance.** 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)** • What is meant by an import tariff **(1)** • What is measured by the current account of the balance of payments **(1)** • What is meant by an imbalance in the current account of the balance of payments in terms of a surplus **or** deficit. **(1)** **AO2 Analysis (max 3 marks)** For an analysis of how import tariffs will affect the prices of imports **(1)** and how this may affect domestic consumption on imports **(1)** and how this may correct the imbalance **(1)** **Note:** a diagram may be useful but cannot be expected. **AO3 Evaluation (max 2 marks)** Final effect is uncertain e.g., as a result of the PED for imports **(1);** other policies can be used **(1);** whether trading competitors retaliate **(1).** Reserve **(1)** for a justified conclusion.	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
5(b)	**A country has a persistent deficit on the current account of its balance of payments.** **Assess the likely consequences for the domestic and external economy of this country.** 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** • Explanation of what is meant by a persistent deficit on the current account of the balance of payments. • Analysis of the consequences of a persistent deficit on the domestic economy e.g., in terms of employment levels, economic growth, inflation, living standards, government budget, business confidence, possible need to restructure the economy etc. • Analysis of the consequences of a persistent deficit on the external economy e.g., exchange rates, ability to trade, need for imports, debt interest, etc. **Note:** accept answers that refer to the impact on other economies when another economy has a persistent current account deficit. Max L 2 if only the consequences on the domestic **or** the external economy are considered. **AO3 Evaluation** That clearly considers the likely consequences on both parts of the economy and comes to a conclusion as to the most likely consequences. 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

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