Cambridge Assessment International Education

Cambridge O Level

ECONOMICS **2281/21**

Paper 2 Structured Questions **May/June 2022**

MARK SCHEME

Maximum Mark: 90

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 2022 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **23** printed pages.

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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.

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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).

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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.

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.

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Common examiner annotations on 0455/2281/0987 and 2286

	Uncertain what the candidate means – an illogical line of thought		MAX	MAX
BOD	Benefit of the doubt		NAQ	Not answered question
BP	Blank page		NE	Not established – a statement made without any support
	Caret – a word is missing.		REP	Repetition
CON	Confused		SEEN	SEEN
	Cross			Tick – a credit worthy point
	Highlight		TV	Too vague
L	Nothing creditworthy			
L1	Level 1			
L2	Level 2			
L3	Level 3			

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Question	Answer	Marks	Guidance
1(a)	**Calculate the number of births in Cyprus in 2019.** 12 240 (1)	**1**	
1(b)	**Identify <u>two</u> indicators of living standards.** GDP per head / per capita (1). HDI (1). Life expectancy / healthy people (1). Proportion of people in primary sector (1). Level of education / qualifications (1).	**2**	**Do not reward GDP**
1(c)	**State why the global market for grapes was in disequilibrium in 2019.** Bad weather / failure of the grape harvest (1) there was a shortage (1) which means demand exceeded supply (1).	**2**	
1(d)	**Explain <u>two</u> reasons why more well-educated workers tend to work past retirement age than less-educated workers.** Logical explanation which might include: Well-paid / good work benefits (1) which provides an incentive to work for longer / high job satisfaction / enter workforce late (1). Healthy (1) and so more able to work for longer / remain productive (1). Work in jobs which do not require physical strength / less tiring (1) older workers tend to be less strong / allows them to continue working as long as remain fit (1).	**4**	One mark for each of two reasons identified and one mark for each explanation.

Question	Answer	Marks	Guidance
1(e)	**Analyse how a rise in a country's retirement age is likely to affect its government's budget.** Coherent analysis which might include: A rise in the retirement age / less people retired will reduce the cost of pensions (1) may reduce government spending / government may spend on alternatives e.g., infrastructure, education or health (1). More people in work will increase incomes / businesses expand production (1) raise direct tax revenue (1) spending will increase (1) raise indirect tax revenue (1).	**4**	

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Question	Answer	Marks	Guidance
1(f)	**Analyse the relationship between inflation rates and current account balances.** Coherent analysis which might include: **Overview:** Generally, an inverse relationship / the lower the inflation rate, the higher the current account surplus or the higher the inflation rate, the higher the current account deficit (1). **Supporting evidence–max of 2 marks** Mongolia has the highest inflation rate (1) and the largest current account deficit (1) Mongolia / Kenya / Nepal have the highest inflation rates (1) all have a current account deficit (1). Iceland / Slovenia have a low rate of inflation (1) but have a current balance of payments surplus (1) **Exception:** Cyprus lowest inflation rate (1) but a current account deficit / 3rd highest current account deficit (1). **Comments:** Most of the table shows the expected relationship. (1) Low inflation rates may make products more price competitive / high inflation rates may make prices less price competitive (1)	**5**	Do not accept current account balance is high or low. Answers need to refer to size of surplus or deficit. Simply using data without explanation is description rather than analysis.

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>1(g)</td><td>Discuss whether or not, after 2019, Cyprus's production possibility curve (PPC) is to shift to the right.

Award up to 4 marks for logical reasons why it might, which may include:

Quantity / quality of resources may have increased (1) retirement age may have increased (1) people living longer (1) so labour force is likely to have increased (1).

Investment may have increased (1) due to low interest rates (1) more capital goods would increase productive capacity (1).

Award up to 4 marks for logical reasons why it might not, which may include:

Quantity and quality of resources may have decreased (1) land quality is decreasing (1) which will reduce the productivity of land (1).

Entrepreneurs may emigrate (1) reducing the supply of enterprise / skilled workers (1).

Birth rate is falling (1) size of workforce may fall in future (1)
Covid–19 may have reduced productivity (1).
For recognising that any of these reasons could result in PPC shifting to the left / stay unchanged (1).</td><td>6</td><td>Apply this example to all questions with the command word DISCUSS
(1g, 1h, 2d, 3d, 4d and 5d)

Each point may be credited only once, on either side of an argument, but separate development as to how/why the outcome may differ is rewarded.

<table>
<tr><th>Generic example</th><th>Marks</th></tr>
<tr><td>Tax revenue may decrease</td><td>1</td></tr>
<tr><td>because of reason e.g., incomes may be lower.</td><td>1</td></tr>
<tr><td>Tax revenue may increase because incomes may be higher i.e., reverse of a previous argument.</td><td>0</td></tr>
<tr><td>Tax revenue may increase because of a different reason i.e., <u>not</u> the reverse of a previous argument e.g., government spending on subsidies may stimulate the economy more than spending on education.</td><td>1</td></tr>
</table>
</td></tr>
</table>

Question	Answer	Marks	Guidance
1(h)	**Discuss whether or not adopting capital-intensive production will benefit consumers.** **Award up to 4 marks for logical reasons why it might, which may include:** It may reduce costs of production / more efficient / may result in economies of scale (1) lower costs may reduce prices (1). It may avoid disruption to supply (1) as no industrial action / strikes (1). It may be quicker / faster (1) to respond to changes in consumer demand (1) It may raise quality (1) as absence of human error (1). **Award up to 4 marks for logical reasons why it might not, which may include:** Products may be standardised / lack variety (1) individual wants may not be met (1). Capital equipment may break down / costly to maintain (1) causing delays in production (1). Initial high cost of capital equipment (1) may push up prices (1).	**6**	

Question	Answer	Marks	Guidance
2(a)	**Define *foreign exchange rate.*** The price / value of a currency (1) in terms of another currency / currencies (1).	**2**	
2(b)	**Explain <u>two</u> reasons why the value of a country's exports may be greater than the value of its imports.** Logical explanation which might include: Price of exports may be lower than price of other countries' products (1) due to e.g., devaluation / depreciation / weaker currency / higher productivity / lower inflation (1). Quality of exports may be higher than the quality of other countries' products (1) due to e.g., more investment / better education / specialisation (1). Incomes abroad may have increased (1) enabling foreigners to buy more of the country's products (1). Protective measures (1) restrict imports / subsidise domestic firms or exports (1). May have high value exports e.g., oil (1) with high (global) demand (1). Recession / low demand at home (1) results in fewer imports / encourages firms to export (1).	**4**	One mark for each of two reasons identified and one mark for each explanation.

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Question	Answer	Marks	Guidance
2(c)	**Analyse how an increase in income tax can affect a country's inflation rate.** One mark for a simple explanation that an increase in income tax can reduce the rate of inflation Coherent analysis which might include: An increase in income tax will reduce disposable income / purchasing power (1) this may reduce consumer spending (1) lower total demand (1) this may encourage firms to reduce prices / reduce price rises (1) lower demand-pull inflation (1). Increase in income tax may encourage workers to press for wage rises (1) increase costs of production (1) cause cost-push inflation (1). Income tax revenue can be used to provide e.g., subsidies to certain goods and services (1) reducing prices (1).	**6**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>2(d)</td><td>Discuss whether or not governments should aim for a high rate of economic growth.

In assessing each answer, use the table opposite.

Why it should:
• economic growth can raise incomes
• higher incomes can raise living standards
• economic growth can reduce unemployment
• economic growth can increase tax revenue allowing the government to spend more on e.g., education.

Why it should not:
• may deplete non-renewable resources which can reduce future growth
• may result in pollution
• may put other demands on workers who may have to work long hours
• may lead to a deficit on current account of the balance of payment
• may result in greater inequality
• risk of inflation</td><td>8</td><td>
<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall, both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and / or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</td><td>6–8</td></tr>
<tr><td>2</td><td>A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question.</td><td>3–5</td></tr>
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<tr><td>1</td><td>There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.</td><td>1–2</td></tr>
<tr><td>0</td><td>A mark of zero should be awarded for no creditable content.</td><td>0</td></tr>
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Question	Answer	Marks	Guidance
3(a)	**Identify <u>two</u> influences on what products a person buys.** Two from e.g.: Price (1) income (1) tastes / habit / culture (1) advertising (1) availability (1) social media / influencers (1) quality (1) government regulations/ laws (1) age (1).	**2**	Accept any reasonable example.
3(b)	**Explain <u>two</u> ways a government could decrease the consumption of demerit goods.** **Logical explanation which might include:** Impose an (indirect) tax / tariff on goods (1) raise the price (1). Provide information (1) about harmful effects (1). Ban / regulate (1) to stop or reduce the availability of the product (1). Set minimum price above market price (1) raise prices (1). Import quota (1) restricts availability for purchase (1).	**4**	One mark for each of two ways identified and one mark for each explanation.

Question	Answer	Marks	Guidance
3(c)	**Analyse why workers may join a trade union.** **Coherent analysis which might include:** Understanding of role of trade union (1) to gain greater bargaining power (1) through industrial action (1) to negotiate with employers (1) for higher wages (1) better working conditions / health & safety (1) fringe benefits (1). To represent them (1) in disputes with employers (1) e.g., to protect their rights (1) against unfair dismissal / discrimination (1) increase job security (1) compensation for work injuries (1). To gain greater influence on the government (1) to e.g., increase a national minimum wage (1) increase job opportunities (1). Unions may provide services to members (1) training courses (1) improving health and safety (1) benefits e.g. discounts at gyms (1) financial and legal advice (1).	**6**	Award no marks for examples of industrial action

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<tr><td>3(d)</td><td>Discuss whether or not tertiary sector workers are paid more than primary sector workers.

In assessing each answer, use the table opposite.

Why they might be:
• may be more skilled / qualified
• may be more productive
• tertiary products may have higher value added
• tertiary products may have higher demand, so industries may have greater ability to pay higher wages.

Why they might not be:
• may be less likely to belong to a trade union
• some workers may be in lower paid jobs e.g., cleaners
• some tertiary sector firms / occupations may be declining
• some may be less experienced
• some may not be in promoted posts
• primary sector products may have higher value added e.g., oil
• primary sector workers in a developed country may be paid more than tertiary workers in an undeveloped country.
• primary jobs may be more dangerous e.g., mining</td><td>8</td><td><table><tr><th>Level</th><th>Description</th><th>Marks</th></tr><tr><td>3</td><td>A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall, both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and / or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</td><td>6–8</td></tr></table></td></tr>
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Note: accept approach that discusses why primary sector workers may be better paid.
</td></tr>
<tr><td></td><td>Define privatisation.

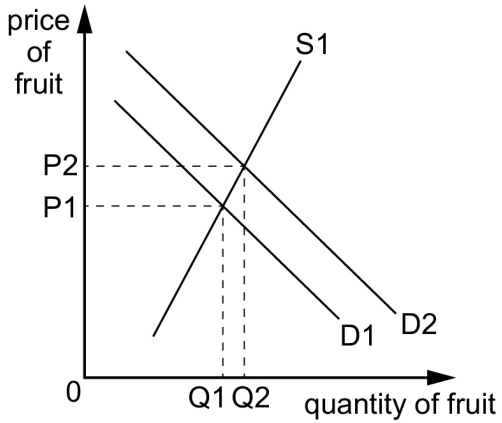
Privatisation is the sale of state-owned / public sector firms / public sector assets (1) to the private sector / investors / individuals (1).</td><td>2</td><td>Award 1 mark for an understanding of the private sector

Accept change / movement / turned from public to private sector</td></tr>
</table>

Question	Answer	Marks	Guidance
4(d)	**Explain the difference between absolute and relative poverty.** **Logical explanation which might include:** Absolute poverty is a lack of basic necessities (1) e.g., food, clothing or housing / e.g. $1.90 a day (1). • Relative poverty is being poor in comparison to other people (in their country) (1) example of a measure such as less than 60% of average income / not able to participate fully in normal activities in their country (1).	**4**	No mark for stating those in relative poverty can meet their basic needs but not their wants.
4(d)	**Analyse how specialisation can benefit firms.** **Coherent analysis which might include:** Understanding of specialisation of a firm / workers become skilled at producing a particular product (1) lower cost of production (1) gain a good reputation / high quality of good or service (1) increase demand (1) increase output (1) raise revenue (1) increase profit (1). May enable firms to gain advantage of economies of scale (1) example (1) become (internationally) competitive (1). Easier to mechanise / improve technology (1) speeds up / faster production / become more efficient (1).	**6**	Maximum of one mark for any number of examples of economies of scale. Note that some students only write about division of labour which is not the question but some of the features also apply to specialisation of firms.
5(a)	**Identify the reward to labour and the reward to land.** Wages (1) rent (1).	**2**	

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Question	Answer	Marks	Guidance
5(b)	**Explain how an increase in a worker's income can affect their mobility of labour.** **Logical explanation which might include:** An increase in income will enable a worker to spend more on their education (1) increasing occupational mobility (1). Higher income will make housing more affordable (1) increasing geographical mobility (1). Higher income will make high-tech products more affordable (1) enabling a worker to be better informed (1) increasing both occupational and geographical mobility (1). Higher incomes may discourage a worker from changing jobs / may be content with current job (1) may be satisfied with income level (1) reducing geographical and occupational mobility (1). Higher incomes make it easier to afford car / use public transport (1) increases geographical mobility (1).	**4**	No marks for causes of higher income.

Question	Answer	Marks	Guidance
5(c)	**Analyse, using a demand and supply diagram, how a greater awareness of the health benefits of eating fruit will affect the market for fruit.** Coherent analysis which might include: **Up to 4 marks for D & S diagram:** Axes correctly labelled–price and quantity or p and q (1). Original demand and supply curves correctly labelled (1). New demand curve shifted to the right (1). Equilibriums–shown by lines P1 and Q1 and P2 and Q2 or equilibrium points E1 and E2 (1). **Up to 2 marks for written analysis which might include:** Greater awareness of health benefits will encourage more people to eat / demand fruit (1) Raise price / raise quantity traded (1).	**6**	**Note**  **Note**: Axes do not have to be labelled price of fruit and quantity of fruit to get mark. No marks for stating price changes from P1 to P2 or quantity changes from Q1 to Q2. To get first mark in written analysis they must refer to fruit.

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>5(d)</td><td>Discuss whether or not a market economic system benefits an economy.

In assessing each answer, use the table opposite.

Why it might:
• profit incentive and competition may increase efficiency
• wage differentials may encourage effort
• price may be low and quality high
• country’s products may be internationally competitive
• economic growth may be high
• consumer choice may be high
• consumer sovereignty may be high

Why it might not:
• risk of market failure
• public goods will not be provided
• demerit goods are overconsumed and merit goods and under-consumed
• problem of pollution and other external costs
• unemployment may be high as lack of co-ordination
• some countries may lack the support structures e.g., legal system to enforce property rights to allow market forces to work efficiently.
• monopolies can be created</td><td>8</td><td><table><tr><th>Level</th><th>Description</th><th>Marks</th></tr><tr><td>3</td><td>A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall, both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and / or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</td><td>6–8</td></tr></table></td></tr>
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