Cambridge Assessment International Education

Cambridge O Level

ECONOMICS **2281/22**

Paper 2 Structured Questions **October/November 2023**

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 October/November 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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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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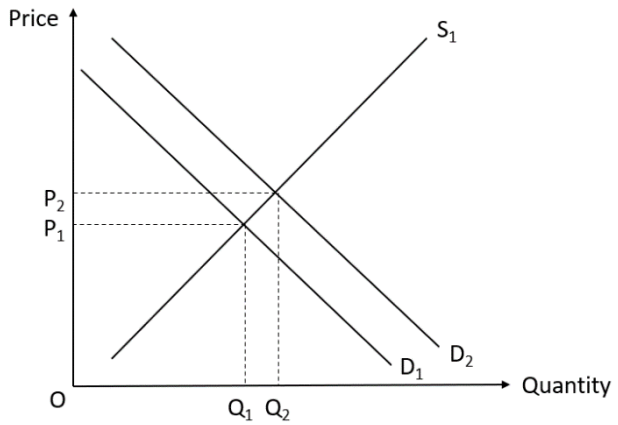
Common examiner annotations on 0455/2281/0987 and 2286

	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 what percentage of Honduran people did not have access to electricity in 2020.** 8.3%.	**1**	Accept 8.0 or 8.3.
1(b)	**Identify <u>two</u> benefits the Honduran economy could gain from a growth in the US economy.** Sell more exports to the US (1). Receive more money from Honduran workers in the US (1). More job opportunities for Honduran workers in the US (1).	**2**	If more than two benefits are given, consider the first three. Accept increase trade for more exports. Accept increase employment / lower unemployment for more job opportunities.
1(c)	**Explain <u>one</u> advantage of an economy specialising.** Gain skills (1) raise productivity / raise efficiency / 'practice makes perfect' / lower costs of production / raise quality / increase output / supply / less waste (1). Gain a good reputation (1) increase demand (1).	**2**	One mark for an advantage identified and one mark an explanation. Identification mark must come directly from the source material. A relevant explanation mark can be given even in the absence of an identification.
1(d)	**Explain <u>two</u> ways a government could redistribute income.** Logical explanation which might include: Provision of unemployment benefit / state benefit / welfare benefit / benefits (1) raise income of those on low or no income / enable the unemployed to buy basic necessities / reduce absolute poverty (1). Progressive income tax system (1) takes a higher proportion of the income of the rich / use some of tax revenue raised to increase spending to help those on low incomes (1).	**4**	One mark each for each of two ways identified and one mark each for each of two explanations. If more than two reasons given, consider the first three. One mark for taxing the rich and giving to the poor.

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Question	Answer	Marks	Guidance
1(e)	**Draw a demand and supply diagram to show how a report stating that bananas are good for health would affect the market for bananas.** Coherent analysis which might include: Demand and supply diagram: Axes correctly labelled – price and quantity or p and q (1). Original demand and supply curves correctly labelled (1). Demand curve shifted to the right (1). Equilibriums – shown by lines P_1 and Q_1 and P_2 and Q_2 or equilibrium points marked as E_1 and E_2 (1).	**4**	 If a candidate draws two diagrams, they may be able to get 3 marks: 1 mark for axes 1 mark for D & S labelled correctly 1 mark for the demand curve shifted to the right. They would not get the mark for the equilibriums as the two diagrams are likely to conflict on this.

Question	Answer	Marks	Guidance
1(f)	**Analyse the relationship between the percentage of population living in poverty and life expectancy.** Coherent analysis which might include: Expected relationship: Inverse / negative (1) the higher the level of poverty, the lower the life expectancy / the lower the level of poverty, the higher the life expectancy (1). Supporting evidence: Sweden has the lowest % of population living in poverty and the highest life expectancy / The country / two countries / three countries / four countries with the lowest levels of poverty head had the longest life expectancy (1) the two countries, Chad and South Sudan, with the highest level of poverty had the lowest life expectancy (1). Analysis of expected relationship: A high level of poverty is likely to mean poor healthcare (1) low nutrition / poor housing / poor sanitation / low levels of education (1). Exception: Chad / South Sudan (1) Chad had a lower level of poverty but also a lower level of life expectancy than South Sudan (1) Analysis of exception: Life expectancy is determined by other influences e.g. wars (1).	**5**	Responses do not have to be in the format suggested but they should address the expected/normal relationship, offer supporting evidence of that, highlight any exceptions to that, and analyse the overall data.

<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 the cost of producing clothes in Honduras will fall in the future.

Award up to 4 marks for logical reasons why it might, which may include:
• more training (1) better working conditions (1) may increase labour productivity / efficiency / skills (1) reduce labour costs (1)
• more use of capital goods (1) may reduce disruption to production / make fewer mistakes / less waste (1) speed up production / increase productivity / efficiency (1)
• improved working conditions (1) may reduce industrial action (1) more motivation (1)
• successful clothes industry so firms may grow in size (1) more able to take advantage of economies of scale (1).

Award up to 4 marks for logical reasons why it might not, which may include:
• price of raw materials may rise (1) may be subject to bad weather (1) exchange rate may fall / tariffs may be imposed on imported raw materials (1) reduce supply (1) country has experience of inflation (1)
• unemployment may fall (1) making it more difficult for the clothes industry to recruit labour (1) strengthening the bargaining power of workers (1) raising wages / increasing labour costs (1)
• providing training (1) and better working conditions will involve a cost (1)
• more use of capital goods may involve initial high spending on equipment (1) firms may experience diseconomies of scale (1)
• higher indirect tax / tax may be imposed (on clothes / clothes firms) (1).</td><td>6</td><td>Allow higher productivity / efficiency once either in connection with labour or capital.
Some points may be given in reverse e.g. price of raw materials may fall.
Not accepting subsidising the clothes industry as the source material indicates that it is a successful industry.

Apply this example to all questions with the command word DISCUSS
(1(g), 1(h), 2(d), 3(d), 4(d) and 5(d))

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>Mark</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 a fall in unemployment in Honduras is likely to cause inflation.** Award up to 4 marks for logical reasons why it might, which may include: • unemployment is already low (1) may move towards full employment (1) may push up wages (1) increase (average) costs (1) cause cost-push inflation / total supply less than total demand (1) • lower unemployment may increase incomes (1) causing a rise in consumer spending / purchasing power (1) increasing total demand (1) causing demand-pull inflation / total demand higher than total supply (1). • inflation already exists (1) which may lead workers to expect it to continue (1) increasing wage claims (1). Award up to 4 marks for logical reasons why it might not, which may include: • may be higher investment (1) could increase total supply / total supply may rise in line with total demand (1) reducing cost-push inflation (1) • lower unemployment could reduce spending on unemployment benefit (1) increase tax revenue (1) reduce the budget deficit (1) reduce the growth in total demand (1) some of higher tax revenue could be spent on supply-side policy / unemployment may have fallen due to supply-side policy (1) • the extra income may be saved / spent on imports (1) due to uncertainty about the future (1) • A fall in unemployment does not necessarily mean a rise in employment (1) the unemployed could have e.g. retired / emigrated (1).	**6**	

Question	Answer	Marks	Guidance
2(a)	**Define, with an example, *a capital good*.** A good used to produce another good or service / a human-made good used for production (1) e.g. a machine (1).	**2**	If more than two examples are given, consider the first two.
2(b)	**Explain <u>two</u> reasons why a low inflation rate may increase a country's economic growth rate.** Logical explanation which might include: • make the country's products internationally competitive (1) sell more exports / buy fewer imports (1) • create greater certainty (1) encourage investment / attract MNCs (1) • keep increase in costs low (1) may reduce claims for higher wages/ higher profits (1) • increase confidence (1) may increase demand / increase profits 1).	**4**	One mark each for each of two reasons identified and one mark each for each of two explanations.
2(c)	**Analyse how a government could reduce protectionism and move towards free international trade.** Coherent analysis which might include: • remove tariffs (1) reduce price of imports (1) if firms have lower costs of production, they will be able to compete (1) • remove quotas / increase quota (limit) (1) remove bans / embargoes (1) increase quantity of imports / reduce limits on imports (1) • remove subsidies (1) firms' products will not be artificially cheap (1) • other countries may remove their protectionism (1) enabling exports to be sold without restrictions (1).	**6**	Allow deregulation as an alternative to remove quotas or embargoes. Reward removing / reducing bureaucracy, voluntary export restraints. Reward but do not expect reference to exchange control.

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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 a country will benefit from diamond mining.

In assessing each answer, use the table opposite.

Why it might:
• high global demand
• can improve the current account of the balance of payments
• create employment, both skilled and unskilled jobs
• increase output / economic growth
• may increase tax revenue.

Why it might not:
• demand will fall in a recession
• price may fluctuate
• may be competition
• can be accidents
• can create external costs e.g. pollution
• if mined by an MNC, profit may be sent to the home country
• supply may be depleted
• price may increase in the future so better to conserve diamonds now
• may not be a large proportion of GDP.</td><td>8</td><td>Reward but do not expect reference to social welfare will be increased if social benefit exceeds social cost.

<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></table></td></tr>
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<tr><td>2(d)</td><td></td><td></td><td>
<table>
<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)	**Define, with an example, *a fixed cost.*** A cost that does not change with output / a cost that has to be paid even when output is zero (1) e.g. rent (1).	**2**	Not sufficient to state a cost that does not change. Accepting electricity / electricity bills and wages.
3(b)	**Explain <u>two</u> types of unemployment.** Logical explanation which might include: • frictional unemployment (1) workers in between jobs (1) • structural unemployment (1) changes in demand and supply conditions / skills not matching vacancies / lack of labour mobility (1) • cyclical / demand-deficient unemployment (1) lack of total demand / occurs during a recession (1)	**4**	Allow explanation of two types of frictional unemployment i.e. search, casual or seasonal and two types of structural unemployment i.e. regional and technological. Also allow voluntary and involuntary. One mark each for each of two types identified and one mark each for each of two explanations.

Question	Answer	Marks	Guidance
3(c)	**Analyse how supply-side policy measures could reduce unemployment.** Coherent analysis which might include: Education (1) can increase qualifications / literacy rate (1) training (1) can increase skills / productivity / quality of labour (1) raise mobility / increase job opportunities (1) reduce structural unemployment (1). Lower income tax (1) reduce unemployment benefit (1) increases the incentive for the unemployed to find work quickly (1) reduce frictional unemployment (1). Lower corporation tax / tax incentives (1) encourage firms to invest / expand output (1). Privatisation (1) deregulation (1) can increase efficiency (1) reduce firms' costs (1) enabling firms to afford more workers (1). Reform of trade unions / labour market reforms (1) Deregulation / removing labour regulations (1) making it easier to hire and fire workers (1). Government spending on infrastructure (1) can reduce firms' costs of production / reduce transport costs (1) encouraging firms to expand (1) increase labour mobility (1). Minimum wage legislation (1) reducing may encourage employer to employ more workers / increasing may encourage the unemployed to search more actively for work (1). Subsidies (1) encouraging firms to expand / prevent firms going out of business (1). Better/more healthcare (1) can increase productivity / reduce working time lost (1).	**6**	Reward the same point e.g. 'raise productivity' only once. Accept lower interest rate if linked to encouraging investment.

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<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>3(d)</td><td>Discuss whether or not having fewer firms in a market will benefit consumers.

In assessing each answer, use the table opposite.

Why it might:
• firms may be larger, may be able to benefit from economies of scale
• economies of scale may include e.g. financial, managerial, technical
• lower costs may result in lower prices
• firms may have more market power - firms may make more profit and may reinvest which can improve quality
• firms may have moved to another market in response to changes in consumer demand
• firms that were creating pollution and other external costs may close down
• may reduce the time consumers spend shopping around

Why it might not:
• firms may experience diseconomies of scale
• diseconomies of scale may include e.g. communication problems, control problems and poor industrial relations
• less choice
• lack of competition / move towards monopoly resulting in lower quality and higher prices
• lower availability.</td><td>8</td><td>
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Question	Answer	Marks	Guidance
3(d)			1 — There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding. — 1–2 0 — A mark of zero should be awarded for no creditable content. — 0

Question	Answer	Marks	Guidance
4(a)	**Define *elastic supply.*** The percentage change in quantity supplied is greater than the percentage change in price (2). Change in supply is greater than the change in price / PES > 1 (1).	**2**	

Question	Answer	Marks	Guidance
4(b)	**Explain <u>two</u> reasons why a government may subsidise food production.** Logical explanation which might include: Increase output (1) overcome a shortage (1). Reduce price / cost (1) help consumers / reduce poverty / give access to a basic necessity / make food more affordable (1). Increase quality (1) improve nutrition / increase health of population / raise life expectancy (1). Increase incomes of farmers / farm workers (1) raise their living standards of farmers / stop farmers going out of business (1). Reduce imports of food / increase exports of food (1) improve the current account of the balance of payments / agriculture is a strategic industry / reduce dependency on other countries for an essential good (1). Increase employment / reduce unemployment (1) help in rural areas (1).	**4**	One mark each for each of two reasons identified and one mark each for each of two explanations.

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Question	Answer	Marks	Guidance
4(c)	**Analyse what influences a farmer's demand for labour.** Coherent analysis which might include: Demand for the food they produce (1) derived demand / a higher demand for food will encourage farmers to expand their output / employ more workers (1) more profits earned (1). Wage rates (1) the lower the wage rate, the less it will cost to employ workers (1). Skills of workers (1) the more skilled workers are, the more productive they will be (1). Price of other factors of production / costs of production (1) if the price of e.g. agricultural drones falls, demand for labour may fall (1). Productivity of other factors of production (1) advances in technology may result in farm workers being replaced by machinery (1). Type of farming (1) some farming is more labour-intensive / capital-intensive (1). Size of farm (1) large farms likely to employ more (1). Subsidies (1) subsides may encourage a farmer to expand output and employ more workers (1). Seasons (1) demand for labour is likely to be higher during harvesting (1).	**6**	

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<table>
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<tr><td>4(d)</td><td>Discuss whether or not people living in cities have a higher living standard than those living in rural areas.

In assessing each answer, use the table opposite.

Why they might:
• may be more job opportunities
• may be higher incomes
• may be more forms of entertainment
• may be shorter distance to schools and shops
• may be more access to healthcare facilities
• may be better quality education/ healthcare.

Why they might not:
• may be more traffic congestion
• may be overcrowding
• air and noise pollution levels may be higher
• stress may be high
• higher cost of living in cities.</td><td>8</td><td>The answer may be from the view of why people living in rural areas may have a higher living standard.

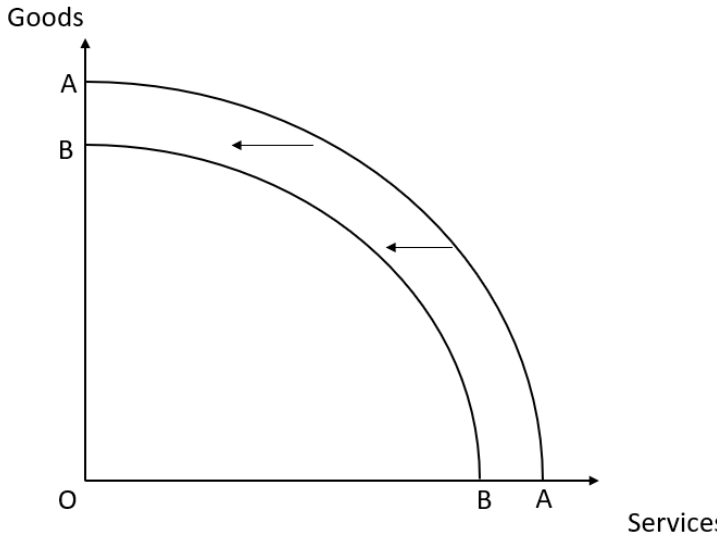
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<tr><td>1</td><td>There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.</td><td>1–2</td></tr>
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<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>5(a)</td><td>Identify <u>two</u> benefits of a decrease in a country's population size.

Two from:
• may be fewer dependents
• less pressure on resources
• less food needed
• move population towards the optimum level / reduce overpopulation
• reduce overcrowding / more land space
• reduce pollution / less negative externalities
• lower imports
• lower government expenditure (on healthcare/education)
• less unemployment / less unemployment benefit
• may increase GDP per head.</td><td>2</td><td></td></tr>
</table>

Question	Answer	Marks	Guidance
5(b)	**Explain how a market moves from disequilibrium to equilibrium.** Logical explanation which might include: If demand is greater than supply / there is a shortage / excess demand (1) price will rise (1). If supply is greater than demand / there is a surplus / excess supply (1) price will fall (1). Demand will again equal supply / demand would not initially have been equal to supply (1).	**4**	One mark for reference to a change in price. Maximum of 2 marks for diagrams which show initial disequilibrium and change in price which restores equilibrium.
5(c)	**Analyse, using a production possibility curve (PPC) diagram, the effect of a decrease in the size of a country's labour force on its economy.** Up to 4 marks for the diagram**:** Axes correctly labelled with different outputs (1). Initial curve drawn as a curve/line sloping downward to the axes (1). New curve drawn as a curve/line sloping downward to the axes (1). Shift to the left indicated by arrow or letters (1). Up to 2 marks for coherent analysis which might include: A decrease in the size of the labour force reduces resources / factors of production available (1) this lowers productive capacity / the maximum output that can be produced (1).	**6**	 Note to gain the marks for the curves, these must be drawn to the axes.

<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 an increase in exports will benefit an economy.

In assessing each answer, use the table opposite.

Why it might:
• may increase export revenue, improve the current account balance
• may increase total demand
• may increase investment
• may increase output / economic growth
• may reduce unemployment
• may increase incomes.

Why it might not:
• may cause demand-pull inflation
• opportunity cost of selling more products on the home market
• may lead to shortages on the home market
• may deplete resources
• may push up the exchange rate, reversing the increase in exports in the long run
• may make the economy more subject to external shocks.</td><td>8</td><td>
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<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 sided 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>
<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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