



Cambridge International AS & A Level

ECONOMICS

9708/02

Paper 2 AS Level Data Response and Essays

For examination from 2023

MARK SCHEME

Maximum Mark: 60

Specimen

This document has **16** pages.

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.

Guidance on using levels-based mark schemes

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The marker should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range (where middle marks are available).
- If the candidate's work **just** meets the level statement, award the lowest mark.

Social Sciences and Humanities Subject 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, e.g. a scattergun approach to a question asking for *n* items
- 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 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.

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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none">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	<ul style="list-style-type: none">Provides a vague or general conclusion or judgement in relation to the question.Makes simple evaluative comment(s) with no development and little supporting evidence.	1–2
0	No creditable response.	0

Section A

Question	Answer	Marks
Follow the point-based marking guidance at the top of this mark scheme.		
1(a)	<p>Using the data in Table 1.1, compare Vietnam’s balance of trade in goods and services between 2009 and 2011 with that from 2015 to 2017.</p> <ul style="list-style-type: none"> • Between 2009 and 2011, the balance of trade was in deficit; from 2015 to 2017, there was an increasing surplus. (1) • The deficits decreased over time to 2011; the surpluses were less stable. (1) <p>Guidance: Correct terminology and clear comparisons must be made for (2)</p>	2
1(b)(i)	<p>Explain the relationship you would expect between the annual change in the balance of trade in goods and services and the annual change in real GDP growth.</p> <ul style="list-style-type: none"> • A positive relationship might be expected. (1) • Exports are a component of AD so rising exports lead to faster economic growth. (1) 	2
1(b)(ii)	<p>Consider the extent to which this relationship is evident in the data in Table 1.1.</p> <ul style="list-style-type: none"> • The relationship is not very obvious in the data in Table 1.1. (1) • There is some evidence that the highest growth rates produce the largest surpluses. (1) • A time lag in the data seems to be a reasonable consideration. (1) <p>(max 2)</p>	2
1(c)	<p>Using the information provided, explain <u>one</u> supply-side reason why Vietnam has experienced ‘spectacular economic growth’.</p> <ul style="list-style-type: none"> • Reason (supply side). (1) • Explanation linking the reason to comparative increases in output. (1) <p>Guidance: Various possibilities in the data such as use of supply-side policies (education, infrastructure) and access to export markets through free trade agreements.</p>	2

Question	Answer	Marks
1(d)	<p>Assess the likely macroeconomic effects of pressure on the exchange rate of the Vietnamese dong arising from Vietnam’s increased exports.</p> <p>Up to 4 marks for explanation/analysis:</p> <ul style="list-style-type: none"> • Explanation that an increase in Vietnam’s exports will lead to a rise in the value of the dong. (1) The price of exports will rise and import prices will fall. (1) (max 2) • Analysis of the likely impact of the rise in the dong on macroeconomic indicators such as employment, national output, inflation and the trade balance. (max 2) <p>Guidance: Award 2 marks if detailed analysis with reference to just 1 indicator or less detailed analysis of 2 indicators. Award 1 mark for less detailed analysis of 1 indicator.</p> <p>Up to 2 marks for evaluation:</p> <ul style="list-style-type: none"> • Relevant evaluation which weighs up the factors on both sides. (1) • A conclusion on the likely overall effect. (1) 	6
1(e)	<p>Assess whether Vietnam’s ‘economic miracle’ is likely to persist over the next few years.</p> <p>Up to 4 marks for explanation/analysis:</p> <ul style="list-style-type: none"> • Reason why the miracle is likely to persist, e.g. ongoing dispute between US and China, rising GDP per head in Vietnam. (1) Explanation of how this reason leads to further economic growth such as boost to AD due to increased exports, increased consumption. (1) • Reason why the miracle may not persist such as US imposing additional tariffs on Vietnam’s exports, downturn in global economy. (1) Explanation of how the reason could reduce economic growth such as lower exports reduce growth. (1) <p>Up to 2 marks for evaluation:</p> <ul style="list-style-type: none"> • Relevant evaluation such as Vietnam’s heavy dependence on exports is a risk: if there is a world recession Vietnam’s economic miracle is likely to end; (1) multinational companies (MNCs) could easily move elsewhere; (1) or any other relevant reason. 	6

Section B

Question	Answer	Marks
EITHER		
2(a)	<p>An economy contains just two sectors, an agricultural sector and an industrial sector.</p> <p>With the help of a diagram, explain how a production possibility curve (PPC) can be used to show the concept of opportunity cost <u>and</u> consider whether opportunity cost is likely to remain constant if resources are reallocated from the agriculture sector to the industrial sector.</p> <p>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.</p> <p>AO1 Knowledge and Understanding (max 3 marks)</p> <p>An understanding of a PPC shown through an accurate diagram (1), correctly labelled axes with agriculture on one axis and industrial products on the other axis (1). Defines or demonstrates clear understanding of the concept of opportunity cost (1).</p> <p>AO2 Analysis (max 3 marks)</p> <p>Uses the PPC to explain that a movement along the curve involves a reallocation of resources (1), as resources are shifted between the two types of product, there is an opportunity cost involved (1), measured by a sacrifice of agricultural products as more industrial products are produced. (1)</p> <p>AO3 Evaluation (max 2 marks)</p> <p>Those resources least suited to agriculture will be redeployed first so there will be low opportunity costs (1) so opportunity costs will always rise as resources are increasingly reallocated from agriculture to industrial uses (1).</p>	8
AO1 Knowledge and understanding		3
AO2 Analysis		3
AO3 Evaluation		2

Question	Answer	Marks
2(b)	<p>Assess whether the free market should be used to provide <u>all</u> types of goods in an economy.</p> <p>Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question.</p> <p>AO1 and AO2 out of 8 marks. AO3 out of 4 marks.</p> <p>Indicative content</p> <p>Responses may include:</p> <p>AO1 Knowledge and understanding and AO2 Analysis</p> <ul style="list-style-type: none"> • How supply and demand functions to provide goods in a free market with reference to the distinction between private goods and public goods. • An explanation of the reasons for free market provision of private goods with reference to the distinction between merit and demerit goods. • An explanation of the reason for state provision of public goods. <p>AO3 Evaluation</p> <ul style="list-style-type: none"> • Public goods can only be provided by governments. • Merit goods will be underprovided in the free market and governments should intervene to increase provision. • Demerit goods will be overprovided by the free market and should be controlled in provision. • In conclusion, the free market should not be used to provide all types of goods in an economy. <p>Accept all valid responses.</p>	12
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Question	Answer	Marks
OR		
3(a)	<p>With the help of a formula, explain the meaning of price elasticity of supply <u>and</u> consider which factors are most important in determining whether the price elasticity of supply for a good is likely to be relatively elastic or relatively inelastic.</p> <p>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.</p> <p>AO1 Knowledge and understanding (max 3 marks)</p> <p>What the price elasticity of supply measures (1) and the formula for price elasticity (1) and the distinction between relatively elastic and relatively inelastic. (1)</p> <p>AO2 Analysis (max 3 marks)</p> <p>Up to 2 marks for explaining each factor that makes elasticity of supply elastic/inelastic. (max 3 marks)</p> <p>Guidance: 2 marks for each well-explained factor and 1 mark for each factor with limited explanation. (max 3 marks)</p> <p>AO3 Evaluation (max 2 marks)</p> <p>Offers a valid judgement on the relative importance of the factors that influence the price elasticity of supply of a product (1) to reach a conclusion. (1)</p>	8
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
3(b)	<p>Assess the likely success of any <u>two</u> government policies to make the price elasticity of supply of all agricultural products more elastic.</p> <p>Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question.</p> <p>AO1 and AO2 out of 8 marks. AO3 out of 4 marks.</p> <p>Indicative content</p> <p>Responses may include:</p> <p>AO1 Knowledge and understanding and AO2 Analysis</p> <p>How two government policies can influence elasticity of supply of agricultural products. These might include:</p> <ul style="list-style-type: none"> • buffer stocks • provision of stocks/warehousing/refrigeration • improved infrastructure in the agricultural sector • training of agricultural workers • agricultural subsidies. <p>Explanation of the advantages and disadvantages associated with each measure.</p> <p>Explanation of why the measures might be ineffective.</p> <p>AO3 Evaluation</p> <ul style="list-style-type: none"> • Consideration of the relative effectiveness of the two policies explained. • Consideration of the impact of these policies on different types of agricultural products. • In conclusion, whether the policies will be effective for all agricultural products. <p>Accept all valid responses.</p>	12
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Section C

Question	Answer	Marks
EITHER		
4(a)	<p>Compare the causes of structural unemployment and cyclical unemployment <u>and</u> consider which of these types of unemployment is likely to be more harmful to an economy.</p> <p>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.</p> <p>AO1 Knowledge and understanding (max 3 marks)</p> <p>A clear understanding of what is meant by structural unemployment (1) and a clear understanding of what is meant by cyclical unemployment (1) and a clear recognition of the difference between the two. (1)</p> <p>AO2 Analysis (max 3 marks)</p> <p>The reasons why both types of unemployment might arise.</p> <ul style="list-style-type: none"> • explanation of one reason why structural unemployment might arise (1) • explanation of a second reason why structural unemployment might arise (1) • explanation of one reason why cyclical unemployment might arise (1) • explanation of a second reason why cyclical unemployment might arise (1) <p>AO3 Evaluation (max 2 marks)</p> <p>Offers a valid judgement on which type of unemployment is likely to be more serious for an economy (1) to reach a conclusion. (1)</p>	8
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
4(b)	<p>Assess whether expansionary monetary policy is likely to be successful in reducing <u>all</u> types of unemployment.</p> <p>Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question.</p> <p>AO1 and AO2 out of 8 marks. AO3 out of 4 marks.</p> <p>Indicative content</p> <p>Responses may include:</p> <p>AO1 Knowledge and understanding and AO2 Analysis</p> <ul style="list-style-type: none"> • The meaning of expansionary monetary policy. • The tools of monetary policy appropriate to an expansionary monetary policy; increases in the money supply and/or a reduction in the rate of interest. Guidance: Credit mention of devaluation of the exchange rate, but it is not required at AS Level. • An explanation of the way in which these tools of monetary policy will operate to reduce unemployment – the impact of an increase in the money supply and/or a reduction in the rate of interest; the impact of a depreciation of the exchange rate. • An explanation of the strengths and weaknesses of each measure. <p>AO3 Evaluation</p> <ul style="list-style-type: none"> • Consideration of whether each measure is appropriate for all types of unemployment. • To arrive at a conclusion on whether expansionary monetary policy is likely to be successful in reducing all types of unemployment. <p>Accept all valid responses.</p>	12
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Question	Answer	Marks
OR		
5(a)	<p>Explain what is meant by a deficit on the current account of an economy's balance of payments <u>and</u> consider whether a high rate of inflation will always lead to a deficit on the current account of an economy's balance of payments.</p> <p>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.</p> <p>AO1 Knowledge and understanding (max 3 marks)</p> <ul style="list-style-type: none"> • Identification of the components of the current account of the balance of payments. (1) • The meaning of a deficit on the current account of the balance of payments. (1) • The meaning of a high rate of inflation. (1) <p>AO2 Analysis (max 3 marks)</p> <p>An explanation of how a high rate of inflation will affect the relative price of exports (1) and imports (1) and how this will affect the competitiveness of the goods and services produced in this economy and the current account of the balance of payments. (1)</p> <p>AO3 Evaluation (max 2 marks)</p> <p>Considers one reason why a high rate of inflation might not lead to a deficit in the current account of the balance of payments in an economy (1) leading to a conclusion on whether it will always lead to a deficit. (1)</p>	8
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
5(b)	<p>Assess whether a high rate of inflation or a deficit on the current account of the balance of payments is the more serious problem for an economy.</p> <p>Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question.</p> <p>AO1 and AO2 out of 8 marks. AO3 out of 4 marks.</p> <p>Indicative content</p> <p>Responses may include:</p> <p>AO1 Knowledge and understanding and AO2 Analysis</p> <p>The problems that arise from a deficit on the current account of the balance of payments. These might include:</p> <ul style="list-style-type: none"> • falling Aggregate Demand • declining employment • downward pressure on the exchange rate • imported inflation. <p>The problems that arise from a high rate of inflation. These might include:</p> <ul style="list-style-type: none"> • income redistribution • menu costs (or the costs to firms of having to change their prices frequently) • shoe leather costs (the inconvenience of having to hold smaller quantities of cash) • uncertainty in transactions • a decline in the competitiveness of exports. <p>AO3 Evaluation</p> <ul style="list-style-type: none"> • Considers the relative seriousness of a deficit on the current account and a high rate of inflation. • arrives at a conclusion on which problem is the more serious. <p>Accept all valid responses.</p>	12
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4