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CAMBRIDGE
International Education

Cambridge International AS & A Level

ECONOMICS **9708/22**

Paper 2 AS Level Data Response and Essays **February/March 2024**

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.

Cambridge International is publishing the mark schemes for the February/March 2024 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 descriptions 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.

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.

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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 are 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 are 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

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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

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Section A

Question	Answer	Marks
	Follow the point-based marking guidance at the top of this mark scheme.	
1(a)	**Using the information in Table 1.1, compare the change in projected real GDP growth of Japan with that in the US between 2022 and 2025.** Both countries experience positive growth over the period (1). Both experience a slowdown in the rate of growth (1). Over the period Japanese growth is slower than the USA (1). Average Growth rate in Japan over the period is 1.5%, USA 2.7% (1).	**2**
1(b)	**With the help of a production possibility curve (PPC) diagram, demonstrate the likely impact of increased investment in AI on the Japanese economy in the long run.** Correctly labelled diagram and curved or straight line PPC (1). Outward shift of PPC indicating increased economic capacity to produce (1).	**2**
1(c)	**With the help of a demand and supply diagram, consider the impact of additional investment in AI on the price and output of a US carmaker.** Correctly labelled diagram showing initial equilibrium (1). Rightward shift in Supply curve establishing new equilibrium a lower P and increased output (1). Explanation of changes with clear reference to diagram provided. Correct shift (1). Correct new equilibrium (1).	**4**
1(d)	**Assess the possible impact on unemployment in Japan as a result of the increased investment in AI.** In the short run many jobs may be lost as AI capital equipment replaces labour operated machines and vehicles. E.g., Thousands of truck drivers lose their jobs: (1) for statement, (1) for example. Extra mark for some further elaboration (1). In the long run more job opportunities may arise as was the case with the internet. E.g., High tech maintenance jobs for AI machinery. (1) for statement, (1) for example. Extra mark for some further elaboration (1). Max of 5 marks plus 1 for Evaluated Conclusion.	**6**

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Question	Answer	Marks
	Follow the point-based marking guidance at the top of this mark scheme.	
1(e)	**Assess the likely impact of the growth of AI on the specialisation and trade of a country such as Japan.** Up to 3 marks for a clear explanation of the potential benefits of AI on **both** specialisation **and** trade of a country. E.g., increased levels of productivity, impact on costs/prices, development of comparative advantages improvements in international competitiveness etc. Up to 3 marks for a clear explanation of the potential drawbacks of AI on **both** specialisation **and** trade of a country. E.g., problems of over-specialisation – excessive use of non-renewable resources, over-reliance on one industry; implications for structural unemployment Max of 5 marks plus 1 for Evaluated Conclusion.	**6**

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Section B

Question	Answer	Marks
EITHER		
2(a)	**With the help of a demand and supply diagram, explain how the introduction of an indirect tax affects equilibrium in a market <u>and</u> consider the extent to which the incidence of the tax will fall on the consumer.** 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)** An accurate definition of an indirect tax (1) shown through an accurate diagram, correctly labelled axes and equilibrium price and quantity (1). Understanding that indirect taxes are used to discourage the consumption of demerit goods (1). **AO2 Analysis (max 3 marks)** Uses the diagram to explain that an indirect tax shifts the supply curve to the left (1), which causes an increase in the price of the good to the consumer (1) and reduces the quantity demanded (1). **AO3 Evaluation (max 2 marks)** One mark for a valid explanation that the incidence of tax borne by the consumer will depend on the PED of the product (1), (and that the more price inelastic demand is the greater the proportion of the tax is passed onto the consumer (1)), with a second mark for a justified conclusion.	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

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Question	Answer	Marks
2(b)	**Assess whether the improved provision of information is likely to be the best method to reduce the consumption of demerit goods.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • The meaning of improved provision of information • How improved information would reduce the consumption of demerit goods; consumers are aware of the 'true' costs from consuming demerit goods and respond by reducing their demand – this may include a shift to the left of the demand curve, or a shift to left of the MPC curve • An explanation of the limitations of improved information – habitual consumption, peer pressure, irrational behaviour • An explanation of an alternative policy – taxation, minimum prices, regulation backed by fines. **AO3 Evaluation** • Consideration that fully assesses the relative effectiveness of the policies analysed in reducing the consumption of demerit goods and arrives at a reasoned conclusion concerning whether improved provision of information is the 'best' approach. Accept all valid responses.	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

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Question	Answer	Marks
OR		
3(a)	**With the help of a formula, explain the meaning of income elasticity of demand <u>and</u> consider the extent to which a rise in income will increase the consumption of <u>all</u> goods and services.** 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)** An accurate definition of income elasticity of demand (1) and accurate formula (1). Understanding of the difference between normal and inferior goods (1). **AO2 Analysis (max 3 marks)** Normal goods have a positive value (1). Uses a diagram (upwards sloping income demand curve) or the formula to show why an increase in income increases the consumption of such goods (1) – this should be justified with an appropriate example (1). **AO3 Evaluation (max 2 marks)** One mark for a valid explanation that if the good is inferior good then the demand for the good will fall when incomes rise (1) as consumers adjust their spending habits and consumer more normal/luxury goods. The second mark is for a justified conclusion.	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

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Question	Answer	Marks
3(b)	**Assess whether an estimate of the price elasticity of demand for a product is likely to be more useful to a firm than an estimate of its price elasticity of supply.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • The meaning of the terms PED/PES • How PED estimates would be useful to business owners –it would indicate the likely changes to revenue in response to changes in the price of a product. • An explanation of the limitations of PED estimates – does not consider the prices of complements/substitutes; income level of the consumer; trends; ignores the relevance of costs so changes to profits are uncertain. • An explanation of how PES estimates would be useful to business owners - the potential to invest in spare capacity which can be used if demand rises; increase overtime payments to increase production; whether or not to outsource to other firms who can meet supply. • An explanation of the limitations of PES estimates – e.g., practical ability to increase the PES; the associated costs in making supply more elastic/responsive. **AO3 Evaluation** • Consideration that fully assesses the relative effectiveness of both PED/PES estimates and their implications for business decision-making and arrives at a reasoned conclusion concerning which concept (or otherwise) is most useful. Accept all valid responses.	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

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Section C

Question	Answer	Marks
EITHER		
4(a)	**Explain what is meant by a depreciation of the exchange rate <u>and</u> consider whether a depreciation is likely to increase domestic real output.** 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)** An accurate definition the exchange rate (1). Understanding that there is likely to be a depreciation of the exchange rate if the demand for a currency falls (1) or there is an increase in the supply of a currency (1). **AO2 Analysis (max 3 marks)** A depreciation of the exchange rate will reduce (increase) the perceived price of exports (imports) (1) which will increase the value of both (X-M) and aggregate demand (1) and increase the rate of domestic real output (1). **AO3 Evaluation (max 2 marks)** One mark for a valid explanation that this assumes that the economy is not operating at full capacity (1) or depends on the elasticity of demand for goods that are traded internationally (1). The second mark is for a justified conclusion.	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

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Question	Answer	Marks
4(b)	**Assess whether contractionary fiscal policy is likely to be the best way to reduce a current account deficit on the balance of payments.** 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** • Understanding of the terms fiscal policy/current account deficit. • How contractionary fiscal policy might reduce a current account deficit – this may include increased taxation might reduce imports/reduce demand-pull inflationary pressure resulting in improved international price competitiveness. • An explanation of the limitations of fiscal policy – impact on domestic growth, unemployment. • An explanation of an alternative policy – monetary and/or supply side policies, minimum prices, regulation backed by fines. **AO3 Evaluation** • Consideration that fully assesses the relative effectiveness of the policies analysed in reducing a current account deficit and arrives at a reasoned conclusion concerning whether fiscal policy is the 'best' approach. Accept all valid responses.	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

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Question	Answer	Marks
OR		
5(a)	**With the help of an aggregate demand and aggregate supply diagram, explain how a decrease in interest rates could cause economic growth <u>and</u> consider whether economic growth will always result in inflation.** 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)** A clear understanding of what is meant by: • economic growth (1) • inflation (1) • interest rates (1) • through an accurate diagram, correctly labelled axes, and equilibrium price level and real GDP (1). **AO2 Analysis (max 3 marks)** Uses the diagram(s) to explain how a decrease in interest rates will impact on saving/borrowing (1) that cause will either cause an increase in consumption/investment/next exports (1) which causes an increase in economic growth/real GDP (1). **AO3 Evaluation (max 2 marks)** One mark for a valid explanation that rise in inflation assumes that the economy is operating at full capacity; the growth may be focused on capital intensive industries (1) or that the source of the growth may be long term in nature (1). The second mark is for a justified conclusion.	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

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Question	Answer	Marks
5(b)	**Assess whether economic growth is always desirable for an economy.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • The meaning of the term economic growth. • An explanation of the potential benefits of economic growth for an economy – higher incomes, reduction in unemployment, improved government finances, increased international competitiveness, increases in both consumer and business confidence, increased life expectancy. • An explanation of the costs of economic growth for an economy – inflation, current account deficits, inequality, pollution. **AO3 Evaluation** • Consideration that fully assesses the relative perspectives of economic growth for an economy and arrives at a reasoned conclusion concerning which viewpoint (or otherwise) is most likely. Accept all valid responses.	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

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