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CAMBRIDGE
International Education

Cambridge International AS & A Level

ECONOMICS **9708/21**

Paper 2 AS Level Data Response and Essays **October/November 2025**

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 October/November 2025 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.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	Correct point
	Incorrect point
	Unclear response
	Key information missing from response
	Indicates knowledge and understanding of the concepts and issues relating to the question.
	Indicates where the answer has demonstrated analysis.
	Indicates appropriate reference to the information provided
	Expansion of point already made in response
	Indicates where the answer has demonstrated evaluation
	Indicates where the answer has demonstrated particularly strong/justified evaluation
	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 1 in the Mark Scheme, Table A
	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 2 in the Mark Scheme, Table A
	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 3 in the Mark Scheme, Table A
	Used when the benefit of the doubt is given in order to reward a response.
	Used when the answer or parts of the answer do not answer the question asked.

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Annotation	Meaning
SEEN	Indicates that the page or content has been seen by examiner, but no credit given.
TV	Used when parts of the answer are considered to be too vague to be given credit.

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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 is included, using relevant explanations. Explanations are supported by examples, where appropriate. • The response clearly addresses the requirements of the question and explains economic issues, and fully develops these explanations. • Analysis is developed and detailed and makes accurate and relevant use of economic concepts and theories. Where necessary, there is accurate and relevant use of analytical tools such as diagrams and formulae, and these are fully explained. • Responses are well-organised, well-focused and presented in a logical and coherent manner.	6–8
2	• Knowledge and understanding of some relevant economic concepts is included, using explanations and examples that are limited, over-generalised or contain inaccuracies. • The response addresses the general theme of the question and the relevant economic issues, with limited development. • Analysis is generally accurate with some development but little detail. Uses analytical tools such as diagrams and formulae where necessary. Use of these tools is partially accurate or not fully explained. • Responses are generally logical and coherent but are sometimes lacking in focus or organisation.	3–5
1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.	1–2
0	No creditable response.	0

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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 Data response

Question	Answer	Marks
Follow the point-based marking guidance at the top of this mark scheme.		
1(a)	**Using the information provided, explain whether Mexico is a mixed economy.** • Explanation of a mixed economy in terms of allocation of resources/ownership through both a private sector and a public sector **(1)**. • Evidence from the article that Mexico has **BOTH** a private sector ('private sector rivals', 'harder for private firms to obtain permits …', 'domestic firms in private sector') **AND** a public sector ('changed the balance of the mixed economy by prioritising state-owned companies', 'it also gave state-owned electricity and oil companies priority …', 'operating costs of the state-owned electricity producers …'). **(1)**	**2**
1(b)	**Explain what is meant by 'The opportunity cost of Mexico's new energy policy is huge.'** • Opportunity cost is the value of the (next) best alternative forgone when a decision is taken. **(1)** • Multinational companies that might have located in Mexico may decide to go elsewhere where the energy policy is less restrictive for private companies **(1) OR** • A failure to introduce renewable methods as economists reckoned that Mexico could have produced almost half its electricity from renewable sources long before its target of 2050. **(1)**	**2**

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Question	Answer	Marks
1(c)	**Consider the extent to which direct provision of electricity in Mexico through state-owned companies may be advantageous to consumers.** **Potential advantages**: • State-owned companies seen as more likely to be drivers of growth, possibly leading to higher living standards. • The government may have more financial resources to support the state-owned companies than the private sector, which could lead to lower prices and a more efficient supply to consumers. • State-owned companies might be more likely to operate in the national interest than private companies, potentially benefitting. **(Up to 2 marks)** **Potential disadvantages**: • Operating costs of the state-owned electricity producers are significantly higher than in private companies, which could lead to higher prices for consumers. • State-owned companies have old and inefficient plants that are expensive to maintain, which could lead to a less efficient supply to consumers. • There will be less investment in renewable energy because the government has little interest in this. **(Up to 2 marks)** **Max 3 marks** **Note:** The focus of the question is **consumers**. **Evaluation** Offers a valid judgement on the extent to which direct provision of electricity in Mexico through state-owned companies may be more advantageous to consumers **Max 1 mark**	**4**

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Question	Answer	Marks
1(d)	**With the help of a diagram, assess whether the potential advantages of providing a subsidy to keep down the price of electricity in Mexico will outweigh the potential disadvantages.** **Up to 4 marks for explanation/analysis:** An accurate diagram of a subsidy: • Axes correctly labelled and demand and supply curves correctly drawn and labelled. • Supply curve shifts to the right leading to a new equilibrium position. **(1)** Explanation of the potential **advantages** of a subsidy, including a lower price and a higher quantity. **(Up to 2 marks)** Explanation of the potential **disadvantages** of a subsidy, including the fact that it will need to be financed by the government, it could lead to inefficiencies and there would be an opportunity cost. **(Up to 2 marks)** **Up to 2 marks for evaluation:** Relevant evaluation of whether the potential advantages of providing a subsidy to keep down the price of electricity in Mexico will outweigh the potential disadvantages **(1)** to reach a conclusion. **(1)**	**6**
1(e)	**Assess the potential benefits and limitations of Mexico keeping its oil to generate the country's electricity.** **Up to 4 marks for explanation/analysis:** • Explanation/analysis of the potential **benefits** of Mexico keeping more of its oil to generate the country's electricity, such as in relation to a shift towards greater energy self-sufficiency. **(Up to 3 marks)** • Explanation/analysis of the potential **limitations** of Mexico keeping more of its oil to generate the country's electricity, such as whether Mexico has the capacity to produce enough electricity for its population of about 130 million or the possible impact of such a policy on its balance of trade (2022 data shown in Fig. 1.1) given that its crude oil will now be kept in the country rather than exported. **(Up to 3 marks)** **Up to 2 marks for evaluation:** • Relevant evaluation which weighs up the potential benefits and limitations of Mexico keeping its oil to generate the country's electricity **(1)** to reach a conclusion. **(1)**	**6**

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Question	Answer	Marks
EITHER		
2(a)	**With the help of a formula, explain what is meant by price elasticity of demand for a product and consider the importance of time in determining whether demand for the product is likely to be relatively price elastic or relatively price inelastic.** 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 knowledge and understanding of the formula for calculating price elasticity of demand: percentage change in the quantity demanded of a product divided by percentage change in the price of the product. **(1)** • If the PED value is greater than one, the demand is price elastic, which means that percentage change in demand is greater than percentage change in price. **(1)** • if the PED value is between zero and one, the demand is price inelastic, which means that percentage change in demand is less than percentage change in price. **(1)** **AO2 Analysis (max 3 marks)** An analysis of the importance of **time** in determining PED: • Demand for a product is likely to be more inelastic in the short run than in the long run. **(1)** • In the long run, consumers have more time to think about possible alternatives to a product. **(1)** • Habit is more likely to influence the short-run pattern of consumption, making demand less likely to be affected by price changes. **(1)** **AO3 Evaluation (max 2 marks)** Offers a valid judgement on the importance of time in determining whether demand for the product was likely to be relatively price elastic or relatively price inelastic **(1)** to reach a conclusion. **(1)**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

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Question	Answer	Marks
2(b)	**Assess whether knowledge of a product's income elasticity of demand is more important to a firm producing it than knowledge of its cross elasticity of demand.** 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** • A knowledge and understanding and analysis of **income elasticity of demand** (YED), such as in relation to whether a product is a normal good, where YED will be positive, or an inferior good, where YED will be negative and an analysis of the importance of it to a firm, i.e. the extent of its importance. • A knowledge and understanding and analysis of **cross elasticity of demand** (XED), such as in relation to whether two goods are substitutes, where XED will be positive, or complements, where XED will be negative and an analysis of the importance of it to a firm, i.e. the extent of its importance **(Up to 8 marks)** **Level 1 responses** will be assertive and lacking in explanations/mainly descriptive and/or mainly lacking in relevance to the question. **Level 2 responses** may contain some inaccuracies and will be one-sided. Analysis will be explained at least in part and will be largely relevant to the question. **Level 3 responses** will consider alternative policies/concepts etc. and will be balanced. Explanations of points raised will be offered and will be accurate and relevant to the question. **AO3 Evaluation** Evaluation of whether YED or XED is likely to be more important for a firm producing a product to reach a conclusion. Accept all valid responses. A one-sided response cannot gain any marks for evaluation. **(Up to 4 marks)**	**12**

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Question	Answer	Marks
2(b)	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 examples, explain the nature and characteristics of free goods and private goods (economic goods) and consider the significance of the distinction between these two types of good.** 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 and up to 2 marks for AO3 Evaluation. **AO1 Knowledge and understanding (max 3 marks)** Free goods: • A free good is one which is consumed by people without a situation of scarcity arising, i.e. there is enough of the good to satisfy everybody and it has no opportunity cost, such as sunlight. **(1)** Private goods (economic goods): • A private or economic good is one which is consumed by an individual for their own private benefit, such as clothing. **(1)** Use of appropriate examples of each type of good to support the explanations. **(1)** **AO2 Analysis (max 3 marks)** Free goods: • As a free good is not scarce, it does not require a market. The supply of the good equals the demand for it at zero price. It takes no factors of production to produce a free good and so there is no opportunity cost involved; analysis of the significance of there being no opportunity cost. Private (economic) goods: • Excludability: people can be excluded from consuming it if they do not pay the required price for it. • Rivalry: the consumption of a private good by one person reduces its availability for other people, i.e. there is rivalry in such a situation because consumers are in competition with other consumers to consume a particular product. **AO3 Evaluation (max 2 marks)** Offers a valid judgement on the significance of the distinction between the two types of good **(1)** to reach a conclusion. **(1)**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

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Question	Answer	Marks
3(b)	**Assess whether education should be classified as a public good or a merit good.** 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** **Public good:** • In contrast to private goods, public goods are provided by society as a whole so that everyone can benefit from them. • Non-excludability: once a public good has been provided for one person, it is not possible to stop other people from benefiting from such a good (i.e. no one is excluded) (this would not apply to education). • Non-rivalry: as more people consumer the public good, the benefit to those already consuming it is not reduced (i.e. consumption by one person does not prevent others from consuming it). • Non-rejectability: even if a person does not want the public good, they are not actually able to reject it. • Free rider issue: it is impossible to exclude a person who has not paid. **Merit good:** • A merit good is a particular type of private good. • Like other private goods, a merit good is both rival and excludable. • What distinguishes a merit good is under-consumption if provided through the private sector as a result of imperfect information in the market, such as **education (there has to be a clear focus on education throughout the answer)**. **(Up to 8 marks)** **Level 1 responses** will be assertive and lacking in explanations/mainly descriptive and/or mainly lacking in relevance to the question. **Level 2 responses** may contain some inaccuracies and will be one-sided. Analysis will be explained at least in part and will be largely relevant to the question. **Level 3 responses** will consider alternative policies/concepts etc. and will be balanced. Explanations of points raised will be offered and will be accurate and relevant to the question.	**12**

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Question	Answer	Marks
3(b)	**AO3 Evaluation** • Evaluation of the distinction between the features and characteristics of a public good and a merit good. • In conclusion, education is provided through both the public sector and the private sector and so should be considered as a merit good rather than a public good. Accept all valid responses. A one-sided response cannot gain any marks for evaluation. **(Up to 4 marks)**	
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

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Question	Answer	Marks
EITHER		
4(a)	**Explain the possible causes of frictional unemployment and technological unemployment and consider whether some element of frictional unemployment is inevitable in an economy.** 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 knowledge and understanding of what unemployment means in general. **(1)** • **One** cause of **frictional unemployment**: it is temporary and at any point in time, there will be workers transferring between jobs; this could occur simply because an individual wishes to improve their job prospects and needs to spend time searching for a new job; there will be some unemployment while the transfer between jobs takes place. Searching may take some time if information about the availability of jobs is not very good. Frictional unemployment can include not only search unemployment, but also casual unemployment and seasonal unemployment. **(1)** • **One** cause of **technological unemployment** is a type of structural unemployment that arises from the introduction of technology, when existing workers do not have the skills to operate the new technology; This is caused when developments in technology and working practices cause some workers to lose their jobs as they are replaced by capital investment. **(1)** **AO2 Analysis (max 3 marks)** An analysis of whether some element of **frictional unemployment** is inevitable, e.g. it would depend on the quality of information available about vacancies and the extent to which workers would be keen to change from one job to another. Is it always likely to occur? Candidates need to analyse the extent to which it is or is not inevitable. **AO3 Evaluation (max 2 marks)** Offers a valid judgement on whether some element of frictional unemployment is inevitable in an economy **(1)** to reach a conclusion. **(1)**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

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Question	Answer	Marks
4(b)	**Assess whether the consequences of technological unemployment are likely to be more serious than those of cyclical unemployment.** 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** **Technological unemployment**: • Workers are unemployed as a result of a change in the pattern of production when machines replace labour in the productive process. • New skills are required to use the capital equipment. • Such unemployment is due to technical progress; if workers cannot move from one industry to another because of a lack of the required skills, they will become technologically unemployed. **Cyclical unemployment**: • Workers are unemployed because of a deficiency in aggregate demand, i.e. there are insufficient jobs in an economy. • Whereas technological unemployment affects workers in particular industries, cyclical or demand-deficient unemployment affects the whole economy with job losses across a number of industries as firms reduce their output. **Focus of analysis should be the relative seriousness of the two types of unemployment. i.e. which is more serious and why.** **(Up to 8 marks)** **Level 1 responses** will be assertive and lacking in explanations/mainly descriptive and/or mainly lacking in relevance to the question. **Level 2 responses** may contain some inaccuracies and will be one-sided. Analysis will be explained at least in part and will be largely relevant to the question. **Level 3 responses** will consider alternative policies/concepts etc. and will be balanced. Explanations of points raised will be offered and will be accurate and relevant to the question. **AO3 Evaluation** • Consideration of whether the consequences of technological unemployment are likely to be more serious than those of cyclical unemployment to reach a conclusion. Accept all valid responses. A one-sided response cannot gain any marks for evaluation. **(Up to 4 marks)**	**12**

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Question	Answer	Marks
4(b)	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

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Question	Answer	Marks
OR		
5(a)	**Explain two tools of protection used by a country when trading internationally and consider whether one is likely to have more of an impact on the country's economy than the other.** 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 explanation of what is meant by protectionism in general, i.e. to protect domestic industries from international competition. **(1)** An explanation of **two** tools of protection used by a country when trading internationally, including tariffs, import quotas, export subsidies, embargoes and excessive administrative burdens ('red tape'). **(1 × 2)** **AO2 Analysis (max 3 marks)** An analysis of the **two** tools and how they impact an economy as methods of protection (a maximum of 2 marks if only **one** tool of protection is analysed). **AO3 Evaluation (max 2 marks)** Offers a valid judgement on whether one of the tools of protection is likely to have more of an impact on the country than the other **(1)** to reach a conclusion. **(1)**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

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Question	Answer	Marks
5(b)	**Assess whether all consumers, all producers and the government in a country will benefit equally from protectionism.** 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** **Consumers**: • Consumers are likely to be worse off as a result of protectionist measures. There may be a restriction of choice. In the case of a tariff, consumer surplus will be lower after a tariff is imposed because consumers will pay a higher price but will consume less (i.e. there will be a redistribution of income away from consumers). **Producers**: • Producers may gain from protectionism as there will be a higher producer surplus with producers gaining at the expense of consumers (i.e. there will be a redistribution of income towards producers). However, protectionism may reduce the incentive to be efficient, e.g. potential benefits of the infant industry argument may not materialise. **Government**: • A government can receive revenue from a tariff. There may be an improvement in the balance of trade if protectionism is successful in reducing imports. However, whether domestic production will be able to compensate for this will depend on the elasticity of supply. **(Up to 8 marks)** **Level 1 responses** will be assertive and lacking in explanations/mainly descriptive and/or mainly lacking in relevance to the question. **Level 2 responses** may contain some inaccuracies and will be one-sided. Analysis will be explained at least in part and will be largely relevant to the question. **Level 3 responses** will consider alternative policies/concepts etc. and will be balanced. Explanations of points raised will be offered and will be accurate and relevant to the question. **AO3 Evaluation** • Consideration of whether all consumers, all producers and the government in a country will benefit equally from protectionism to reach a conclusion. Accept all valid responses. A one-sided response cannot gain any marks for evaluation. **(Up to 4 marks)**	**12**

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Question	Answer	Marks
5(b)		
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

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