Cambridge International AS & A Level

ECONOMICS **9708/21**

Paper 2 AS Level Data Response and Essays **May/June 2026**

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: • the specific **content** defined in the mark scheme • the specific **skills** defined in the mark scheme or in the level descriptions • the **standard of response** required as exemplified by the standardisation scripts.
2	Examiners must award **whole marks** (not half marks, or other fractions).
3	Examiners must award marks **positively**. This means that: • marks are not deducted for errors or omissions • marks are awarded for correct/valid answers as defined in the mark scheme and also for **other valid answers** which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate • the quality of spelling, punctuation and grammar are judged **only** when the mark scheme indicates that these features are **specifically assessed** in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must **consistently** apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the **full range of marks** defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and **must not** award marks with grade thresholds or grade descriptions in mind.

Social Sciences-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.

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.

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
K	Indicates knowledge and understanding of the concepts and issues relating to the question.
AN	Indicates where the answer has demonstrated analysis.
APP	Indicates appropriate reference to the information provided
E	Expansion of point already made in response
EVAL	Indicates where the answer has demonstrated evaluation
EE	Indicates where the answer has demonstrated particularly strong/justified evaluation
L1	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 1 in the Mark Scheme, Table A
L2	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 2 in the Mark Scheme, Table A
L3	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 3 in the Mark Scheme, Table A
BOD	Used when the benefit of the doubt is given in order to reward a response.
NAQ	Used when the answer or parts of the answer do not answer the question asked.

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.

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	• 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

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

Section A Data response

Question	Answer	Marks
Follow the point-based marking guidance at the top of this mark scheme.		
1(a)	**'One important development in 2023 was that for the first time in two years real wages increased in Japan.'** **Using Table 1.1, explain by how much money wages would have to change in Japan in 2023 for real wages to increase.** • Money wages would have to increase. **(1)** • They would need to increase by more than 3.3%. **(1)**	2
1(b)	**Apart from interest rates, state two other tools of monetary policy that could be used in Japan to control inflation.** • Money supply. **(1)** • Credit regulations. **(1)** • Accept the term 'quantitative tightening'. **(1)** • Exchange rates. **(1)** **Max: 2 marks**	2
1(c)	**With the help of a diagram, explain how a decrease in the interest rate in Japan could lead to the depreciation in the value of the yen and consider whether only Japan's interest rate determines the value of the yen.** • Correct labelling of the two axes (the vertical axis needs to explicitly indicate a comparison with the value of another currency, but accept price of a currency or exchange rate, but not price by itself or price level). • Correct shift of the demand curve to the left, leading to a lower equilibrium price and equilibrium quantity. **(1)** **Note:** An approach through a change in the supply of the yen is an alternative, with the supply curve shifting to the right. Some candidates might offer a combination of the two changes. **Max: 1 mark for diagram** • Explanation of how a low **interest rate** could weaken the yen because there will be less of a desire to save in Japan because of lower rates of return. **(1)** • Consideration of **other possible factors** that could determine the value of the yen, such as economic conditions, the rate of inflation, speculation, trade balances, investor confidence, stock exchange performance or government policies. **(1)** **Evaluation** Offers a valid judgement on whether only Japan's interest rate determines the value of the yen. **(1)**	4

Question	Answer	Marks
1(d)	**Assess whether low interest rates alone are likely to lead to an increase in aggregate demand in Japan.** **Up to 4 marks for explanation/analysis:** • Explanation/analysis of how **low interest rates** could lead to an increase in aggregate demand in Japan, by making borrowing cheaper which encourages consumers (private consumption) and firms (investment) to take out loans to finance expenditure. Low interest rates will also cause disposable income to rise. **(Up to 3 marks)** • Explanation/analysis of **other factors** that could lead to an increase in aggregate demand in Japan, such as consumer confidence, levels of debt, an increase in government spending, an increase in net exports and changes in the broader economic environment. **(Up to 3 marks)** **Up to 2 marks for evaluation:** • Relevant evaluation which considers the impact of different factors affecting aggregate demand **(1)**, to reach a conclusion on whether low interest rates alone are likely to lead to an increase in aggregate demand in Japan. **(1)** **Reserve 1 mark for a valid conclusion.**	6

Question	Answer	Marks
1(e)	**Assess whether the potential advantages of the Japanese economy growing faster than expected would outweigh the potential disadvantages.** **Up to 4 marks for explanation/analysis:** • **Potential advantages** of the Japanese economy growing faster than expected, such as higher incomes, more jobs, higher living standards, reduced poverty and improved public services. **(Up to 3 marks)** • **Potential disadvantages** of the Japanese economy growing faster than expected, such as a higher rate of inflation, greater inequality of income and wealth and environmental degradation and pollution. **(Up to 3 marks)** **Up to 2 marks for evaluation:** • Relevant evaluation of potential advantages and disadvantages of the Japanese economy growing faster than expected **(1)** to reach a conclusion on whether the potential advantages of the Japanese economy growing faster than expected would outweigh the potential disadvantages. **(1)** **Reserve 1 mark for a valid conclusion.**	**6**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td colspan="3">EITHER</td></tr>
<tr><td rowspan="4">2(a)</td><td>Explain the difference between a public good and a merit good and consider whether health care should be classified as a public good or a merit 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
up to 2 marks for AO3 Evaluation.

AO1 Knowledge and understanding (max 3 marks)

• A public good is distinct from a private good because it has the characteristics of being both non-rival (where consumption by one individual does not diminish the amount available for others to consume) and non-excludable (where individuals cannot be prevented from benefiting from a good, regardless of whether they have paid for it); it is therefore difficult, if not impossible, to charge a price for it due to the existence of the free rider problem; therefore it has to be provided by the state. (1)
• A merit good is a private good, but one which is likely to be under-produced and under-consumed in a market as a result of market failure, e.g. many of the people who would benefit from health care would have insufficient income to buy the service for themselves. (1)
• A clear explanation of the difference between the two types of good: a public good is non-rival and non-excludable whereas a merit good, in contrast, is rival and excludable. (1)

AO2 Analysis (max 3 marks)

• Health care is classified as a merit good because it is a private good with the characteristics of being both rival and excludable; it can therefore be provided through a market because it is possible to charge a price for it, although it can also be provided by the state.
• It is provided by the state because of the possibility of market failure where there is under-consumption of a merit good; state provision ensures that everyone likely to benefit from health care does so.

AO3 Evaluation (max 2 marks)

• Offers a valid judgement on whether health care should be classified as a public good or a merit good (1) to reach a conclusion. (1)</td><td>8</td></tr>
<tr><td>AO1 Knowledge and understanding</td><td>3</td></tr>
<tr><td>AO2 Analysis</td><td>3</td></tr>
<tr><td>AO3 Evaluation</td><td>2</td></tr>
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Question	Answer	Marks
2(b)	**Assess whether the over-consumption of a demerit good should be reduced through the use of a tax or reduced through the use of a public information campaign.** 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 use of a tax:** potential advantages and disadvantages of reducing the over-consumption of a demerit good through the use of a tax. For example, the tax will make it more expensive, possibly discouraging consumption, but there may not be much of an impact as demand is likely to be relatively price inelastic. • **The use of a public information campaign:** potential advantages and disadvantages of reducing the over-consumption of a demerit good through the use of a public information campaign. For example, there is likely to be increased awareness of the potential dangers of over-consumption, but it could be expensive to organise such a campaign, giving rise to the concept of opportunity cost. **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 may 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/arguments 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 both methods to arrive at a conclusion as to whether the over-consumption of a demerit good should be reduced through the use of a tax or reduced through the use of a public information campaign. Accept all valid responses. **A one-sided response cannot gain any marks for evaluation.**	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Question	Answer	Marks
OR		
3(a)	**Explain three economic reasons for the inequality of income in an economy and consider which one of these economic reasons is likely to be the most important.** 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)** Possible economic reasons for the inequality of income in an economy: • Employment: there will be variations in the ability of people to access well-paid employment • Government policy: there could have been a 'wage freeze' for public sector workers but not private sector workers • Taxation: this could be made more or less progressive • Technological change: technological advancement favours high-skilled, rather than low-skilled, workers widening the wage gap • Globalisation: this could lead to reduced demand for low-skilled labour • Education and skills: higher educational attainment and skill levels provide better job opportunities and higher wages • Regional factors: income levels could vary in different regions • Gender/race factors: there could be discrimination towards certain workers affecting their income **Note:** 1 mark for each economic reason. **AO2 Analysis (max 3 marks)** A consideration of which one of the possible economic reasons is likely to be the most important and why. For example, individuals with higher education and specialised skills are likely to earn more than those without such qualifications and skills. **AO3 Evaluation (max 2 marks)** Offers a valid judgement on which one of these economic reasons is likely to be the most important reason for the inequality of income in an economy **(1)** to reach a conclusion. **(1)**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
3(b)	**Assess whether either a minimum wage or a progressive income tax is likely to be the more effective policy to redistribute income in 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** • Potential advantages and disadvantages of a **minimum wage** as a policy to redistribute income in an economy, rather than allowing wages to be determined by the demand for, and the supply of, labour. For example, it will increase the pay of the lowest earners, but it could lead to a reduction in the number of jobs available. Also, in some countries, there may be a large informal economy and a minimum wage would not apply to such workers. • Potential advantages and disadvantages of a **progressive income tax** as a policy to redistribute income in an economy. For example, it will tax those on higher incomes at a higher rate, taking a higher proportion of income and so providing funds for transfer payments, but it could lead to greater tax evasion. **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 may 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/arguments etc. and will be balanced. Explanations of points raised will be offered and will be accurate and relevant to the question. **Note:** There needs to be a clear focus on redistribution of income in relation to the two policies. **AO3 Evaluation** • Consideration of both methods to arrive at a conclusion as to whether a minimum wage or a progressive income tax is likely to be the more effective policy to redistribute income in an economy. Accept all valid responses. **A one-sided response cannot gain any marks for evaluation.**	**12**

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

Question	Answer	Marks
EITHER		
4(a)	**Explain the difference between frictional unemployment and structural unemployment and consider which is likely to be more damaging 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)** • **Frictional unemployment** as a type of unemployment and the causes of frictional unemployment: people who are between jobs in terms of search, casual and seasonal unemployment. **(1)** • **Structural unemployment** as a type of unemployment and the causes of structural unemployment: people who are unemployed as a result of a change in demand in an economy, leading to a skills mismatch and the creation of declining industries. **(1)** • **Explanation of the difference** between the two types of unemployment made clear and explicit. **(1)** **AO2 Analysis (max 3 marks)** • The reasons why one type of unemployment is likely to be more damaging in an economy. • For example, **frictional unemployment** is likely to be relatively short-term and can be considered a natural feature of a dynamic economy. • **Structural unemployment**, however, is likely to be a more long-term problem that could have a negative impact on economic growth. **AO3 Evaluation (max 2 marks)** • Offers a valid judgement on whether frictional unemployment or structural unemployment is likely to be more damaging in an economy **(1)** to reach a conclusion. **(1)**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
4(b)	**Assess whether fiscal policy or supply-side policy is likely to be more effective in reducing unemployment in 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 use of fiscal policy** to reduce unemployment in an economy: government spending can be increased and levels of taxation can be decreased to stimulate the level of aggregate demand in an economy, stimulating economic activity leading to the creation of jobs and the reduction of unemployment. This would be likely to be more effective in reducing cyclical unemployment. • **The use of supply-side policy** to reduce unemployment in an economy: this will lead to an improvement in labour market efficiency, enhancing the skills of the workforce and leading to the creation of jobs. For example, there could be an improvement in education and training, a reduction in the power of trade unions and a variety of tax incentives. This would be likely to be more effective in reducing structural unemployment. **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 may 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/arguments 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 both methods to arrive at a conclusion as to whether fiscal policy or supply-side policy is likely to be more effective in reducing unemployment in an economy. Accept all valid responses. **A one-sided response cannot gain any marks for evaluation.**	**12**
	AO1 Knowledge and understanding and AO2 Analysis	8
	AO3 Evaluation	4

Question	Answer	Marks
OR		
5(a)	**Explain the difference between trade embargoes and export subsidies and consider which is likely to be the more effective tool of protection.** 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)** • The use of **trade embargoes** as a tool of protection: these are complete bans on certain imported products so that it becomes impossible to purchase such products from particular countries. **(1)** • The use of **export subsidies** as a tool of protection: these are payments by a government to domestic firms to help keep down the costs of production, encouraging firms to lower prices and so make the exports more competitive in international markets. **(1)** • **Explanation of the difference** between the two tools of protection made clear and explicit. **(1)** **AO2 Analysis (max 3 marks)** • Consideration of which is likely to be more effective. • **Trade embargoes** are often taken for political, rather than economic, reasons, completely prohibiting the import of products from particular countries. Embargoes can be comprehensive, partial/selective and unilateral/multilateral, but their disadvantage is that they may not always be imposed for purely economic reasons. • **Export subsidies**, however, aim to increase the export of products, although the effect will depend on the price elasticity of demand for the exports. The advantage is that they can make domestic products more competitive in international markets, but their disadvantage is that they can distort international trade and contribute to domestic firms becoming less efficient. **AO3 Evaluation (max 2 marks)** • Offers a valid judgement on which is likely to be the more effective tool of protection **(1)** to reach a conclusion. **(1)**	**8**
	AO1 Knowledge and understanding	3
	AO2 Analysis	3
	AO3 Evaluation	2

Question	Answer	Marks
5(b)	**Assess whether the arguments against protectionism are stronger than the arguments for 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** **The arguments against protectionism/for free trade**. These might include: • Free trade can lead to greater specialisation and, as a consequence, greater output. • Resources are allocated more efficiently. • Consumers have a wider range of products to choose from. • This can lead to improved standards of living. **The arguments for protectionism/against free trade.** These might include: • Infant industry argument. • Strategic industry argument. • To prevent dumping. • To reduce a current account deficit. • To raise revenue for a government. **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 may 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/arguments 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 both sides of the argument to arrive at a conclusion as to whether the arguments against protectionism are stronger than the arguments for protectionism. Accept all valid responses. **A one-sided response cannot gain any marks for evaluation.**	**12**

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