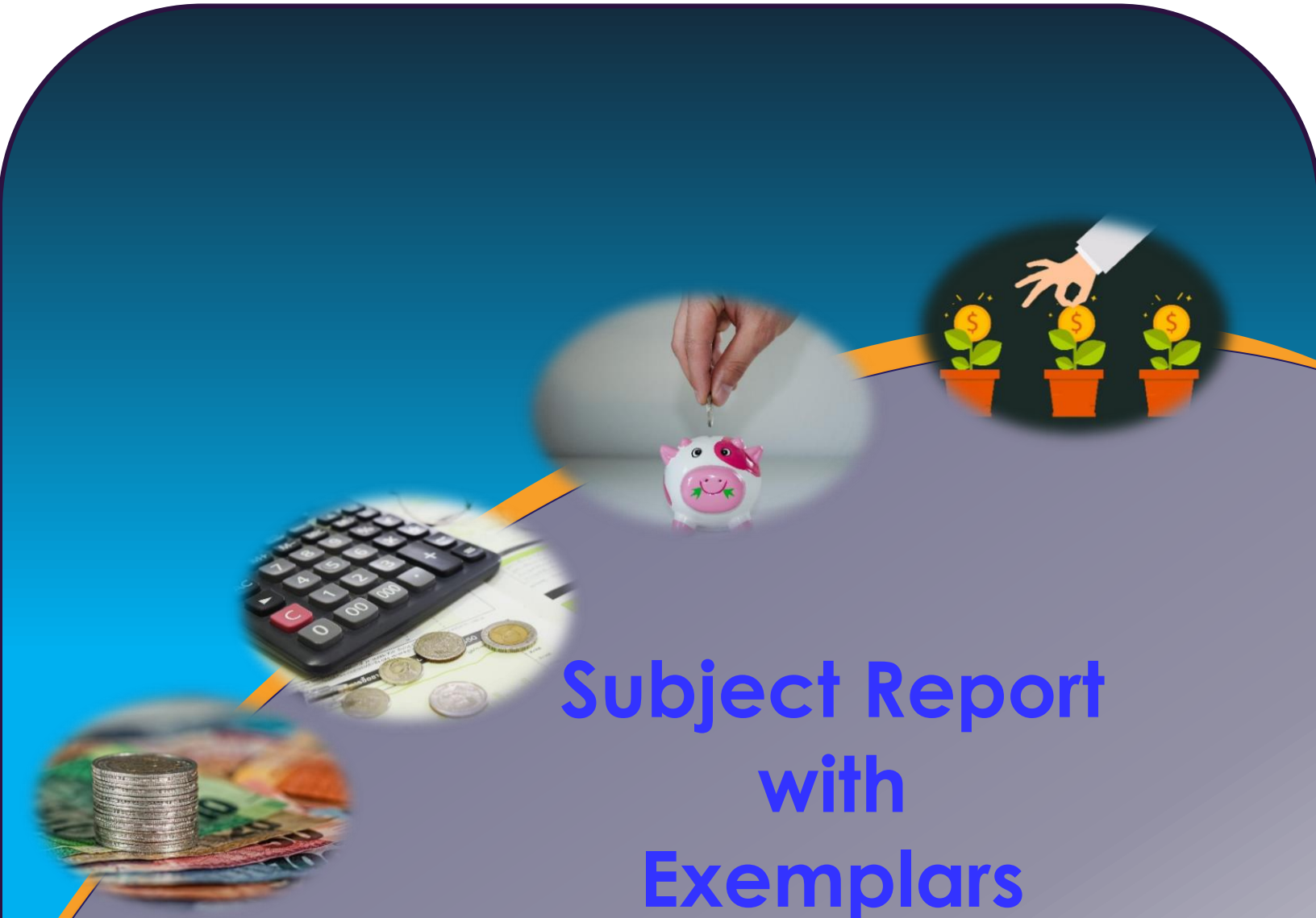
CARIBBEAN EXAMINATIONS COUNCIL

CSEC® ECONOMICS



Subject Report with Exemplars

May/June 2022

CARIBBEAN EXAMINATIONS COUNCIL

REPORT ON CANDIDATES' WORK IN THE
CARIBBEAN SECONDARY EDUCATION CERTIFICATE®
EXAMINATION

MAY/JUNE 2022

ECONOMICS
GENERAL PROFICIENCY

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INTRODUCTION

The CSEC Economics examination was offered in June 2022. The examination consisted of the following papers.

- Paper 01 — Multiple Choice
- Paper 02 — Structured Questions
- Paper 031 — School-based Assessment (SBA)
- Paper 032 — Alternative to School-based Assessment

The number of candidates entered was approximately 5521 for Paper 01, 5506 for Paper 02 and 119 for Paper 032. Sixty-seven per cent of candidates earned Grades I–III. The mean score for the examination was 102 out of 200 marks.

PAPER 01 – MULTIPLE CHOICE

Paper 01 consisted of 60 multiple choice items. The paper was designed to test the syllabus content extensively. Approximately 78.87 per cent of candidates earned acceptable grades. The mean score was 36 out of 60 marks.

PAPER 02 – STRUCTURED ESSAY

Paper 02 consisted of five compulsory questions. Each question was worth 20 marks. The mean score was 33 out of 100 marks.

Question 1

This question tested candidates' ability to

- list the three main agents in an economy
- state the role of each of the main agents in an economy
- explain how scarcity creates the economic problem
- differentiate between opportunity cost and money cost
- explain the concept of opportunity cost as production moves along the frontier, using a labelled diagram of the production possibility frontier.

In Part (a) (i), candidates were required to list the three main agents in an economy. Most candidates were able to correctly identify the three agents, namely *households*, *firms* and *the government*. However, some candidates gave the terms 'consumers/buyers' and 'producers/sellers' for households and firms, respectively. Candidates obtained no marks for such responses.

For Part (a) (ii), candidates were asked to state the role of each of the main agents in an economy. Many candidates obtained full marks even though they did not name the three agents correctly in Part (a) (i). Provided that candidates stated the correct role for each agent, they were awarded the marks. Some candidates were unsure about the role of the government, while others gave the aims of the agents instead of their roles.

In Part (b) (i), candidates were required to explain how scarcity creates the economic problem. Most candidates scored two out of four marks since they gave the meaning of scarcity without providing an explanation of how it created the economic problem. Some candidates gave a definition of scarcity which was unrelated to economics and so they were unable to give the required explanation. Candidates were expected to elaborate on scarcity with respect to efficient allocation of resources, decision making and the need for choice. Some candidates misinterpreted the question and gave answers which were related to limited supply and high demand for goods and services. Candidates who did so suggested that these issues would lead to an increase in prices.

For Part (b) (ii), candidates were asked to differentiate between opportunity cost and money cost. Most candidates were only able to score one or two marks. Although most candidates who responded were able to give a definition for opportunity cost, quite a few of them were unable to define money cost correctly. Some candidates who attempted to give the meaning of opportunity cost simply stated 'giving something up' rather than saying *the next best alternative given up*. Some candidates related money cost to the money supply or price of the currency or exchange rates. Many candidates were unable to clearly distinguish between these two concepts to obtain the full four marks.

In Part (c), candidates were required to explain the concept of opportunity cost as production moves along the frontier, using a labelled diagram of the production possibility frontier. Even though this part was attempted by many candidates, very few were able to score full marks. Many candidates drew the concave shape of the production possibilities curve (PPC), labelled the axes and plotted at least two points on the curve. However, some candidates labelled the axes X and Y. It was not clear whether they meant to identify the *x* and *y* axes or goods, since many teachers use Good X and Good Y in their examples of economic scenarios. Some candidates labelled the axes using price and quantity demanded or supplied, and drew demand and supply curves, clearly mixing up the diagrams they were taught.

In their explanation of how the production possibility frontier can illustrate opportunity cost, many candidates simply repeated the meaning of opportunity cost instead of using their diagrams and the plotted points to illustrate how opportunity cost is incurred as movement on the curve takes place. Some candidates who attempted to use the points on the curve to assist in providing an explanation were unable to provide an accurate response. This was so because the diagrams were not drawn to scale and so the amounts given up were incorrect. Other candidates just gave the value of the two goods at the various points instead of calculating how much is given up as movement from one point to the other occurs. Only a few candidates discussed the slope or possible shapes of the production possibility frontier and the significance of these shapes in terms of increasing opportunity costs, decreasing opportunity costs and constant opportunity costs. Some candidates clearly displayed that they were exposed to the topic of the production possibility curve but chose to discuss general aspects of it such as efficiency, inefficiency, scarcity, and attainable and unattainable combinations, instead of focusing on the concept of opportunity cost.

Recommendations

- Teachers should ensure that students are familiar with the correct names and roles of the three main agents in an economy. Reviewing the roles during discussions of other topics throughout the course may help students to avoid using inappropriate names for the agents, especially for households and firms. Teachers should also ensure that students are clear about the roles and aims of economic agents as the roles are not to be confused with the aims. More discussion on the role of the government is recommended since this concept presented the most problems for some students.
- Teachers should engage students in more in-depth discussions on the concept of scarcity and the economic problem it creates for all economic agents. These discussions must focus on the three related concepts of scarcity, choice and opportunity cost, which ultimately would include the need for decision-making and the efficient allocation of scarce resources. A good understanding of this relationship would reduce the tendency of students to confuse the meaning of scarcity with that of shortage or the limited supply of goods and excess demand.
- Teachers should explain the meaning of opportunity cost and money cost clearly and use relevant and practical examples of such to ensure that students have a better understanding of the difference between these two concepts. More discussion on money cost is recommended since some students did not even attempt to give an answer.
- Teachers should provide students with more practical examples of how opportunity cost is illustrated and calculated on the production possibility curve or frontier. These examples must include the three possible shapes of the production possibility curve as well as the type of opportunity cost demonstrated by each shape. In explaining these examples, teachers should encourage students to label their axes properly and to draw their diagrams to scale in order to calculate the changes in values correctly as movement takes place from one point to another on the production possibility frontier.
- In general, teachers should encourage students to read and interpret questions carefully before providing a response so that they avoid giving irrelevant answers. Teachers should therefore provide ongoing practice in responding to questions.

Question 2

This question tested candidates' ability to

- define the terms *market* and *supply schedule*
- state two factors that would cause an increase in the supply of pens
- calculate the price elasticity of supply if the price of pens changed
- illustrate the relationship between the price of pens and the quantity supplied, using a labelled diagram
- discuss the prices at which the greatest shortage and the greatest surplus occur in the market.

In Part (a) (i), candidates were asked to define the term *market*. Generally, candidates performed well. Most of them provided a partial or complete definition. Many candidates recognized that both buyers and sellers were involved in the market and then further explained that *both parties interact*, or that *price and quantity are determined*, or *goods and services exchanged*, or that *parties met for the purpose of trade*. It should be noted that some candidates provided a marketing or business definition of the term *market* even though they were specifically asked for an economic definition. A few candidates confused the term *market* with other concepts and explained other economic terms such as economic system and market structure or gave the example of their neighbourhood market or grocery store, thereby scoring no marks.

In Part (a) (ii), candidates were required to define the term *supply schedule*. Overall, candidates performed poorly. Most candidates scored zero or one mark. Very few candidates earned full marks as most candidates did not clearly state that *the supply schedule showed the quantity that firms were willing to supply at various prices*. Many candidates provided a business definition or incorrectly indicated that the supply schedule was a timetable or calendar that suppliers utilized in the distribution and delivery of their goods and services to customers. Candidates were awarded no marks for such answers. Some candidates provided a partial definition by stating one aspect of the definition such as the amount, number or quantity supplied; however, there was no mention of one of the key components which was price.

In Part (b), candidates were asked to state two factors that would cause an increase in the supply of pens. The performance of candidates was fair. Although most candidates listed the general factors that affect the supply curve, they did not relate or link these factors to an increase in the supply of pens and therefore they were awarded no marks. In some instances, candidates mistakenly stated demand factors and in other cases provided factors that would cause a decrease in the supply of pens such as 'an increase in taxes'. Candidates often included information related to the price and demand for the good affecting the supply in their answers. Those candidates who listed reasons such as *a reduction in the cost of production*, *technology*, *the expectation of a boom*, *an increase in the number of firms* etc. earned the maximum allocated marks.

In Part (c) (i), candidates were asked to calculate the price elasticity of supply (PES) if the price of pens changed. Overall, candidates performed poorly. Many candidates did not provide a response. Very few candidates were able to accurately calculate the PES using the correct midpoint or formulas, showing all necessary working. Many candidates demonstrated a lack of knowledge of the formula. They used the price elasticity of demand (PED) formula or inverted the required numerator and denominator. They also confused coefficients and percentages. Other candidates failed to correctly perform simple arithmetic in the multiplication and division calculations, thereby obtaining an incorrect PES. Some candidates gained one or two marks for partial calculations. On a few occasions, candidates displayed a comprehensive understanding of the PES concept and full marks were allotted to those who had the correct calculations and correct answer even when the formula was implied.

In Part (c) (ii), candidates were required to illustrate the relationship between the price of pens and the quantity supplied, using a labelled diagram. Most candidates provided an answer and generally, they performed well. Most candidates scored two or three marks. Candidates who were able to label both axes correctly, show an upward sloping supply curve, and correctly identify all four coordinates for the price and quantity supplied based on the table gained maximum marks. It should be noted that many candidates did not attain full marks because they were unable to locate and plot the first coordinate (0, 1), showing that at a price of $1, zero units were supplied. Candidates tended to plot this point at the origin. Another prevalent error among candidates was the illustration of a downward sloping demand curve instead of the upward sloping supply curve.

For Parts (d) (i) and (d) (ii), candidates were asked to use the information provided to discuss the prices at which the greatest shortage and the greatest surplus occurred in the market. Most candidates attempted to provide an answer and they did so satisfactorily. When providing a response, many candidates did not acknowledge that they were specifically asked to give the price at which the greatest shortage occurred and the price at which greatest surplus occurred. While some candidates defined and explained the terms *shortage* and *surplus*, others failed to refer to, interpret and analyse any of the data provided in the table, thereby scoring no marks. On the other hand, many candidates were able to examine the data and identify the correct prices at which the shortage and the surplus of pens occurred, thereby gaining one mark for both parts. The more competent candidates further ascertained the quantity supplied and the quantity demanded, and then calculated the resulting 50-unit shortage and 50-unit surplus, thereby attaining the full three marks for each part.

Recommendations

- Simply stating that a 'market is a place where buyers and sellers meet' is considered a partial definition and so teachers are encouraged to explain and reinforce to students a more comprehensive definition which relates to the discipline of economics.
- Teachers should definitively indicate to students that price is a determinant of quantity supplied but not supply. Teachers are encouraged to constantly review with students the difference between supply and quantity supplied. In addition, the use of practical exercises that require students to interpret questions and apply specific determinants to the changes in demand and supply of certain goods and services will facilitate an improved understanding of these concepts, as students' responses were extremely general, irrelevant and unrelated to the information that they were required to give.
- Many candidates applied the PED formula and not the PES formula. Teachers are encouraged to devote additional time to and place greater emphasis on the concepts of supply and PES. Numeric examples that allow students to practise using formulas and performing calculations of PES would greatly assist students with grasping the topic.
- Teachers are reminded to reinforce the importance of the key components of a diagram such as appropriate labelling, the calibration of axes, slopes of curves and the accurate plotting of coordinates.
- Teachers could engage students in the interpretation of graphical and diagrammatic representations of data to extract specific information as many students did not refer to the given material as evidence in their responses.

Question 3

This question tested candidates' ability to

- provide examples of barriers to entry in market structures
- identify the time period in which firms can enter or leave an industry
- identify two market structures characterized by barriers to entry
- draw a labelled diagram showing the long-run equilibrium of a monopolistically competitive firm
- discuss two ways in which barriers to entry could determine an existing firm's long-run equilibrium position.

In Part (a) (i), candidates were asked to state three barriers to entry that occur in market structures. It was evident that most candidates understood the meaning of the term *barriers* but they were unable to differentiate between the barriers to (international) trade and the barriers to entry in market structures. Consequently, many candidates identified barriers to trade such as 'quotas' and 'tariffs', instead of *high capital requirements*, *brand loyalty* or other barriers to entry that occur in market structures.

Additionally, rather than giving actual barriers to entry, some candidates described the level or type of barrier that characterizes each market structure, for example, 'no barriers to entry in monopolistic competition' and 'high barriers to entry in an oligopoly market'. As a result, many candidates were awarded no marks. However, where candidates provided partial responses, they were able to score one or two marks. In a few instances, candidates gave clear answers and so they earned full marks.

For Part (a) (ii), candidates were required to state the *long run* as the time period in which firms can enter or leave an industry. Only a few candidates earned the one mark allotted. On several occasions, candidates identified the short run but, unfortunately, could not be awarded the mark. Most candidates stated the time period in terms of years (for example, five to ten years) or as a particular time of the day (for example, between 8 a.m. and 4 p.m.). For these responses, candidates were awarded no marks.

In Part (a) (iii), candidates were asked to identify two market structures that are characterized by barriers to entry. Generally, candidates were able to do this well. Many candidates were able to correctly identify the two market structures, *monopoly* and *oligopoly*. Although some candidates failed to obtain full marks, many were able to correctly identify one of the market structures, in particular *monopoly*. However, there were several instances in which candidates confused the monopoly market structure with monopolistic competition. Additionally, there were a few cases in which candidates misinterpreted what was asked and gave responses related to economic systems such as 'free market economy' and 'planned economy' instead of market structures.

While many candidates attempted Part (b), some of them demonstrated little or no knowledge of the concept being tested. For example, rather than illustrating the long-run equilibrium for the monopolistic market structure, as required, many candidates constructed the regular demand and supply diagram to show market equilibrium. Similarly, there were several instances in which candidates drew the production possibility curve (PPC) showing increasing opportunity cost. For these reasons, many candidates did not perform well. Such candidates scored between zero and three out of a total of eight marks.

A few candidates were able to provide a partial representation of the long-run equilibrium (normal profit) diagram, earning between four and six of the allotted eight marks. Further, a very small number of candidates was able to accurately construct the diagram illustrating long-run equilibrium for the monopolistic market structure. For this, they were awarded full marks.

For Part (c), candidates were required to discuss two ways in which barriers to entry could determine an existing firm's long-run equilibrium. Once more, many candidates focused on barriers to trade instead of barriers to entry into market structures when giving their response. While some candidates were able to state that *barriers to entry lead to a reduction in competition within markets*, many failed to elaborate on or develop this key point to show how this impacts the long-run equilibrium position of existing firms. On average, candidates scored one or two marks. However, in instances where partial discussions were presented, candidates were awarded three or four marks. Very few candidates provided comprehensive and detailed analyses. Only one candidate obtained full marks.

Recommendations

- Teachers are encouraged to devise different strategies to ensure that students have a clear understanding of the concepts that they are likely to confuse with others. For example, teachers can engage students in activities that emphasize key differences between

    — barriers to entry into market structures and barriers to (international) trade
    — long-run/short-run equilibrium in market structures and equilibrium between demand and supply.

- Teachers can also employ (if they are not yet employed), the three suggested teaching and learning activities, to facilitate students' attainment of the objectives.

Question 4

This question tested candidates' ability to

- define capital consumption, investment expenditure and disposable income
- calculate gross domestic product (GDP)
- interpret economic growth and economic development
- compare the level of economic growth and development between two economies.

For Part (a) (i), candidates were required to define capital consumption. Candidates performed satisfactorily. Many of them obtained at least half of the allotted marks. A few candidates associated the concept of capital consumption with the process of depreciation or a wear and tear process that occurs due to capital usage. Most candidates, however, were able to link capital consumption to the use of capital in the production process. Candidates who obtained no marks generally had no knowledge of the concept.

In Part (a) (ii), candidates were required to define investment expenditure. Candidates performed satisfactorily. Many of them obtained at least half of the allotted marks. A few candidates were able to associate investment expenditure with spending on capital goods to support the production of consumer goods and services. With respect to investment expenditure, most candidates were able to identify the infusion of monies into a business activity. Generally, candidates who scored no marks demonstrated a complete lack of understanding of the concept.

For Part (a) (iii), candidates were required to define disposable income. Candidates performed satisfactorily. Many of them obtained at least half of the allotted marks. Most candidates were able to state that the *concept of disposable income is associated with monies available to spend by consumers after deductions*. However, several candidates had no knowledge of the concept. In some cases, weaker candidates referred to monies spent by businesses to generate profits.

Part (b) tested candidates' ability to calculate GDP. Candidates performed satisfactorily. Many of them obtained the mean score of two out of four marks. Approximately 50% of candidates were able to identify at least four components associated with the income approach. However, very few candidates were able to identify all the components and to determine the correct GDP value. Weaker candidates confused the income approach with the expenditure approach.

In Part (c), candidates were tested on their ability to interpret economic growth and to compare the level of economic growth between two economies. Overall, candidates performed satisfactorily. Many of them obtained the mean score of two out of three marks. Approximately 50 per cent of candidates were able to identify that Economy B had the higher economic growth rate. However, very few candidates were able to sufficiently provide a reason for this. In providing an explanation, several candidates referred to the higher per-capita income or the actual level of GDP between the two economies rather than focusing on the difference in GDP growth rate between the two economies. Weaker candidates demonstrated no understanding of the concept of economic growth.

Recommendations

- Teachers are encouraged to introduce techniques that will enhance students' knowledge of basic economic concepts (for instance, increase the number of in-class assessments on basic concepts; introduce students to news reports where the concepts of GDP, disposable income, investment, etc. are discussed).
- Teachers should focus on more in-class calculations involving key economic variables. (In this paper, the calculation of GDP was tested.) One way of enhancing students' ability to apply the three approaches to the calculation of GDP is through teacher and student-led in-class practice. It would be instructive to demonstrate one approach to students and then to use the same case study and figures to demonstrate the other approaches. This will help students to appreciate that the three approaches to GDP calculation derive the same value for GDP but in different ways.
- Teachers should focus on more in-class case studies on GDP. This is a very popular topic, with a lot of literature available based on the national, regional and international communities. Case studies provide an opportunity for students to appreciate that the economic concepts are not abstract but are in fact real-life issues that are of relevance to them, their family members, communities and the government.

Question 5

This question tested candidates' ability to

- define protectionism and give an example
- define structural adjustment and give an example
- explain two advantages of economic integration to a country
- discuss two ways in which foreign direct investment (FDI) can alleviate the problems of limited access to the internet and limited knowledge regarding the use of the technology.

In Part (a) (i), candidates were required to define protectionism and give an example. Most candidates were unable to sufficiently define protectionism. The more competent candidates defined protectionism as *trade barriers set up to protect local industries through the imposition of a restriction on imports*. The most popular examples of protectionism were *tariffs* and *quotas*.

In Part (a) (ii), candidates were required to define structural adjustment and give an example. Most candidates were unable to provide an accurate definition. They incorrectly defined structural adjustment as a change in the structure of the economy from agriculture to a more technologically advanced economy. Examples of better responses included *a set of economic reforms to qualify for a loan from the IMF*, with examples being *a reduction in government spending on social services* and a *reduction in the provision of merit goods such as health care*.

For Part (b), candidates were required to explain two advantages of economic integration for a country. Most candidates were able to identify two advantages of economic integration including *access to a wider variety of goods*, *access to larger markets*, *increased employment due to the free movement of people*, *increased cooperation* and *the building of ties*. The more competent candidates were able to fully explain the advantages provided.

For Part (c), candidates were required to discuss two ways in which foreign direct investment (FDI) can alleviate the problems of limited access to the internet and limited knowledge regarding the use of technology. Most candidates were able to discuss improvements in the infrastructure for internet access, which increased accessibility in the country and the setting up of Wi-Fi areas to improve connectivity. The more competent candidates also discussed the *establishment of training centres to educate the population on ICT* and the *hiring of experts to train locals*. These actions resulted in positive spillover effects such as *an increase in productivity and efficiency*.

Recommendations

- Teachers should utilize real-world examples so that students can make the connection between what is being taught in the classroom and the outside world.

PAPER 031 – SCHOOL-BASED ASSESSMENT (SBA)

The overall quality of the SBAs continues to improve. Consistent with recent years, SBAs focused on themes relative to demand and supply, unemployment, e-commerce and inflation. Generally, students sought to investigate the ongoing effects of the COVID-19 pandemic on the themes identified. The marking of SBAs at the centres continues to be lenient. Teachers are encouraged to score the components of the project in a manner that is consistent with the mark scheme outlined in the syllabus. The mean score for the SBAs was 32 out of 40 marks.

Table of Contents (1 mark)

In almost all cases, students presented a complete table of contents and earned the available mark.

Topic (2 marks)

The topics chosen by students were generally appropriate. The topics described the projects accurately and they were appropriate based on the content of the syllabus and the requirements of the SBA. Students were largely able to clearly state the problem or issue under investigation and to highlight the population of interest to the research.

Objectives (2 marks)

Most students were able to present at least two clearly stated and realistic objectives relative to the topic. However, some students presented objectives that were poorly stated, repetitive and ambiguous.

Background/Overview (4 marks)

Nearly all students scored at least one or two marks for describing the history and development of the topic. Some students failed to show the possible impact of the research on the researcher(s) and the population of interest and so they were not awarded the second set of two marks that was available. Students need to be encouraged to highlight the possible impact of the research as this helps them to establish why the research is necessary.

Methodology (10 marks)

Most students were able to score at least five of the ten marks available. Some students did not properly describe the data collection instrument, nor did they adequately justify the data collection method used. Students need to be encouraged to justify the data collection method in the context of their research as opposed to presenting generic advantages of the instrument used and justifying the method used to gather data.

Presentation of Data (10 marks)

Nearly all students used charts, graphs and/or tables to present the data collected. However, in most cases these were not properly labelled. In attempting to analyse the data, most students simply repeated the information presented in the charts, graph and/or tables. Students need to be encouraged to attempt some analysis of the data and to clearly state the findings of the research.

Conclusion (4 marks)

Most students did not present a logical summary of the project in the conclusion to earn the first two of the four available marks. Some students chose to use the conclusion section solely for the purpose of presenting their findings and so could not earn the maximum marks allotted.

Recommendations (4 marks)

In most cases, students offered recommendations that were consistent with economic theory, but which were not in line with the stated findings of the research. Further, some students offered recommendations that were not specifically applicable to the population of interest.

Bibliography (1 mark)

Most students did not present a properly formatted bibliography and so failed to earn the available mark.

Overall Presentation (2 marks)

Most of the SBAs appeared to be within the prescribed word limit and followed the correct sequence for the sections. Most projects were well presented with minimum errors. Students should be encouraged to proofread and properly format the project report before final submission.

PAPER 032 – ALTERNATIVE TO SCHOOL-BASED ASSESSMENT (SBA)

Similar to previous years, Paper 032 included a case study. The questions were taken from various sections of the syllabus and candidates' knowledge of both macroeconomic and microeconomic topics was tested. The mean score for the paper was 9 out of 40.

Question 1

This question tested candidates' ability to

- define balance of payments
- define recession
- define interest rate
- describe what is meant by the term *open economies*
- state two implications of open economies for foreign exchange earnings.

In Part (a) (i), candidates were required to define balance of payments. Very few candidates were able to provide an accurate definition. Although it was not a requirement, the more competent candidates gave the components of a balance of payment. Weaker candidates either did not give an answer or stated that the balance of payments is 'the balance held at financial institutions'. In Part (a) (ii), candidates were required to define a recession. Most candidates gave an adequate definition. The most popular responses provided by candidates included information related to 'an economic downturn/decline'. However, most candidates did not state that *a recession happens, for the most part, within a short period*. For Part (a) (iii), candidates were required to define interest rate. Candidates' responses were satisfactory. Many candidates earned at least one mark. However, in their responses many candidates used the word rate instead of percentage.

In Part (b), candidates were asked to describe what is meant by the term *open economies* and to state two implications of open economies for foreign exchange earnings in an economy. Many candidates did not understand what makes an economy open. As a result, they could not provide the required implications.

Question 2

This question tested candidates' ability to

- state the economic concept which was implied by a given phrase
- identify the type of fiscal policy that could be used to fight the recession
- suggest two monetary policies the government could use during a pandemic
- suggest four fiscal policies the government could use during the pandemic.

In Part (a), candidates were required to identify the economic concept implied by a given phrase. Most candidates were able to identify *unemployment* as the concept implied by the phrase. Some candidates wrote *retrenchment*, which was an acceptable answer.

In Part (b), candidates were asked to identify the type of fiscal policy that could be used to fight the recession. Most candidates wrote that an *expansionary/reflationary fiscal policy* is a useful remedy for a recession. This highlighted that many candidates had a clear understanding of these two concepts.

In Part (c) (i), candidates were required to suggest two monetary policies that the government could use during a pandemic. For Part (c) (ii), candidates were asked to suggest four fiscal policies that the government could use during the pandemic. Many candidates received at least three out of the six marks for Parts (c) (i) and (c) (ii). However, some candidates who correctly identified an expansionary fiscal policy in Part (b) could not identify the four fiscal policy examples from the case in responding to Part (c) (ii). Additionally, weaker candidates listed fiscal policy examples from the case as monetary policy examples in responding to Part (c) (i).

Question 3

This question tested candidates' ability to

- explain how the falling interest rates of commercial banks could negatively impact profits and funds available to lend.

Most candidates did not know how the falling interest rates of commercial banks could impact their profitability and the availability of funds. Furthermore, many candidates did not give an answer.

Question 4

This question tested candidates' ability to

- outline one advantage of falling interest rates for consumers, firms and the government.

Many candidates did not attempt to give an answer. Additionally, candidates who gave an answer did not receive more than two out of the six marks. Candidates demonstrated a lack of understanding of the impact of a monetary policy tool (reducing interest rates) on economic agents (consumers, the firm and the government).

Question 5

This question tested candidates' ability to

- suggest four characteristics of Caribbean economies that limited their ability to cope during the economic crisis created by the pandemic in 2020
- analyse how two of the characteristics could limit a country's ability to cope during an economic crisis.

In Part (a), candidates were asked to suggest four characteristics of Caribbean economies that limited their ability to cope during the economic crisis created by the pandemic. Some candidates did exceptionally well on Part (a), while weaker candidates did not realize that the characteristics of Caribbean economies that limited their ability to cope during the pandemic were in the case study.

Part (b) was related to Part (a). Many candidates who correctly listed the characteristics in Part (a) were unable to explain them in Part (b). Most candidates failed to earn more than three out of the six marks for Part (b).