



**CARIBBEAN
EXAMINATIONS
COUNCIL**

CSEC[®] ECONOMICS



**Subject Report
with
Exemplars**

May/June 2023

CARIBBEAN EXAMINATIONS COUNCIL

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

MAY/JUNE 2023

**ECONOMICS
GENERAL PROFICIENCY**

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INTRODUCTION

Caribbean Secondary Education Certificate (CSEC) Economics was offered in May 2023. The papers offered were as follows.

- Paper 01 — Multiple-choice
- Paper 02 — Structured-question paper
- Paper 031 — School-Based Assessment (SBA)
- Paper 032 — Alternative to the SBA (taken by private candidates)

In 2023, approximately 8074 candidates were entered for Paper 02 and 160 for Paper 032. The percentage of candidates earning Grades I–III was 69.54. The mean score for the examination was 104.72 out of 200 marks.

PAPER 01 — MULTIPLE CHOICE

Paper 01 consisted of 60 multiple choice items. The items were taken from all sections of the syllabus. This ensured that the paper was designed to adequately test candidates' knowledge of the syllabus content. Approximately 78.19 per cent of candidates earned acceptable grades. The mean score was 37.46 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 35.57 out of 100 marks.

Question 1

This question tested candidates' ability to

- define the terms *labour* and *capital*
- state two advantages of division of labour for employees
- explain how a large chain of fast-food restaurants might use various types of economies of scale to its advantage
- use the information provided in a given table to calculate fixed costs, variable costs and total cost.

Part (a) (i) and Part (a) (ii)

Part (a) (i) was attempted by most candidates. Many candidates were able to define the term *labour* correctly. However, some candidates stated what labour is or the people who make up labour but they did not state the role of labour in the production of goods and services. Therefore, they obtained only one mark.

Part (a) (ii) was also attempted by most candidates. Some candidates obtained full marks by stating the role of capital in the production of goods and services. However, many candidates gave the accounting definition of capital, defining it as anything or assets a business starts with. Such candidates were awarded one mark if they included a specific example or stated the role of capital in the production of goods and services.

Candidate's Response to Part (a) (i) and (a) (ii) — Sample 1

(a) Define EACH of the following terms.

(i) Labour

Labour is the ~~physic~~ a factor of production
that refers to the physical and mental work
of humans that is inputted into the production
process. Example: A teacher

(2 marks)

(ii) Capital

Capital is a factor of production that refers to man-made equipments and tools that are used in the production process.

Example: A tractor tractor

(2 marks)

Examiner's Comments

In the exemplar, the candidate gave correct definitions for the terms *labour* and *capital*. The candidate identified them as factors of production and included examples of each.

Candidate's Response to Part (a) (i) and (a) (ii) — Sample 2

(a) Define EACH of the following terms.

(i) Labour

Labour is a factor of production and refers to the human resource i.e workers who carry out their jobs (perform labour or work) in order to produce a good / provide a service. The factor income for labour is wages and salaries. (2 marks)

(ii) Capital

Capital is a factor of production which refers to all capital / man-made goods which are used during production for eg machinery, equipment, buildings etc. The factor income for capital is interest. (2 marks)

Examiner's Comments

In the exemplar, the candidate fully defined the two terms, identified them as factors of production and gave examples of each.

Part (b)

Part (b) was attempted by most candidates. Many candidates were awarded two marks. Those students who scored one mark or no mark gave responses such as 'low wages' and 'conflict among workers'.

Candidate's Response to Part (b) — Sample 1

- (b) State TWO **disadvantages** of the division of labour for employees.

Two disadvantages of division of labour are:
① Employees often become bored as a result of carrying out the same task repetitively.
② It is often difficult for employees to find another job in the event that the firm closes down due to them being ^{highly} skilled in only one area. It makes the employees' labour less flexible. (2 marks)

Examiner's Comments

In the exemplar, the candidate gave full explanations of two negative effects division of labour may have on employees. Firstly, the candidate stated that employees often become bored carrying out the same task repetitively. Secondly, the candidate explained that division of labour causes employees to become skilled in only one area; therefore, it would be difficult for employees to find jobs if their firm closes because they lack diverse skills.

Candidate's Response to Part (b) — Sample 2

- (b) State TWO **disadvantages** of the division of labour for employees.

1. Monotony - The constant repetition of job tasks may become monotonous and boring.
2. Lack of Other Job Opportunities - If worker who becomes too specialised may become occupationally immobile, and unable to find other work if their job is lost. (2 marks)

Examiner's Comments

In the exemplar, the candidate gave two very good explanations of how division of labour may be disadvantageous to employees. Firstly, the candidate explained that constant repetition of tasks can become monotonous and boring. Secondly, the candidate explained that if a worker becomes too specialized, he/she may be occupationally immobile and so be unable to find other job opportunities if his/her current job is lost.

Part (c)

Part (c) was attempted by the least number of candidates. Although most candidates did not score full marks, some of them provided good interpretations of the given economies of scale. Those candidates who performed poorly described each economy of scale as the tool by which the large chain of fast-food restaurants could obtain benefits. This showed that such candidates reused the terms without demonstrating how each economy of scale could be achieved or how the size of the fast-food chain impacted the achievement of the specific economy of scale.

The responses to Part (c) (i), Financial economies of scale, and Part (c) (iv), Managerial economies of scale, were the ones most poorly done by candidates. Those candidates who scored one mark for the other two economies of scale did so by including in their response an example of how the particular economy of scale could be achieved. Candidates included examples such as advertising in the case of marketing economies of scale and the use of technology in the case of technical economies of scale.

Candidate's Response to Part (c) (i) — Sample 1

(c) Explain how a large chain of fast-food restaurants might use EACH of the following economies of scale to its advantage.

(i) Financial economies of scale

Larger firms are able to receive better interest rates from financial institutions as well as, they are seen as more reliable, therefore, these firms would be granted loans more easily compared to smaller firms. (2 marks)

Examiner's Comments

In the exemplar, the candidate explained how the large fast-food chain of restaurants could obtain loans at lower interest rates than smaller firms. In so doing, the candidate demonstrated a good understanding of the concept of financial economies of scale.

Candidate's Response to Part (c) (i) — Sample 2

Question No.

2c

i) Financial economies of scale - Financial economies of scale occurs when as a business grows, banks are more willing to lend them loans as opposed to a small business because profits are greater in the bigger business. The firms can use this to their advantage and increase in factors of production, for example capital.

Examiner's Comments

In the second exemplar, the candidate demonstrated a good understanding of financial economies of scale. The candidate explained that as firms grow and earn more profits, banks are more willing to offer them loans. The candidate pointed out that smaller businesses do not enjoy this benefit because of the earn lower profits.

Candidate's Response to Part (c) (ii) — Sample 1

(ii) Marketing economies of scale

Large fast-food restaurants like KFC would have more capital than a smaller ^{restaurant} like Sally's Fried Chicken, therefore, KFC would be able to employ more resources to advertise promotions and thus, attract a wider range of consumers to their already vast list of customers. (2 marks)

Examiner's Comments

For Part (c) (ii), the candidate gave a good interpretation of marketing economies of scale by comparing a real-life large fast-food chain of restaurants with a small restaurant. The candidate explained how the larger fast-food chain has more resources to engage in more advertising; therefore, the business would be able to gain more customers than the smaller firm.

Candidate's Response to Part (c) (ii) — Sample 2

ii) Marketing economies of scale - Marketing economies of scale occur when as a business grows they are earning more profit and can pay for advertisements, quality advertisements of their product. This will draw the attention of consumers and increase their customer base and further increase profits.

Examiner's Comments

In the second exemplar, the candidate explained that as a business grows and earns more profits it is better able to afford quality advertising thus enabling it to increase its customer base. The candidate demonstrated a good understanding of marketing economies of scale.

Candidate's Response to Part (c) (iii) — Sample 1

(iii) Technical economies of scale

...Larger firms would have more capital than smaller firms, therefore, they would be able to invest in more advanced technologies to improve efficiency and production like a high-tech deep fryer, thus increasing profits. (2 marks)

Examiner's Comments

In the exemplar, the candidate explained how the large fast-food chain of restaurants could afford more advanced technologies to improve its efficiency and production than smaller firms can, thereby demonstrating his/her understanding of technical economies of scale.

Candidate's Response to Part (c) (iii) — Sample 2

(iii) Technical economies of scale

Technical economies of scale speak to the optimum use of machinery and equipment. As the firm grows, it will experience greater output for the same fixed cost, lowering total costs. An example of this would be the fast-food restaurant baking 300 patties per oven cycle instead of 20 patties. (2 marks)

Examiner's Comments

For Part (c) (iii), the candidate demonstrated a good understanding of technical economies of scale. The candidate first stated that the term refers to *the optimum use of machinery and equipment* and went on to explain that *as a firm grows it will experience greater output for the same fixed costs*, thereby lowering total costs. The candidate then ended by giving an example using a fast-food restaurant's use of an oven to bake a large quantity of patties at the same time.

Candidate's Response to Part (c) (iv) — Sample 1

(iv) Managerial economies of scale

Managerial economies of scale refers to how management may affect a growing business. As a company grows, it has the ability to employ more managers, resulting in a lower employee-to-manager ratio, and this can yield improved communication and greater efficiency. (2 marks)

Examiner's Comments

In the exemplar, the candidate illustrated that he/she had a very good understanding of managerial economies of scale. The candidate explained that as the company grows more managers can be employed, thereby reducing the employee-to-management ratio. The candidate then stated that this would result in greater communication and greater efficiency.

Candidate's Response to Part (c) (iv) — Sample 2

(iv) Managerial economies of scale

In this economies of scale, the chain of restaurants are able to employ managers, assistant managers as well as employees to efficiently operate and manage their business. Also, ^{they are able} ~~these managers~~ to pay and employ the managers with the best skills and knowledge. (2 marks)

Examiner's Comments

In Sample 2, the candidate demonstrated a good understanding of managerial economies of scale. He/she explained that the fast-food chain could employ and pay managers and assistant managers who have the best skills and knowledge to operate and manage the business efficiently.

Part (d)

Part (d) was not attempted by all candidates even though they were given a partially completed table to guide them. The candidates who scored full marks gave the correct formulae and/or correct calculations and the correct answer for the three types of production costs. However, the candidates who scored one mark gave only the answer without providing the formula or showing the calculation. A few candidates gave the formulae only, especially for variable costs and total costs.

Candidate's Response to Part (d) (i) to Part (d) (iii) — Sample 1

Part (d) (i)

- (d) XYZ Limited is a small firm that makes bicycles. Use the information in Table 1 below which displays the quantities and some costs incurred by XYZ Limited to produce bicycles and answer the questions that follow. Insert the answers on the table in the spaces labelled (i), (ii) and (iii).

TABLE 1: COSTS FOR XYZ LIMITED

Quantity	Fixed Cost (\$)	Variable Cost (\$)	Total Cost (\$)
0	(i) 10	0	10
1	10	(ii) 4	14
2	10	7	(iii) 17

- (i) Calculate the fixed cost when no bicycles are produced.
When quantity = 0, variable cost = \$0. Therefore:

$$\begin{aligned}\text{Fixed cost} &= \text{Total cost} - \text{Variable cost} \\ &= \$10 - \$0 \\ &= \$10\end{aligned}$$

The fixed cost when no bicycles are produced is \$10. (2 marks)

Part (d) (ii)

- (ii) Calculate the variable cost when 1 bicycle is produced.

$$\begin{aligned}\text{Variable cost} &= \text{Total cost} - \text{Fixed cost} \\ &= \$14 - \$10 \\ &= \$4\end{aligned}$$

The variable cost when 1 bicycle is produced is \$4.

(2 marks)

Part (d) (iii)

(iii) Calculate the total cost when 2 bicycles are produced.

$$\begin{aligned} \text{Total cost} &= \text{Fixed cost} + \text{Variable cost} \\ &= \$10 + \$7 \\ &= \$17 \end{aligned}$$

The ~~var~~ total cost when 2 bicycles are produced is \$17.

(2 marks)

Examiner's Comments

In Sample 1, the candidate demonstrated an understanding of the three types of costs. In Part (d) (i), the candidate stated how variable costs are zero when the quantity is zero, gave the formula for calculating fixed cost, did the calculation correctly and stated the value of fixed cost when no bicycle is produced. For Parts (d) (ii) and (iii), the candidate gave the formulae for calculating variable cost and fixed cost and correctly calculated the costs when one bicycle and two bicycles are produced respectively. The candidate ended by stating the costs.

Candidate's Response to Part (d) (i) to Part (d) (iii) — Sample 2

Part (d) (i)

(d) XYZ Limited is a small firm that makes bicycles. Use the information in Table 1 below which displays the quantities and some costs incurred by XYZ Limited to produce bicycles and answer the questions that follow. Insert the answers on the table in the spaces labelled (i), (ii) and (iii).

TABLE 1: COSTS FOR XYZ LIMITED

Quantity	Fixed Cost (\$)	Variable Cost (\$)	Total Cost (\$)
0	(i) 10	0	10
1	10	(ii) 4	14
2	10	7	(iii) 17

(i) Calculate the fixed cost when no bicycles are produced.

$$\begin{aligned} \text{Fixed Cost} &= \text{Total Cost} - \text{Variable Cost} \\ \text{Fixed Cost} &= 10 - 0 \\ \text{Fixed Cost} &= \$10 \end{aligned}$$

Variable Cost is 0 because variable cost is determined based on the quantity output; thus it is zero.

Part (d) (ii)

(ii) Calculate the variable cost when 1 bicycle is produced.

$$\begin{aligned} \text{Variable Cost} &= \text{Total Cost} - \text{Fixed Cost} \\ \text{Variable Cost} &= 14 - 10 \\ \text{Variable Cost} &= \$4 \end{aligned}$$

Fixed cost is always the same ~~to~~ and have to be paid despite the output.

Part (d) (iii)

(iii) Calculate the total cost when 2 bicycles are produced.

$$\begin{aligned} \text{Total Cost} &= \text{Fixed Cost} + \text{Variable Cost} \\ \text{Total Cost} &= 10 + 7 \\ \text{Total Cost} &= \$17 \end{aligned}$$

(2 marks)

Examiner's Comments

In Sample 2, the candidate gave a comprehensive response. In Part (d) (i), in addition to stating the correct formula and correctly calculating fixed costs when no bicycles are produced, the candidate explained that variable costs are zero since these costs are determined by the quantity of output produced. In Part (d) (ii), the candidate not only gave the correct formula and correctly calculated variable costs when one bicycle is produced but also explained that fixed costs remain the same despite the [change in] output. In Part (d) (iii), the candidate gave the correct formula and correctly calculated total costs when the firm produces two bicycles.

Recommendations

Recommendations for Teachers

- Teachers should ensure that students are aware of the meaning of the terms *labour* and *capital* in relation to factors of production. Doing so would help students understand that labour is not limited to workers or employees who perform tasks and capital is not only related to the accounting definition (money needed to start a business).
- Throughout the course, teachers should review the factors of production during discussions on other topics. Doing so may prevent students from defining such terms incorrectly.
- Teachers should use real-life examples to discuss the meaning of division of labour (specialization) with their students. Doing so may help students understand how implementing the concept extensively may be disadvantageous to employees.
- Teachers should ensure that students understand that the general meaning of economies of scale is *the benefits firms obtain as they increase in size*. After students have gained this understanding, teachers should explain how larger firms can obtain the specific benefits of each type. Using real-life examples can also be helpful when explaining the specific benefits. It is recommended that teachers discuss the benefits more often since this part of the question presented the most problems for students.
- Teachers should ensure that students are aware of the meanings of the various production costs. In addition, students should be taught the various methods and formulae used to calculate these costs.
- Teachers must encourage their students to engage in regular reviews of all topics. Students should also be taught to read and interpret questions carefully before providing a response. Doing so may help them provide answers that are relevant.

Question 2

This question tested candidates' ability to

- state three non-price determinants of demand
- state three factors that influence price elasticity of supply
- explain price elasticity of demand for various pairs of goods
- identify the demand and supply curves as well as the equilibrium position using labels
- illustrate the effects of a supply determinant in a specific market.

Part (a)

Part (a) was attempted by most candidates. Generally, candidates performed well. Most candidates provided two correct determinants so they gained two marks out of three marks. Many candidates gave redundant responses. For example, they listed *taste* as a factor and then proceeded to list other factors which were synonymous with taste. Such factors included the following.

- Preference
- Advertising
- Marketing
- Brand loyalty
- Viral popularity
- Habits
- Fashion
- Seasonal factors (for example, Christmas)
- Trends
- Bandwagon effect

In addition, candidates confused factors affecting supply determinants with factors affecting demand determinants. A few candidates stated the number or availability of substitutes/complements as opposed to their price.

Candidate's Response to Part (a)

2. (a) List THREE non-price factors, **other than** its own price, that impact demand for a good.

- level of income
- size of population
- Taste/Preference

(3 marks)

Examiner's Comments

The candidate's response was succinct and accurate.

Part (b)

Part (b) was attempted by most candidates. Generally, this part was well done. Most candidates scored two out of three marks. A few candidates earned the maximum three marks because they clearly stated the three determinants of price elasticity of supply. Many candidates stated factors affecting price elasticity of demand. Stating such was incorrect. Other candidates identified causes of changes in supply rather than factors that impact price elasticity of supply.

Candidate's Response to Part (b)

(b) List THREE factors that impact the price elasticity of supply.

- ~~High~~ Cost of Production
- Time ~~Weather~~ Taxes and Subsidies
- ~~Necessity of the Good~~ Technology

(3 marks)

Examiner's Comments

The candidate interpreted the question correctly and provided the specific economic concepts for the determinants of price elasticity of supply.

Part (c)

Part (c) was attempted by most candidates and generally, candidates performed moderately. In each pair of goods given, some candidates were able to indicate the good with the greater price elasticity of demand; however, candidates failed to provide an appropriate explanation for their answer.

Most candidates chose to define the term *elasticity*. Other candidates defined “more price elastic demand” in terms of goods that undergo a greater than proportionate change in quantity than change in price. Additionally, some candidates gave the correct explanation but they chose the wrong good; therefore, they were awarded no marks.

Few candidates were able to indicate the correct good and justify their response by specifically including the relevant determinant of price elasticity of demand. The following are the expected responses for Part (c).

- A red motorcar or all motor vehicles — A red motor car is the more demand elastic good because it is unique and has fewer substitutes.
- Jewellery or prescription medication — Jewellery is the more demand elastic good because it is a luxury good and not a necessity good.
- An increase in gas prices today or a tax on gas a year after the tax is introduced — A tax on gas a year after the tax is introduced is the more demand elastic good because customers are better able to respond to prices changes in the long term.
- Laptops or electricity — Laptops are the more demand elastic good because they have fewer uses when compared to electricity.

Candidate’s Response to Part (c) (i)

(c) For EACH of the following pairs of goods, explain which good has more price elastic demand.

(i) A red motorcar or all motor vehicles

~~The~~ ~~is~~ The red motorcar will have a greater responsiveness to price change because it is a unique good. It's colour makes it unique and as there are ~~no~~ very little substitutes to the colour red. (2 marks)

Examiner’s Comments

For Part (c) (i), the candidate provided a comprehensive response. In the response, the candidate correctly identified the good with the greater price elasticity of demand and included the specific determinant, substitutability, in the case of a unique versus a non-distinctive good.

Candidate's Response to Part (c) (ii)

(ii) Jewellery or prescription medicine

Jewellery has a more elastic demand as it is a luxury good and therefore will be demanded less if price increases compared to medicine which is a necessity

(2 marks)

Examiner's Comments

For Part (c) (ii), the response was comprehensive because the candidate correctly identified the good with the greater price elasticity of demand and included the specific determinant to be used when comparing necessity goods and luxury goods.

Candidate's Response to Part (c) (iii)

(iii) An increase in gas prices today or a tax on gas a year after the tax is introduced

An increase in gas prices today is not likely to be as elastic as the tax because the increase in prices is quite sudden so drivers and consumers will still purchase but the tax after a year will give consumers time to plan and find alternatives. Tax on gas is more elastic. (2 marks)

Examiner's Comments

In the exemplar, the response was comprehensive as the candidate correctly identified the good with the greater price elasticity of demand and included the specific determinant which is the ability of consumers to adjust in the long term versus their ability to adjust in the short term to price changes.

Candidate's Response to Part (c) (iv)

(iv) Laptops or electricity

For laptops have a more elastic PED because not everyone buys them or needs them so less persons would want to buy if price increases. Electricity has a more inelastic PED because everyone uses it and depends on it way more. (2 marks)

Examiner's Comments

In the exemplar, the response was comprehensive because the candidate correctly identified the good with the greater price elasticity of demand and included the specific determinant of number of uses per good.

Part (d) (i)

Part (d) (i) was attempted by many candidates and was very well done. Candidates demonstrated sound knowledge of the concept of the market mechanism by correctly labelling the downward sloping curve as Demand and the upward sloping curve as Supply. Candidates scored the full two marks by labelling the curves correctly. Very few candidates labelled the curves inaccurately.

Candidate's Response to Part (d) (i)

(d) Study Figure 2 which represents the market for coffee in Joeland and answer questions (d) (i) and (ii) that follow.

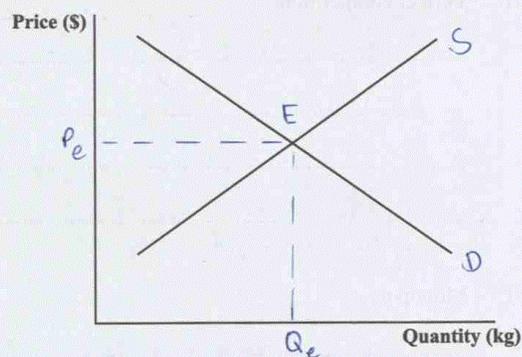


Figure 2. Market for coffee in Joeland

(i) On the diagram in Figure 2, label the demand curve with the letter D and the supply curve with the letter S. (2 marks)

Examiner's Comments

The candidate's response was thorough as the demand and supply curves were both accurately labelled and the equilibrium price and quantity were also included on the diagram.

Part (d) (ii)

Part (d) (ii) was attempted by many candidates and was extremely well done. Most candidates recognized that the equilibrium point in the price mechanism exists where the demand and supply curves intersect or are equal. Candidates were awarded one mark for providing the correct answer. Some candidates also provided the equilibrium price and equilibrium quantity along with the equilibrium point.

Candidate's Response to Part (d) (ii)

- (d) Study Figure 2 which represents the market for coffee in Joeland and answer questions (d) (i) and (ii) that follow.

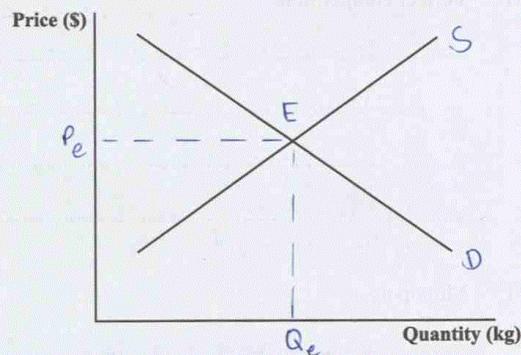


Figure 2. Market for coffee in Joeland

- (i) On the diagram in Figure 2, label the demand curve with the letter D and the supply curve with the letter S. (2 marks)
- (ii) On the diagram in Figure 2, identify the market equilibrium. E (1 mark)
 $P_e = \text{equilibrium price}$, $Q_e = \text{equilib. quantity}$

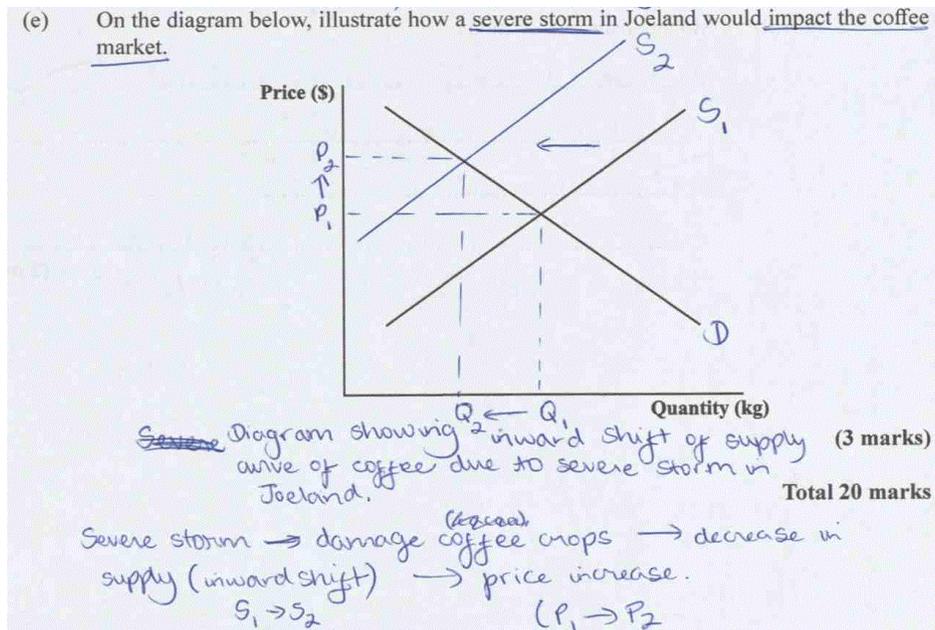
Examiner's Comments

The candidate clearly identified the equilibrium point on the diagram.

Part (e)

Part (e) was attempted by most candidates but it was poorly done. Very few candidates were able to analyse the information presented and thus were unable to correctly illustrate the consequences of a storm on the coffee market for the specified country. Some candidates incorrectly indicated a rightward shift of the supply curve, a leftward or rightward shift of the demand curve and even a movement (extension or contraction) along either the demand or supply curves. Though some candidates correctly illustrated a leftward shift of the supply curve and gained one mark, they were not awarded the full three marks because they did not include the resulting increase in quantity and decrease in price of coffee traded on the market. Also, though candidates were required to illustrate the answer on the diagram, some candidates answered using a written response.

Candidate's Response to Part (e)



Examiner's Comments

The candidate correctly analysed the information given and illustrated how a severe storm would impact the new equilibrium price and quantity, and the supply curve.

Recommendations

Teachers should take note of the following recommendations.

- Teachers should explain and reinforce to students the existence of other demand factors besides the consumer's taste/preferences. Students cannot earn additional marks when they give redundant answers.
- Appropriate teaching methods should be used to review and emphasize the distinction between supply and demand determinants as well as price elasticity of supply and price elasticity of demand. Real world examples can be used to improve students' understanding of all economic concepts.
- Teachers can present case studies or scenarios for students to interpret. Students can use the information from these stimulus materials and relate them to the relevant economic concepts. Doing so would enhance students' analytical and application skills, which are essential in economics.
- Teachers can present concepts to students in a graphical format from which various changes in the demand and supply can be easily illustrated. This would make the teaching of the market mechanism concept more dynamic and interesting. Teachers should also reinforce students' understanding of the fundamental components of a diagram such as the accurate plotting of coordinates, appropriate labelling, the calibration of the axes and the slope of the curves.

Question 3

This question tested the candidate's ability to

- identify two characteristics of each of the three types of market structures given
- use economic concepts to explain the problem created when community members are asked to make a voluntary monthly contribution for public internet access
- indicate whether specific goods and services are merit or public goods
- identify the cause of market failure in a given scenario
- use the information in a given table to explain the market failure that was identified.

After selecting and analysing a sample of 1350 scripts from an estimated total of 6108, it was noted that, on average, candidates scored between 8 and 11 marks. It was also noted that just over 40 per cent of candidates in the sample earned at least 10 of the 20 allotted marks. The highest mark recorded by any candidate was 16 out of 20.

Part (a) (i) to Part (a) (iii)

Part (a) (i) to Part (a) (iii) was attempted by most candidates within the sample. Generally, candidates demonstrated knowledge of the required content. In most instances, they gave clear, concise and correct responses and were therefore awarded full marks.

There were a few instances in which candidates confused the characteristics of the various market structures. The characteristics most frequently confused were monopolistic competition and monopoly.

Candidate's Response to Part (a) (i)

3. (a) Identify TWO characteristics of EACH of the following types of market structures.

(i) Perfect competition

Perfect knowledge of the market

Many buyers and sellers

(2 marks)

Examiner's Comments

The candidate correctly identified two characteristics of perfect competition.

Candidate's Response to Part (a) (ii)

(ii) Monopoly

Many buyers and one seller

High barriers to entry

(2 marks)

Examiner's Comments

The candidate correctly identified two characteristics of monopoly.

Candidate's Response to Part (a) (iii)

(iii) Monopolistic competition

low barriers to entry

Many buyers and sellers

(2 marks)

Examiner's Comments

The candidate correctly identified two characteristics of monopolistic competition.

Part (b)

Many candidates attempted to provide an answer. It was evident that most candidates recognized that public internet access is a public good. Additionally, many candidates were able explain that the free-rider problem existed because of the non-excludability or zero-priced characteristic that is associated with public goods. However, most candidates did not develop their responses sufficiently to highlight the consequences of the free rider problem such as non-provision or under-provision of the public good. Hence, most candidates received one or two marks. No candidate obtained full marks.

In some instances where candidates attempted to expound on the free-rider problem, they strayed from what was required and instead pointed out that it was unfair to ask individuals to pay for a good that was zero-priced. In other instances, candidates raised issues related to consumers' disposable income. They argued that since most people in the communities earned low wages, their disposable income would be insufficient to cover their personal expenses and the voluntary contributions. Hence, they contended that the opportunity cost that would be incurred when the voluntary contributions are made would be burdensome and wrong.

Candidate's Response to Part (b)

- (b) Using economic concepts, explain the problem created when community members are asked to make a voluntary monthly contribution for public internet access.

The problem created is market failure from a provision of a public good. Consumers are asked to provide a public good of internet access. This may encourage free riders since the good is non-excludable. The good is also zero priced so individuals other than the community members using the good will not pay. This discourages the provision of the good. (4 marks)

Examiner's Comments

In the exemplar, the candidate gave most of the details needed to explain the free rider problem caused by the existence of public goods.

Part (c) (i) to Part (c) (iv)

Generally, candidates performed well. There was a high response rate and candidates seldom scored zero. Many candidates were able to distinguish correctly between the two types of goods and were therefore awarded the allotted four marks. However, where candidates obtained three marks, it was observed that they almost always gave an incorrect response to Part (c) (iii). Similarly, when candidates obtained one to two marks, they often gave incorrect responses for Part (c) (iii) and Part (c) (iv).

It was therefore evident that most candidates could identify that “Primary school provided by a private organization is a merit good and “The national army of a country” is a public good. On the contrary, some candidates were unable to correctly classify “Health care” and “Lighting of a village along main streets” as merit and public goods respectively.

Candidate’s Response to Part (c) (i)

- (c) Indicate whether the following goods and services are merit or public goods.
 - (i) Primary school provided by a private organization

..... Merit good

Examiner’s Comments

The candidate correctly classified a private primary school as a *merit good*.

Candidate’s Response to Part (c) (ii)

- (ii) The national army of a country

..... ~~Merit good~~ public good

Examiner’s Comments

The candidate correctly classified a country’s national army as a *public good*.

Candidate's Response to Part (c) (iii)

(iii) Health care

..... Merit good

Examiner's Comments

The candidate correctly classified health care as a *merit good*.

Candidate's Response to Part (c) (iv)

(iv) Lighting of a village along main streets

..... public good

(4 marks)

Examiner's Comments

The candidate correctly classified lighting along main streets as a *public good*.

Part (d) (i) and Part (d) (ii)

Overall, Part (d) (i) and Part (d) (ii) were poorly done. It was observed that no candidate (out of all candidates taking the examination) obtained full marks. Further, less than one per cent of all candidates earned two to three marks. Moreover, more than 90 per cent of all candidates earned no marks. It was evident that candidates were unable to demonstrate a clear understanding of the concept being tested in these parts.

Part (d) (i)

While many candidates attempted to provide an answer, most of them failed to give one that was correct. Approximately two per cent of candidates within the sample earned the allotted two marks for stating the correct answer. Similarly, just over two per cent of candidates in the sample gave negative externality or externality as the answer. Such candidates were awarded one mark.

On most occasions, candidates gave incorrect causes of the market failure presented in the scenario such as 'monopolies', 'public goods' and 'merit goods'. Consequently, most candidates were awarded a zero.

Candidate's Response to Part (d) (i)

- (d) Assume there is no government in the town of Roadville. Table 1 shows the demand and supply schedules, as well as the marginal social benefit for road repairs. The marginal social benefit is the total benefit to society from consuming additional units of a good.

TABLE 1: DEMAND AND SUPPLY SCHEDULES AND MARGINAL SOCIAL BENEFIT FOR ROAD REPAIRS IN ROADVILLE

Price per Pothole (\$)	Demand	Supply	Marginal Social Benefit
80	2	14	6
70	4	12	8
60	6	10	10
50	8	8	12
40	10	6	14
30	12	4	16
20	14	2	18

- (i) Identify the cause of the market failure in Roadville's road repair market.

Positive externalities

(2 marks)

Examiner's Comments

Based on the scenario and table presented, the candidate correctly identified *positive externalities* as the cause of the market failure.

Part (d) (ii)

Many candidates gave general responses that related to demand and supply rather than positive externality. Hence, there were references to shortage and surplus in the market rather than specifically to the positive spill-over effect or marginal social benefit. However, in the few instances where candidates did not give a full answer, they were awarded one to two marks. It should be noted that no candidate earned full marks.

Candidate's Response to Part (d) (ii)

(ii) Using the information in the table, explain the market failure identified in (d) (i).

Since people receive the benefits of the road repair without paying for it means that the firm is less profitable and are willing to supply less. However, if the demand for road repairs are NOT MET this means the market has failed to satisfy the wants of society and therefore the market has failed

(4 marks)

Examiner's Comments

The candidate provided pertinent details to explain the positive externality.

Recommendations

Teachers should take note of the following recommendations.

- Teachers can use various methods to ensure that students have a clear understanding of the concepts that students are likely to confuse with others. For example, teachers can engage students in activities that emphasize the key differences between
 - monopoly market and monopolistic competition
 - public goods and merit goods
 - positive externalities and negative externalities.
- Teachers can also use the three Suggested Teaching and Learning Activities found at the end of Section 4 of the syllabus. Doing so could facilitate students' attainment of the objectives.

Question 4

This question tested candidate's ability to

- list four qualities of money
- define the term *financial sector*
- identify and relate the functions of money to certain actions from a given scenario
- use a given scenario to identify countries having comparative and absolute advantage
- use a given scenario to determine the specific product a country should export.

Part (a) (i)

Generally, Part (a) (i) was satisfactorily done. Many candidates obtained full marks. Approximately less than five per cent of candidates were able to identify only one or none of the qualities. In addition, some candidates confused some of the functions of money with the qualities of money.

Candidate's Response to Part (a) (i)

4. (a) (i) List FOUR qualities of money:
- ① ~~Divisibility~~ It is divisible
 - ② ~~Portable~~ It is portable
 - ③ It is acceptable
 - ④ It is homogenous
-
-
-
- (4 marks)

Examiner's Comments

The candidate provided a clear and concise list of four qualities of money.

Part (a) (ii)

Part (a) (ii) was worth two marks. Very few candidates were able to score full marks. Generally, candidates seemed to be unable to provide an answer. Candidates were able to identify some of the economic activities undertaken in the financial sector, particularly with respect to management of money. However, approximately only 10 per cent of candidates was able to provide a succinct definition which highlighted the interaction between economic agents in delivering the services associated with this sector.

Candidate's Response to Part (a) (ii)

(ii) Define the term 'financial sector'.

The 'financial sector' is defined as the network of households, businesses, consumers, financial institutions and government interacting in an economy.

(2 marks)

Examiner's Comments

The candidate provided a succinct definition in which the key economic agents and the fact that they interact were highlighted.

Part (b)

Part (b) was satisfactorily done. The stronger candidates were able to adequately identify the four functions of money and relate them to the case study presented. While many candidates were unable to adequately identify four functions, they were able to provide an explanation that implied the function and, in several cases, were also able to relate their responses to the case study. These candidates were able to obtain a passing score. The weaker candidates demonstrated limited knowledge of the functions of money. Such candidates often confused the functions of money with the qualities of money.

Candidate's Response to Part (b) (i)

- (b) Ann goes to the commercial bank to withdraw money to buy a new dress. The price of the dress is \$150. She also checks the amount she has saved towards buying a house in five years. She will need to take a loan to buy the house which she will repay in the future.

Identify the FOUR functions of money and state how Ann's actions relate to EACH of the FOUR functions.

- (i) Function 1

A standard of deferred payment can relate to the loan which she will use to buy the house currently and she will repay the loan as time progresses.

Candidate's Response to Part (b) (ii)

- (ii) Function 2

A unit of account is seen where we see figure for the dress and we have a measure of value at \$150.

Candidate's Response to Part (b) (iii)

(iii) Function 3

Medium of exchange is shown where the money cost for the dress is \$150 and she proceeds to buy it with a withdrawal from the bank.

Candidate's Response to Part (b) (iv)

(iv) Function 4

A store of value is shown where she has a savings account working towards buying her house.

(8 marks)

Examiner's Comments

In the exemplar, the candidate provided very clear responses. In each response, the candidate highlighted a function of money and explained the function highlighted by referring to the examples in the case study.

Part (c)

For Part (c), candidates were required to identify the country which possessed the comparative advantage or absolute advantage without giving an explanation. The mean mark for Part (c) was four out of six marks. Generally, the stronger candidates scored full marks while the weaker candidates scored at least three marks.

Candidate’s Response to Part (c) (i)

- (c) Merryville and Summerville can both produce banana chips and chocolate. Summerville uses less labour than Merryville to produce each of the goods. The opportunity costs of producing one unit of each good for each country are listed in Table 2.

TABLE 2: OPPORTUNITY COSTS PER UNIT OF OUTPUT

Country	Banana chips	Chocolate
Merryville	1/3 chocolate	3 banana chips
Summerville	2 chocolates	1/2 banana chips

- (i) Identify the country that has the comparative advantage in producing banana chips.

..... Merryville (1 mark)

Candidate’s Response to Part (c) (ii)

- (ii) Identify the country that has the comparative advantage in producing chocolate.

..... Summerville (1 mark)

Candidate’s Response to Part (c) (iii)

- (iii) Identify the country that has the absolute advantage in producing banana chips.

..... ~~Merryville~~ Summerville (1 mark)

Candidate’s Response to Part (c) (iv)

- (iv) Identify the country that has the absolute advantage in producing chocolate.

..... ~~Summerville~~ Summerville (1 mark)

Candidate's Response to Part (c) (v)

- (v) Suggest the country that should export banana chips.

.....Mergville.....
(1 mark)

Candidate's Response to Part (c) (vi)

- (vi) Suggest the country that should export chocolate.

.....Summerville.....
(1 mark)

Examiner's Comments

The candidate answered each part correctly, identifying the country which matched the criterion given.

Recommendations

Teachers should take note of the following recommendations which have been provided in response to students' inability to distinguish between similar concepts and to respond effectively to case studies.

- Teachers should use teaching methods and strategies that enhance students' knowledge of basic economic concepts. For example, teachers can increase the use of real-life examples where these concepts relate to everyday activities as is the case of basic concepts associated with money. Using such strategies would help students to avoid confusing and misunderstanding concepts. In addition, students would be better able to distinguish between closely related concepts.
- Teachers should do more in-class reviews of scenarios to demonstrate the usefulness/utility of concepts in economics that the average individual tends to encounter on a day-to-day basis.
- Teachers can incorporate, into their teaching, YouTube videos that students can relate to that provide detailed but simple explanations of economic concepts and that demonstrate their real-life usefulness of these concepts.

Question 5

This question tested candidates' ability to

- describe the difference between a bilateral and multilateral agreement
- identify the terms *economic growth*, *structural adjustment* and *common market* based on a given description
- identify the types of unemployment described in given scenarios and recommend a solution for the problem that could be implemented by the government
- explain how the existence of trade unions can lead to unemployment
- identify the types of flows on a two-sector, circular flow of income
- identify where goods and services, and expenditure should be placed in a sentence to complete it correctly
- explain how inflation affects the ability of households to purchase food.

Part (a)

Most candidates were unable to fully distinguish between a bilateral and a multilateral agreement. The better candidates identified the bilateral agreement as a trading agreement between two countries and the multilateral agreement as a trading agreement among three or more countries. Some candidates gave an example of a trading agreement as the one among member states of CARICOM.

Candidate's Response to Part (a) — Sample 1

5: (a) Describe the difference between a bilateral agreement and a multilateral agreement.

A bilateral agreement is a trading agreement between only 2 countries while a multilateral agreement is a trading agreement among ~~any~~ 2 or more countries.

Candidate's Response to Part (a) — Sample 2

5. (a) Describe the difference between a bilateral agreement and a multilateral agreement.

A bilateral agreement is an agreement between ^{only} two countries to trade goods and services, exempt of barriers to trade, or they are significantly reduced.

A multilateral agreement is an agreement ~~between~~ ^{among} more than two countries to trade goods and services amongst each other, exempt of barriers to trade.

(3 marks)

Candidate's Response to Part (a) — Sample 3

5. (a) Describe the difference between a bilateral agreement and a multilateral agreement.

A bilateral agreement in economics refers to a trade agreement formed between two countries, eg. Guyana and Barbados, while a multilateral trade agreement is one that is formed among three or more countries. An example would be CARICOM: an agreement / customs union amongst 15 countries.

(3 marks)

Examiner's Comments

In the first three samples, the candidates competently distinguished between a bilateral and a multilateral agreement.

Candidate's Response to Part (a) — Sample 4

5. (a) Describe the difference between a bilateral agreement and a multilateral agreement.

...The difference between bilateral agreement and multilateral agreement is that
...Bilateral agreement is an agreement between two countries. For example, an agreement between Trinidad and Jamaica
...agreement is an agreement among multiple or many countries. An example is Guyana
...Trinidad, Jamaica and the US has an agreement.

Examiner's Comments

In Sample 4, the candidate did not identify bilateral and multilateral agreements as types of trade agreements. However, the candidate was able to distinguish between the two types of agreements.

Part (b) (i)

Most candidates were unable to correctly identify the term *economic growth*; many candidates incorrectly identified it as real GDP.

Candidate's Response to Part (b) (i)

(b) Identify the term described by EACH of the following phrases.

(i) "The increase in a country's real output of goods and services over a period of time, usually one year".

...Economic growth
(1 mark)

Examiner's Comments

In the exemplar, the candidate correctly identified that the term for the description given was *economic growth*.

Candidate’s Response to Part (b) (ii) — Sample 1

- (ii) “A set of economic reforms that a country must adhere to in order to secure a loan from the International Monetary Fund and/or the World Bank”.

..... Structural Adjustments

Examiner’s Comments

In the exemplar, the candidate correctly identified *structural adjustment* as the term for the given description.

Candidate’s Response to Part (b) (ii) — Sample 2

- (ii) “A set of economic reforms that a country must adhere to in order to secure a loan from the International Monetary Fund and/or the World Bank”.

..... Structural Aaherance Regulations (S.A.R)

(1 mark)

Examiner’s Comments

The candidate was unable to identify structural adjustment.

Part (b) (iii)

Most candidates could not identify common market. Some candidates only provided an example of a common market such as CARICOM Single Market and Economy (CSME), which was incorrect.

Candidate’s Response to Part (b) (iii) — Sample 1

- (iii) “A type of trade bloc or agreement between nations that allows products, labour and technology to move freely across borders”.

..... Common or Single market

(1 mark)

Candidate’s Response to Part (b) (iii) — Sample 2

- (iii) “A type of trade bloc or agreement between nations that allows products, labour and technology to move freely across borders”.

..... Common Market

(1 mark)

Candidate’s Response to Part (b) (iii) — Sample 3

- (iii) “A type of trade bloc or agreement between nations that allows products, labour and technology to move freely across borders”.

.....Common / Single Market eg. CSME.....
(1 mark)

Examiner’s Comments
In the exemplars, the candidates correctly identified *common market* as the term for the given description.

Part (c) (i)

Most candidates could not identify the term structural or technological unemployment. In addition, they could not recommend a solution that could be implemented by the government. The better candidates identified structural unemployment and recommended that the government provide training programmes in technology so people could seek jobs in the field.

Candidate’s Response to Part (c) (i) — Sample 1

- (c) For EACH of the following scenarios, identify the type of unemployment described and recommend a solution by the government for the problem.

- (i) Mary lost her job as a travel agent due to the increased popularity of online booking websites.

Type of unemployment

.....Structural unemployment.....

Solution

.....~~Retrain~~ Mary can join retraining programs to.....
.....acquire new skills for a different job that is.....
.....in demand.....

Examiner’s Comments
The candidate correctly identified structural unemployment as the correct type of unemployment described in the scenario and provided a solution that could be implemented by the government. However, the candidate was unable to explain the solution.

Candidate's Response to Part (c) (i) — Sample 2

(c) For EACH of the following scenarios, identify the type of unemployment described and recommend a solution by the government for the problem.

(i) Mary lost her job as a travel agent due to the increased popularity of online booking websites.

Type of unemployment

Structural unemployment

Solution

Mary can enroll in other training institutions and gain new skills to specialize in other areas; Government can invest in training institutions to help people like Mary.

Candidate's Response to Part (c) (i) — Sample 3

(c) For EACH of the following scenarios, identify the type of unemployment described and recommend a solution by the government for the problem.

(i) Mary lost her job as a travel agent due to the increased popularity of online booking websites.

Type of unemployment

Structural unemployment

Solution

Government can offer training facilities at a subsidised cost so persons can expand their skill base, therefore expanding their job opportunities.

(3 marks)

Candidate's Response to Part (c) (i) — Sample 4

(c) For EACH of the following scenarios, identify the type of unemployment described and recommend a solution by the government for the problem.

- (i) Mary lost her job as a travel agent due to the increased popularity of online booking websites.

Type of unemployment

Structural Unemployment

Solution

In such cases, the government should offer support programmes for those unemployed due to becoming obsolete and maybe subsidize training/education opportunities in a different field.

Examiner's Comments

In Samples 2, 3 and 4, the candidates correctly identified the type of unemployment described in the scenario as structural unemployment and they explained a solution that government could implement.

Part (c) (ii)

Most candidates were able to identify the term cyclical unemployment but could not recommend a solution that could be used by the government.

The better candidates identified the type of unemployment described in the scenario as cyclical unemployment and recommended that the government lower taxes via reflationary fiscal policy to increase aggregate demand and stimulate the economy so that employment would increase. The weaker candidates suggested using fiscal policy without mentioning a specific measure that could be implemented to increase employment. Therefore, such candidates were not awarded any marks.

Candidate's Response to Part (c) (ii)

- (ii) Patrick was laid off from the fast-food restaurant when sales decreased because of the economic downturn.

Type of unemployment

Cyclical unemployment

Solution

The government could initiate ^{reflationary} monetary policies and ^{reflationary} fiscal ~~policies~~ ^{income} to inject money into the circular flow of ~~income~~ and increase aggregate demand which induces firms to produce more output and hire more factors of production like labour. (3 marks)

Examiner's Comments

The candidate correctly identified cyclical unemployment and explained the solution.

Part (d)

The better candidates included an explanation of real wage unemployment in their responses. They outlined that an increase in the cost of wages could result in an excess supply of labour, leading to an increase cost in production. This increase in cost production leads to a reduction in demand for labour which in turn causes an increase in unemployment. The weaker candidates simply could not give an explanation.

Candidate's Response to Part (d) — Sample 1

- (d) Explain how the existence of trade unions can lead to unemployment.

Trade unions contribute to cost-push inflation when they demand for increased wages that ~~do not match~~ exceeds the value of the labour productivity. With increased wages employers ~~se~~ must reduce the amount of labour used to maintain profits which therefore leads to unemployment. (2 marks)

Candidate's Response to Part (d) — Sample 2

- (d) Explain how the existence of trade unions can lead to unemployment.

When trade unions advocate for and cause the rise in wages for their workers, this can lead to real wage unemployment. As the prices for labour wages increases, firms have to combat price changes, sometimes by reducing labour. This causes the unemployment. (2 marks)

GO ON TO THE NEXT PAGE

Candidate's Response to Part (d) — Sample 3

- (d) Explain how the existence of trade unions can lead to unemployment.

Trade unions have a responsibility to ensure fair wages to employees. So if they're successful in increasing the wages paid & it is above the equilibrium amount, unemployment occurs because the supply of labour increases while its demand decreases. (2 marks)

Candidate's Response to Part (d) — Sample 4

(d) Explain how the existence of trade unions can lead to unemployment.

Trade Unions may cause real-wage employment by negotiating and raising wages/salaries over the equilibrium which causes employers to only be able to accommodate less employees, as they cannot afford to pay several employees high wages. (2 marks)

GO ON TO THE NEXT PAGE

Candidate's Response to Part (d) — Sample 5

(d) Explain how the existence of trade unions can lead to unemployment.

Trade unions are associated with workers of same occupation and common employer seeking interest of their members. The main aim is to increase wages and working conditions of workers. Wages are considered an input in the production as the cost of factors of production increases, firms decrease supply to maximize profits, therefore only a few workers are needed resulting to the firm firing workers which leads to unemployment. (2 marks)

Examiner's Comments

The candidates competently explained how the existence of trade unions can lead to unemployment.

Part (e) (i)

Many candidates were able to identify the flows labelled A and B on the circular flow of income as factor payments and purchases of goods and services respectively.

Candidate's Response to Part (e) (i) — Sample 1

- (e) Study Figure 3 which shows the circular flow of income and answer the questions that follow.

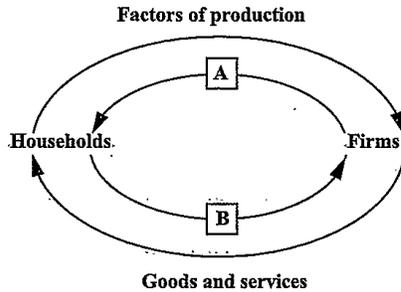


Figure 3. Circular flow of income

- (i) Identify the types of flows labelled A and B.

A ~~Money flows~~ factor incomes which are money flows
 B Payment for goods and services which are money flows
 (2 marks)

Candidate's Response to Part (e) (i) — Sample 2

- (e) Study Figure 3 which shows the circular flow of income and answer the questions that follow.

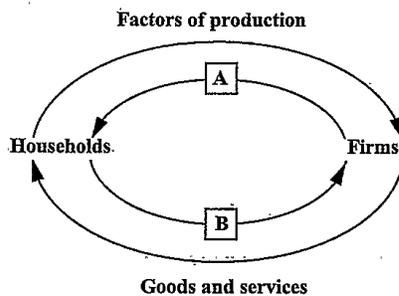


Figure 3. Circular flow of income

- (i) Identify the types of flows labelled A and B.

A Factor rewards (profits, wages, rent, interest)
 (consumption spending)
 B Expenditure of goods and services
 (2 marks)

Candidate's Response to Part (e) (i) — Sample 3

- (e) Study Figure 3 which shows the circular flow of income and answer the questions that follow.

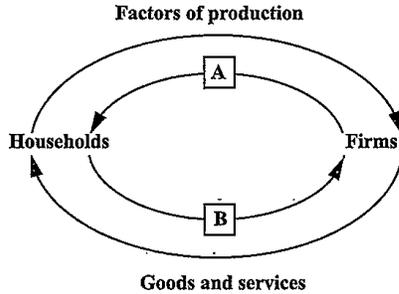


Figure 3. Circular flow of income

- (i) Identify the types of flows labelled A and B.

A Factor Incomes

B Consumer Expenditure on Goods & Services

(2 marks)

Candidate's Response to Part (e) (i) — Sample 4

- (e) Study Figure 3 which shows the circular flow of income and answer the questions that follow.

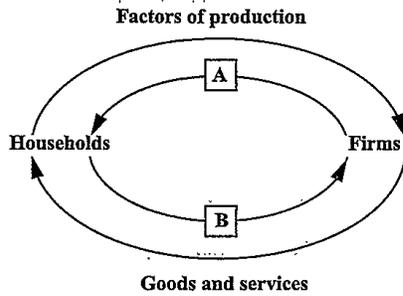


Figure 3. Circular flow of income

- (i) Identify the types of flows labelled A and B.

A Income: Rewards for Factors of Production

B Expenditure: Payment for Goods and Services

(2 marks)

Candidate's Response to Part (e) (i) — Sample 5

- (e) Study Figure 3 which shows the circular flow of income and answer the questions that follow.

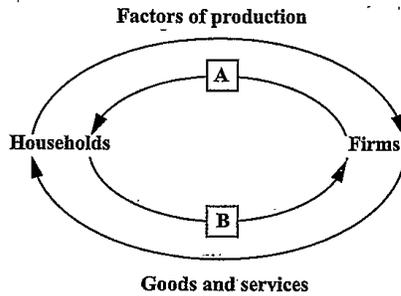


Figure 3. Circular flow of income

- (i) Identify the types of flows labelled A and B.

A ...Factor... services... Income.....
 (Factor Income) Factor Services
 B ...Income... as payment... to... goods and services... purchased by... households.....

Examiner's Comments

The candidates identified the flows labelled A and B correctly.

Part (e) (ii)

Most candidates incorrectly identified the first missing term, *expenditure*, as 'income' whilst most candidates correctly identified the second missing term as *goods*.

Candidate's Response to Part (e) (ii) — Sample 1

- (ii) Fill in the blanks below with the correct terms to complete the sentence.

An increase in income tax will cause the flow ofmoney.....
 to decrease because disposable income will decrease and households will buy less
goods...and...services (2 marks)

Candidate's Response to Part (e) (ii) — Sample 2

- (ii) Fill in the blanks below with the correct terms to complete the sentence:
 An increase in income tax will cause the flow ofincome / aggregate ^{demand}.....
 to decrease because disposable income will decrease and households will buy less
 goods and services (2 marks)

Examiner's Comments

The candidates correctly identified the term *goods and services*; however, they were unable to identify the term *expenditure*.

Part (e) (iii)

Many candidates were unable to explain how inflation causes a decrease in the purchasing power of money. The more competent candidates were able to provide an appropriate explanation.

Candidate's Response to Part (e) (iii) — Sample 1

- (iii) Explain how inflation affects the ability of households to purchase food.

Inflation is the general rise of prices of all goods ~~at a time~~ ^{over time}.
As the price of food increases, if the incomes of the households are fixed, ~~they are~~ their purchasing power decreases because ~~at~~ they are ~~at~~ unable to buy the same amount of food and they must now buy less. (2 marks)

Candidate's Response to Part (e) (iii) — Sample 2

- (iii) Explain how inflation affects the ability of households to purchase food.

Inflation is the general increase in prices. When prices increase, the amount of food that households were able to buy with their disposable income decreases as their income remains the same but the price of the food increases. (2 marks)

Candidate's Response to Part (e) (iii) — Sample 3

- (iii) Explain how inflation affects the ability of households to purchase food.

Inflation is the sustained increase in the general price levels in a country, so food becomes more expensive & if the household's disposable income remains unchanged, the amount of food they're able to purchase becomes less. (2 marks)

Candidate's Response to Part (e) (iii) — Sample 4

(iii) Explain how inflation affects the ability of households to purchase food.

Since inflation refers to the steady rise in the prices of goods/services, the value of money eventually drops and households cannot purchase as much food as they normally would.

Candidate's Response to Part (e) (iii) — Sample 5

(iii) Explain how inflation affects the ability of households to purchase food.

Inflation is the sustained increase in the general price level. It decreases the purchasing power of individuals since they would only be able to afford a certain amount or less than they desire. As a result, households would not be able to purchase less amount of food due to increased prices.

Examiner's Comments

The candidates competently explained how inflation affects the ability of households to purchase food.

Recommendations

Teachers can encourage students to view appropriate YouTube videos and complete exercises based on case studies and different scenarios to improve students' understanding of concepts and how they apply what they learn.

PAPER 031 — SCHOOL-BASED ASSESSMENT (SBA)

General Comments

In 2023, it was noted that the School-Based Assessments (SBAs) prepared by students improved in quality over the previous year. There was less evidence of hybrid type SBAs as most scripts were based entirely on themes specific to CSEC Economics. Consistent with recent years, students focused on topics such as demand and supply, unemployment, the effects of the Covid-19 pandemic on various economic activities, and inflation.

Teachers are encouraged to score the components of the project in a manner that is consistent with the mark scheme outlined in the syllabus, particularly the presentation and analysis of data, and the methodology sections. There remain a few centres where the students' projects were not done based on the specifications of the SBA outline for the business cognate.

Table of Content (1 mark)

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

Topic (2 marks)

The topics chosen by students were mostly good as they accurately described the projects. In addition, the topics 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 highlight the population of interest. However, it was noted that in cases where students were unable to clearly state their topic, the overall quality of the SBA was affected. There were also some instances where the student correctly identified the SBA as an Economics or Business Cognate SBA on the cover page but the topics were incongruent and based entirely on a social issue. An example of such was students researching the topic Bullying without establishing any link between bullying and economics.

Objectives (2 marks)

Most students presented 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)

Almost all students scored at least one or two marks for describing the history and development of the topic. However, some students did not gain the second set of two marks that was available because they failed to show the possible impact of the research on the researcher(s) and the population of interest. 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 available marks. The main weaknesses noted in the methodology section were the inability of some students to properly describe the data collection instrument, and an inadequate justification for the data collection method used. Further, most students continue to present their questionnaires in the methodology section and not in the appendix.

Presentation of Data (10 marks)

Most students used charts, graphs and/or tables to present the data collected. However, in most cases these were improperly labelled. In attempting to analyse the data, most students repeated the information presented in the charts, graph and/or tables. Students need to be encouraged to present data that directly address the objectives of the research. They should also attempt some economic analysis of the data and ensure that statistical terms are used correctly. It is also very important for students to caption and state the findings of the research clearly.

Conclusion (4 marks)

In most cases, students failed to 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 gain the maximum mark.

Recommendations (4 marks)

Students were required to present two recommendations that were logical, consistent with the findings and actionable based on the context of the research topic. In most cases, students offered recommendations that were consistent with economic theory but were not corresponding 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)

There were noticeable improvements in the overall presentation of the SBA reports. Greater attention was paid to the formatting of the SBAs across all centres. Most of the SBAs appear to be within the prescribed word limit and followed the correct sequence for the sections. Most were well presented with minimum errors. Students should be encouraged to proofread and properly format the project before final submission.

PAPER 032 — ALTERNATIVE TO THE SCHOOL-BASED ASSESSMENT (SBA)

Paper 032 tested candidates' knowledge, interpretation, analysis, and application of key concepts in the CSEC Economics syllabus. Using the theme "Adequate Provision", the paper tested candidates' ability to apply key economic concepts.

Generally, candidates performed poorly. Approximately 13 per cent of candidates obtained at least 20 out of 40 marks.

Question 1

This question tested candidates' ability to

- define the terms *market failure*, *demand* and *economic growth*
- identify one reason for market failure mentioned in the case.

Very few candidates defined market failure correctly. Although most candidates attempted to define the term, they included incorrect examples such as the pandemic shutting down the economy and the lack of proper marketing skills to encourage the demand of products.

Most candidates failed to correctly define the term *economic growth*. The better candidates spoke of increase in real output of the economy while the weaker candidates referred to the flow of money causing businesses to expand.

A few candidates correctly defined the term *demand*. The stronger candidates identified *willingness to buy at given prices* as a key component of the definition. On the other hand, candidates who gave incorrect definitions mostly referred to consumers' want or need for a particular product.

Finally, most candidates did not identify *merit* or *public goods* as the reason for market failure in the case. Some candidates identified other incorrect reasons for market failure.

Candidate's Response to Part (a) (i)

(i) Market failure

When a market fails to allocate resources efficiently.

Examiner's Comments

The candidate correctly defined the term *market failure*.

Candidate's Response to Part (a) (ii)

(ii) Economic growth

Economic growth can be describe as the rise or increase in real GDP.

(2 marks)

Examiner's Comments

The candidate correctly defined the term *economic growth*.

Candidate's Response to Part (a) (iii)

(iii) Demand

Demand may be defined as the willingness and ability to purchase goods and services at a particular price at any particular time.

(2 marks)

Examiner's Comments

The candidate correctly defined the term *demand*.

Candidate's Response to Part (b)

(b) Identify ONE reason for market failure given in the case.

The reason for market failure given in the case is Merit Goods.

(1 mark)

Examiner's Comments

The candidate correctly identified *merit goods* as one reason for market failure given in the case.

Question 2

This question tested candidates' ability to

- identify two factors of production
- state the economic concept implied by a particular statement.

Most candidates correctly identified at least one factor of production mentioned in the case. However, some candidates identified factors of production that were not relevant to the case study.

Most candidates were also able to identify *scarcity* as the economic concept implied by the given statement. In cases where candidates did not identify the concept explicitly, they stated its the meaning. Such candidates were awarded one mark for doing so.

Candidate's Response to Part (a)

2. (a) Identify TWO factors of production mentioned in the case.

The two factors mentioned in the case are:

Capital

Labour

(2 marks)

Examiner's Comments

The candidate correctly identified the two factors of production given in the case.

Candidate's Response to Part (b)

- (b) State the economic concept implied by the statement "Economies will never be able to provide everything that is desired or needed."

The economic concept is scarcity.

(1 mark)

Examiner's Comments

The candidate correctly stated the economic statement implied by the given statement which was *scarcity*.

Question 3

This question tested candidates' ability to

- use relevant economic concepts and examples from the case study to carefully explain one benefit and one cost related to the focus by governments on health care and technology spending during an unexpected event
- use examples from the case study to explain how the COVID-19 pandemic may worsen a country's fiscal deficit.

Most candidates were able to identify an example of a benefit, a cost or an example of both arising from the government's focus on health care and technology. Some of the benefits and costs mentioned included reduced impact of the pandemic on vulnerable groups, improvements in health care systems, fewer road improvement projects and forgoing reducing national debt. However, they failed to explain these costs and benefits using economic concepts. Very few candidates (less than 15 per cent) were able to provide a satisfactory answer however they earned at least 60 per cent of the total mark.

Very few candidates demonstrated an understanding of a fiscal deficit and how the pandemic caused government to increase spending without a commensurate increase in revenue.

Candidate's Response to Part (a)

3. Consider the following statement from the case: "Unexpected events, such as the COVID-19 pandemic in 2020, may cause a fiscal deficit and affect a government's ability to adequately provide important goods and services."

- (a) Using relevant economic concepts and examples from the case, carefully explain ONE benefit and ONE cost relating to the focus by governments on health care and technology spending during an unexpected event.

The government is improving the health care sector due to the pandemic which can help to improve economic development. Due to the improvement of health care, people are more likely to recover from various illnesses. This causes a positive externality to our economic development as life expectancy and standard of living will increase due to the expansion of health care. One cost of improving health care is that the government will face an opportunity cost of having the resources to focus on other sectors due to choosing to improve one sector.* As stated in the passage, the government was unable to complete road work in the country. By choosing the health care sector, the government gave up the road construction project which could benefited firms nearby with improved infrastructure and improved the level of output in the economy. (6 marks)

* An opportunity cost is the next option forgone.

Examiner's Comments

The candidate correctly explained one benefit and one cost from the case, using the relevant economic concepts and examples.

Candidate's Response to Part (b)

- (b) Using examples from the case, explain how the COVID-19 pandemic may worsen a country's fiscal deficit.

The pandemic would have caused production to slow down which in effect will cause less output or revenue. The country would still have to be spending more to deal with the health crisis thus causing expenditure to be greatly outweighing revenues, here causing the country's fiscal deficit to worsen. It would also not be able to pay the national debt. (4 marks)

Examiner's Comments

The candidate correctly explained how the pandemic might worsen a country's fiscal deficit.

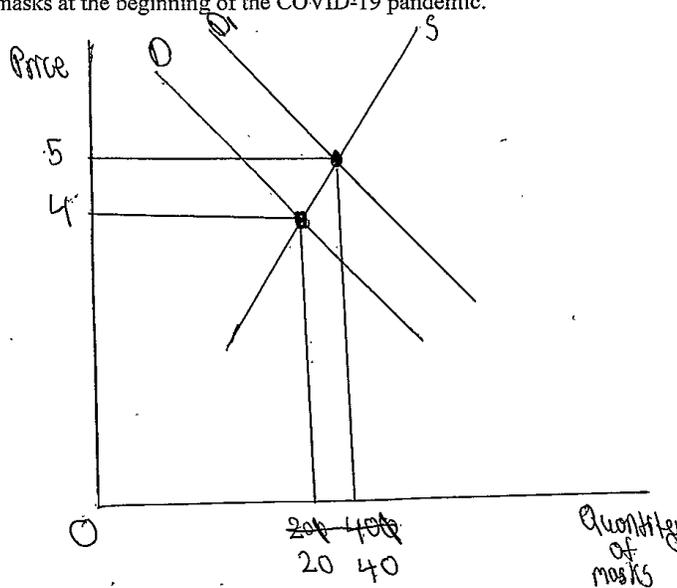
Question 4

This question tested candidates' ability to use a demand and supply diagram to explain the impact on the equilibrium price and quantity of masks at the beginning of the COVID-19 pandemic.

Many candidates earned at least 40 per cent of the total mark by drawing and labelling a demand-supply diagram. Some candidates did not earn any marks because they did not indicate the correct shift in the demand curve and hence the outcome on the equilibrium price and quantity of masks was incorrect. There were outstanding candidates who earned full marks by not only drawing, labelling and indicating the correct shift and final equilibrium outcomes, but by also providing correct explanations of the impact of the pandemic on the demand for masks.

Candidate's Response to Question 4

4. With the aid of a demand and supply diagram, explain the impact on the equilibrium price and quantity of masks at the beginning of the COVID-19 pandemic.



At the beginning of the Covid 19 pandemic the price of twenty mask were four dollars but as there was an increase in the demand for mask the demand increased which was illustrated by a rightward shift causing a higher price of five dollars but an increase of forty mask.

Examiner's Comments

The candidate correctly used a demand-supply diagram to explain the impact on the equilibrium price and quantity of masks at the beginning of the COVID-19 pandemic.

Question 5

This question tested candidates' ability to

- discuss how human capital development and reduced poverty contribute to economic development in relation to the building of schools
- explain how an increase in the standard of living is reflected in economic development.

Many candidates did not perform well as they were only able to earn one out of three marks. Some candidates gave answers that were not connected to building of schools or economic development.

Many candidates did not properly explain how an increase in the standard of living is reflected in economic development. Generally, candidates failed to demonstrate an understanding of economic development and how the standard of living is measured when a country is developed. A few candidates, however, were able to identify some features of a country that is considered economically developed.

Candidate's Response to Part (a) (i)

5. (a) Investment in projects such as building schools leads to human capital improvement and reduced poverty. Discuss how EACH of the following contributes to economic development.

- (i) Human capital improvement

Building schools lead to improved ^{access to} education ~~or~~ for a greater amount of individuals. This allows for persons to increase their qualifications which in turn leads to the attainment of ^{better} jobs. Jobs. Thus more people are able to ~~obtain~~ obtain employment and contribute to their local economy. Therefore there is more stimulation of economic ^{and financial} activity which improves human capital improvement. (EXTRA PAGES)

Examiner's Comments

The candidate correctly discussed how human capital improvement through building of schools contributes to economic development.

Part (a) (ii) and Part (b)

Part (a) (ii) and Part (b) were not well done by candidates.

For Part (a) (ii), candidates had to discuss how reduced poverty contributes to economic development. Candidates were expected to mention the following.

Access to education allows persons to improve the poverty levels since households would have access to education and access to better paying jobs, causing the entire economy to show higher standards of living given the increased purchasing power.

Part (b) required candidates to explain how an increase in the standard of living is reflected in economic development. A typical acceptable response for this question is as follows.

Economic development is a sustained increase in the standard of living enjoyed by citizens of a country. When a country is developed, the basic human needs such as food, housing, clothing, health care, and education are met and improving.