CARIBBEAN EXAMINATIONS COUNCIL

CSEC® ECONOMICS



Subject Report

May–June 2026

CARIBBEAN EXAMINATIONS COUNCIL

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

MAY–JUNE 2026

ECONOMICS
GENERAL PROFICIENCY

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INTRODUCTION

This report is based on candidates' responses to the 2026 May–June sitting of the Caribbean Secondary Education Certificate (CSEC) Economics examination. The examination comprised the following papers.

- Paper 01 — Multiple Choice
- Paper 02 — Structured and Essay Questions
- Paper 031 — School-Based Assessment
- Paper 032 — Alternative to School-Based Assessment (Private Candidates)

The percentage of candidates who received acceptable grades (Grades I–III) was 64.69 per cent. This was lower than the 68.49 per cent of candidates who gained acceptable grades in 2025 and the 69.33 per cent in 2024.

The percentage of candidates receiving Grade I increased by approximately three per cent. The percentage of candidates receiving Grade III declined by approximately seven per cent and those receiving Grade V increased by approximately three per cent when compared with 2025.

PAPER 01 — MULTIPLE CHOICE

Paper 01 consisted of 60 multiple choice items worth one mark each. The paper was designed to test all sections of the syllabus. The items tested candidates' knowledge and comprehension, interpretation and analysis, and application skills. Paper 01 was worth a total of 30 per cent of the final mark.

In 2026, the mean score was 37.15 (61.92 per cent) and the standard deviation 12.11. The highest score gained by any candidate was 60.

PAPER 02 — STRUCTURED ESSAY

This paper consisted of two sections. Section I comprised four compulsory structured questions designed to test candidates' knowledge and comprehension, interpretation and analysis, and application skills with respect to the syllabus content. In Section II, candidates were required to answer two of the four essay questions. The questions assessed candidates' ability to demonstrate knowledge of economic concepts, analyse economic concepts and issues, and apply economic principles to a variety of situations. Paper 02 was worth a total 100 marks, which accounted for 50 per cent of the final mark.

In 2026, the mean score was 32.59 and the standard deviation 17.47.

QUESTION 1

Part (a) (i)

For Part (a) (i), candidates were required to match four economic terms (*economy*, *long-run*, *marginal cost* and *short-run*) to their definitions. This part was attempted by most candidates. Many of them correctly matched all four terms to their definitions. Although many candidates were able to match the term *economy* to its definition, some candidates confused the definitions for long-run and short-run. Such candidates gave Definition 4 — a cost that changes in proportion to the level of output — as the definition for marginal cost.

Part (a) (ii)

In this part, candidates were asked to state two roles of the market in resource allocation. This part was the one most poorly done by candidates. Although most of them attempted this part, many of them were unable to score any mark since they did not understand that they were required to state any two of the economic questions of resource allocation.

Part (b) (i)

For this part, candidates were asked to explain how an increase in income, and warmer weather could affect the economic decisions of households. Most candidates attempted this part; however, most of them scored one mark per factor because they did not fully explain how each factor affects households, did not clearly indicate the direction of the change or did not support their responses with appropriate examples. In some responses, candidates did not focus on decision-making. When responding to “Increase in income”, some candidates stated ‘to improve the SOL or quality of life’ without referring to the specific effect on demand. Candidates who scored no marks for “Warmer weather” seemed to interpret this factor as an effect on working conditions or on agricultural activities.

Part (b) (ii)

This part required candidates to explain how increase in input costs and decrease in consumer demand could affect the economic decisions of firms. Most candidates attempted to provide a response; however, many of them were only able to score one mark per factor because they did not fully explain the effects, nor did they clearly

indicate the direction of the change. Some candidates did not focus on decision-making. Candidates who scored no marks for increase in input costs stated incorrect effects such as 'increase in production costs' (which is basically what the question said), 'decrease in profits' or 'this factor would negatively affect firms'. Those candidates who scored no marks for decrease in consumer demand stated effects such as 'loss of sales, profits or revenue; creation of a surplus; wastage; and the consumer no longer liking the good.

Part (c) (i) to Part (c) (vi)

For Part (c), candidates were required to read a scenario and identify the economic sector in which specific activities took place. This part was attempted by most candidates. Many of these candidates were able to correctly identify tertiary/service, secondary/manufacturing and primary/extractive as the sectors associated with the activities. However, in many instances, candidates gave responses such as public and private sector, formal and informal sector, economic agents (firms and households), and microeconomics and macroeconomics. Such responses were incorrect.

QUESTION 2

Part (a) (i)

Candidates were required to define the term *entrepreneurial talent*. This part was attempted by most candidates. Many of them scored one mark as they were unable to explain the role of an entrepreneur in combining all three other factors of production — labour, land and capital. Strong responses were those in which candidates recognized that creativity and/or new ideas were important when defining the term entrepreneurial talent. Many candidates were awarded zero marks because they gave responses such as 'establishing a new business' or 'managing risk' as the meaning of entrepreneurial talent.

Part (a) (ii)

Candidates were asked to define the term *production*. Most candidates attempted this part and they provided fairly good responses. Candidates attained the full two marks by explaining that production was a process that transformed raw materials, inputs, factors of production or resources into goods and services or output. Weaker candidates mistakenly explained the concepts of productivity and output.

Part (a) (iii

In Part (a) (iii), candidates were required to define the term *land*. Even though this part was attempted by most candidates, it was not well done. Exemplary candidates were able to explain that *land is a physical space or natural resource used in the production of goods and services*. Other candidates incorrectly stated that 'land is a place where houses are built or where agricultural planting occurs'.

Part (b) (i)

For this part, candidates were required to distinguish between *land productivity* and *labour productivity*. Most candidates attempted to provide a response; however, many responses were poor. The first point given by candidates who scored full marks was that *land productivity* is the quantity of output per unit of land and that *labour productivity* is the quantity of output per unit of labour. The second piece of information given by candidates who gave excellent responses was an appropriate example of each concept such as number of crops reaped per acre and number of pens produced per worker per hour. Common errors made by weaker candidates included explanations of efficiency, reasons for improved productivity and general definitions of productivity such as output per unit of input.

Part (b) (ii)

Candidates were asked to distinguish between *free goods* and *economic goods*. Overall, candidates did so well. On average, they scored two out of four marks. Candidates who were able to recognize the distinction between *free goods* and *economic goods* and who gave a relevant example of each scored full marks. In excellent responses,

candidates identified *free goods* as *one abundant in supply with no opportunity cost, trade off or sacrifice*. The examples given were *air*, *sun*, *oceans* and *rain*. On the other hand, candidates who gave excellent responses for *economic goods* explained that *economic goods are goods that are scarce in supply with an opportunity cost, sacrifice or trade off*. The examples cited were *houses* and *clothes*. Many candidates confused the definitions of merit goods, private goods and public goods, and incorrectly indicated characteristics such as non-rivalrous and non-excludable as part of the explanation. Other candidates used general examples such as water as examples of *free goods* and *economic goods* but failed to distinguish between forms of water, such as bottled water, which is an economic good, and ocean or rainwater, which may be considered free goods.

Part (c)

Candidates were asked to identify three economic concepts from a given scenario and state how the concepts are applied in the scenario. Generally, candidates did so well. Most of them were able to score at least three out of six marks. Exemplary candidates identified the three economic concepts as *scarcity*, *choice* and *opportunity cost*. Further, they stated clearly how each concept was applied by highlighting scarcity in the limited time available, choice in the existing options provided and opportunity cost in the alternative activities forgone. Weaker candidates stated principles of 'production', 'demand' and 'supply'.

QUESTION 3

Part (a)

Candidates were required to define the term *ceteris paribus*. Many candidates provided correct definitions and so earned full marks. Candidates who provided partial definitions were awarded one mark.

Part (b)

Candidates were required to explain why *ceteris paribus* is important in the study of economics. Many candidates incorrectly equated the concept with equilibrium. Candidates who did such referred to its importance in identifying where or when 'demand equals supply.' These candidates failed to recognize that *ceteris paribus* allows economists to isolate one factor and study its effect while holding other factors constant. A notably large number of candidates also provided no response.

Part (c)

Candidates were required to identify two characteristics that help to determine the market structure of a good. Many candidates were able to identify two relevant characteristics. However, many others confused the characteristics of market structures with the determinants of demand and, in some instances, the determinants of supply. Common incorrect responses included 'consumer taste,' 'cost of production' and 'price of the good.'

Part (d)

For this part, candidates were ready to discuss how market failure generates a negative externality, using the scenario of a farmer's pesticide seeping into a river that provides drinking water to neighbouring communities. While many candidates earned one or two of the four marks by providing partial explanations, only a few of them addressed the issue fully. Instead of analysing how the externality was created, many candidates regurgitated the scenario or provided isolated definitions of market failure and negative externality. Others mistakenly focused on listing solutions to the problem rather than explaining its cause.

Part (e) (i)

This part assessed candidates' ability to calculate price elasticity of supply (PES). While a large proportion of candidates demonstrated that they knew the formula, a common error was candidates substituting the percentage changes for price and quantity incorrectly. Additionally, there were many instances where candidates inverted the formula, resulting in an incorrect final value/answer. Several candidates gave PES as 2.5 (elastic supply) instead of 0.4 (inelastic supply).

Part (e) (ii)

Candidates were required to interpret their calculated value for PES. The correct value from Part (e) (i) was 0.4, which most candidates who obtained the correct calculation correctly identified as representing inelastic supply. Marks were also awarded to candidates who calculated an incorrect value greater than one, frequently 2.5, provided that they interpreted their answer as indicating elastic supply.

Part (f) (i)

Candidates were required to use a demand and supply graph to illustrate and explain the impact of an increase in the price of tea on the equilibrium price. Candidates' performance was extremely poor. Fewer than one per cent of candidates earned full marks. The omission rate was also relatively high. The major difficulty was candidates failing to distinguish between shifts of curves and movements along existing curves. Most candidates incorrectly shifted both curves, failing to recognize that a change in the price of the good itself results in a movement along the existing demand and supply curves. Consequently, these candidates were unable to demonstrate that the equilibrium price remains unaffected. The few candidates who earned one of the two marks correctly identified that the price increase would create a market surplus.

Part (f) (ii)

Candidates were required to use a diagram identical to that given in Part (f) (i) to illustrate the effect of an increase in the price of a complementary good, sugar, on the market equilibrium for tea. Many candidates correctly shifted the demand curve but lost marks by also shifting the supply curve. These candidates failed to recognize that an increase in the price of a complementary good affects the demand for tea in the short run while leaving supply unchanged. Consequently, only a few candidates earned full marks by correctly illustrating the resulting decrease in both the equilibrium price and equilibrium quantity.

QUESTION 4

Part (a)

In this part, candidates were required to demonstrate that they knew the roles of financial institutions. Overall, they did so relatively well. More than 50 per cent of candidates received four out of six marks or higher. However, only approximately 10 per cent of candidates received the full six marks.

Part (b) (i)

Candidates were required to discuss the impact of an increase in teachers' wages on consumer spending and the economy. This part was done satisfactorily. Fewer than 50 per cent of candidates received three out of four marks or higher. The mean score was two out of four. Most candidates were able to identify that an increase in wages would lead to increased consumer spending. However, few candidates related the increase in consumer spending to higher disposable income. Candidates who scored two out of four or higher were generally able to explain that increased consumer spending would increase GDP and the circular flow of income. Some candidates also related higher consumer spending to the possibility of higher inflation. Weaker candidates, however, were unable to demonstrate how the increase in teachers' wages would affect the wider economy.

Part (b) (ii)

Candidates were required to discuss the impact of an increase in teachers' wages above the equilibrium wage rate. Approximately 70 per cent of candidates performed relatively poorly. The mean score was estimated to be of one out of four. Weaker candidates understood that higher wages could increase the cost of employing workers, making it more difficult for employers to hire and retain staff. Some also recognized that higher wages could encourage more individuals to enter the profession, thereby increasing the supply of teachers. In contrast, stronger candidates, approximately 10 per cent of candidates, were able to explain that a wage rate set above the equilibrium wage would create a surplus of labour, resulting in real unemployment. These candidates also recognized that some employers might be unable to afford the higher wage costs, leading to a reduction in the number of teachers employed and a corresponding increase in unemployment.

Part (c)

Candidates were required to interpret an economic situation and identify the associated economic phenomenon or problem. This part was done satisfactorily. More than 50 per cent of candidates scored four out of six marks or higher. However, a few candidates demonstrated little to no understanding of how to apply the relevant economic concepts and consequently scored two out of six marks or less.

QUESTION 5

Part (a) (i)

Candidates were required to state one example of an informal financial institution. Many candidates provided appropriate examples. *Box hand* or *sou sou* were the most popular responses. Some candidates also identified loan sharks and money lenders.

Part (a) (ii)

Candidates were required to state one example of an indirect tax. Many candidates provided appropriate examples, including VAT and GCT. However, some candidates confused indirect taxes with direct taxes.

Part (a) (iii)

Candidates were required to state one example of a direct tax. Many candidates provided appropriate examples, with income tax being the most popular response.

Part (a) (iv)

Candidates were required to state one example of e-commerce. Most candidates were able to identify online platforms such as Amazon and Shein. However, weaker candidates were unable to provide an appropriate example and incorrectly stated 'online shopping'.

Part (b) (i)

Candidates were required to outline the difference between nominal output and real output. Better-performing candidates correctly explained that nominal output is based on current-year prices and is not adjusted for inflation, while real output is adjusted for inflation using base-year prices. Weaker candidates were unable to provide an adequate explanation of the distinction.

Part (c) (i)

Candidates were required to identify the type of unemployment based on the scenario provided. Most candidates correctly identified *frictional unemployment*. However, a few candidates incorrectly identified the scenario as cyclical unemployment.

Part (c) (ii)

Candidates were required to identify the type of unemployment based on the scenario provided. Most candidates were able to correctly identify *seasonal unemployment*.

Part (d)

Candidates were required to explain one measure that can be used to reduce cyclical unemployment. Many candidates satisfactorily explained that an increase in government spending or the use of expansionary fiscal policy, as well as a reduction in interest rates, could increase spending and aggregate demand. This, in turn, could encourage firms to hire more workers and reduce cyclical unemployment. Weaker candidates simply stated a measure without providing the required explanation.

Part (e) (i)

Candidates were required to suggest two benefits that OECS countries gain from membership in a free trade area. Better-performing candidates explained the freedom of movement of goods resulting from the removal or reduction of tariffs and other trade barriers. They also identified access to a wider market for the sale of goods. Weaker candidates incorrectly identified the 'free movement of labour' as a benefit and, in some cases, merely stated 'the free movement of goods' without providing an adequate explanation.

Part (e) (ii)

Candidates were required to suggest two benefits that OECS countries gain from membership in an economic union. Most candidates were unable to provide accurate explanations and consequently did not gain any marks. Stronger candidates correctly explained the freedom of movement of labour and the harmonization of fiscal and monetary policies, which could contribute to increased trade.

Part (f) (i)

Candidates were required to calculate the M0 money supply. Better-performing candidates provided the appropriate formula, showed their working and arrived at the correct answer, thereby earning full marks. However, weaker candidates were unable to perform the calculation accurately.

Part (f) (ii)

Candidates were required to calculate the M2 money supply. Better-performing candidates provided the appropriate formula, showed their working and arrived at the correct answer. Some candidates incorrectly stated the formula as 'M0 plus M1 plus M2'. Candidates were required to use the specific items provided in the question to obtain the correct calculation. Weaker candidates were unable to calculate the money supply accurately.

PAPER 031—SCHOOL-BASED ASSESSMENT (SBA)

Paper 031, the School-Based Assessment (SBA), is a research project that requires candidates to collect, analyse and interpret data. Students are required to investigate a topic, issue or problem within a business-related area of study. All activities selected must be lawful and suitable for the collection of business data and the application of the business principles outlined in the mark scheme.

In 2026, the mean score was 31.43 (78.65 per cent) and the standard deviation 5.15. The highest score awarded to any candidate was 39 out of 40.

Table of Contents

Most candidates were able to score the one mark allotted for a properly presented in the table of contents.

Topic, Issue or Problem

Topic selection was generally good and within the framework of the syllabus. Most candidates earned the full two marks allotted. However, some candidates selected topics that offered limited scope for research because the outcomes were largely predictable.

Objectives

In most cases, the objectives presented were clear, manageable and within the scope of the research. Most candidates earned the full two marks allotted for this section.

Background

The history and development of the selected topics were generally well presented, allowing candidates to earn the first two marks. However, some candidates did not adequately discuss the significance of the topic to both the researcher and society and consequently did not earn the additional two marks.

Methodology

Most candidates selected at least two appropriate methods of data collection. However, the instruments used were often inadequately described and the methods of data collection were frequently not clearly identified or explained. Candidates were generally able to justify their choices and identify limitations. Nonetheless, there is still a need for improvement in the depth and clarity of these justifications and in the description of the sources used for data collection. Fewer than 50 per cent of candidates earned the full 10 marks.

Presentation and Analysis of Data

The use of appropriate statistical terms was limited and most candidates did not clearly state their findings. Consequently, very few candidates earned the full 10 marks.

Conclusion

Very few candidates presented an adequate summary of the project and therefore earned the four marks available for the conclusion. In most cases, candidates used the conclusion to present their findings rather than to provide an appropriate summary of the research.

Recommendations

Most candidates presented recommendations that were relevant to the context of their research and were able to earn up to four marks.

Bibliography

Most candidates failed to present a proper bibliography and consequently did not earn the one mark available for this section.

Overall Presentation

Most candidates earned the full two marks available for overall presentation, as the projects were generally well presented.

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

Paper 032 — the alternative to the SBA — was taken by private candidates. This paper was weighted in the same as the Paper 031 (SBA) and focused on the same skills outlined for Paper 031. The examination consisted of five structured questions requiring responses which varied from one or two sentences to one or more paragraphs.

In 2026, the mean score was 9.05 (22.63 per cent) and the standard deviation 6.76. The highest score obtained by any candidate was 35 out of a maximum of 40.

QUESTION 1

Part (a) (i)

A few candidates were able to correctly define *economic growth*. Stronger candidates identified the key elements of the concept, including an increase in real output of goods and services, and a time period, such as one year. In partial definitions, candidates omitted the time dimension.

Part (a) (ii)

Most candidates were unable to provide a complete definition of *economic development* and consequently earned only partial credit. There was a general failure to recognize that economic growth is an important component of economic development.

Part (b)

Most candidates were able to identify two characteristics of developing countries.

Part (c)

Most candidates were unable to distinguish between a *public good* and a *positive externality*. Candidates who were awarded marks demonstrated that they had a basic understanding of the non-excludable and non-rivalrous characteristics of public goods, as well as the third-party benefit associated with a positive externality, often supported by an appropriate example.

QUESTION 2

Part (a)

Most candidates were unable to identify the type of unemployment presented in the scenario. Among those who correctly identified the type of unemployment, only a few were able to partially explain the reasons that generated that type of unemployment.

Part (b)

Most candidates were unable to adequately describe how trade unions could help to limit the layoff of car dealership employees as more people purchase electric vehicles (EVs). Candidates who earned some marks provided only a limited description of the role of trade unions in the given scenario.

QUESTION 3

Part (a) to Part (c)

A few candidates were able to explain, albeit partially, how Cleanville could help to reduce the high upfront costs of electric vehicles (EVs). The stronger candidates identified measures such as tax incentives, financial incentives and support from insurance companies. However, most candidates were unable to adequately explain how these measures could reduce the initial cost of purchasing EVs.

QUESTION 4

Part (a)

Most candidates were unable to explain two ways in which the early adoption of EV technology could help Cleanville gain a comparative advantage in the EV market. Although some candidates were able to explain the meaning of comparative advantage, they were unable to correctly apply the concept to the early adoption of EV technology.

Part (b)

An acceptable number of candidates were able to correctly identify the capital account as the account in which investment from foreign environmentally conscious investors and agencies should be recorded.

QUESTION 5

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

Most candidates were unable to accurately explain how investment in EVs could increase GDP through direct spending, related expenditure and government expenditure. Among candidates who provided reasonable explanations, direct spending was the best understood. These candidates correctly identified that when consumers purchase EVs, the expenditure contributes directly to consumption spending and therefore increases GDP. However, candidates generally experienced difficulty explaining the contribution of related expenditure and government expenditure to GDP.

Part (b) (i) and Part (b) (ii)

Most candidates were able to partially explain how increased use of EVs by residents of Cleanville could create a positive externality through reduced air pollution. However, responses were weaker in relation to technological innovation. Candidates generally failed to recognize that the development of the EV industry could lead to technological advancements that generate positive externalities.