# CAIE IGCSE Economics Mark Scheme Notes

## For CAIE IGCSE Economics 0987 (9-1) 2020

**Define** [2]**:** Give an exact dictionary definition of an economics term.

[1 mark for each part of the definition]

It will have two important parts to the definition. If you are lucky, there are sometimes three, but you will only need to give two to get the marks.

**Identify** [2]**:** Find a reason/point/consequence, or whatever they ask for, from the extract.

[1 mark for each bit correctly identified, up to the number they ask for.]

>    *E.g. Identify, using information from the extract, two consequences of Country X's falling inflation rate. [2]*

>    *Prices are cheaper in the shops (1) Lower GDP (1) Lower employment opportunities (1).*

Will only get marks for two of the answers, so no point putting three.

**Explain** [2 or 4 marker]**:** Generally involves giving an answer and then backing it up, often with evidence from the extract.

[1 mark for an answer and 1 mark for the reasoning that leads to that answer.]

>    *E.g.  Explain, using information from the extract, whether demand for Country Y's street food market was price-elastic or price-inelastic. [2]*

>    *Inelastic (1) average price went up by 20%, but demand remained roughly the same at 10,000 dishes bought a day (1).*

**Calculate** [2]**:** You're going to be doing some sums. Generally percentages and/or basic addition, subtraction, division or multiplication.

[1 mark for answer and 1 for correct workings.]

There are minimal marks for calculations, so if you struggle with numbers, move on and come back at the end.

**Analyse** [Generally a 4, 5 or 6 marker]**:** Give explanation of…

[1 mark for each point made and 1 mark for each development of that point.]

> *E.g. Analyse how an increase in exports could improve a country's macroeconomic performance.*
>
> *Point… An increase in exports can increase export revenue (1)*
> *Development… this may reduce a current account deficit (1).*
>
> *Point…. An increase in exports will increase total (aggregate) demand (1)*
> *Development…. firms will produce more products / higher output (1)*
> *more workers will be employed (1)*
> *unemployment will fall (1)*
> *economic growth will increase / incomes will rise / higher living*
> *standards (1).*

If you can get a chain of analysis (development on points already developed) going, that is where the big scores are. If you like to play it safe, for a 4 mark question, give 2 points and develop them, 5 and 6 mark questions make 3 points and then develop.

**Analyse (chart)** [Generally a 4, 5 or 6 marker]**:**

Give explanation of chart… Say exactly what you see for easy marks, but you can also gain marks for stating what the data suggests/implies, or what conclusions you might be able to draw from the data.

[1 mark for each point made]

> *E.g. Analyse, using Fig.1, the relationship between Country Z's economic growth rate and population growth rate over the period shown. [5]*
>
> [Analysis of economic growth rate]
> *Economic growth rate fell/rose over the whole period (1).*
> *Economic growth rate fell from 2010 to 2012 (1), rose from 2012 to 2014 (1), and fell again from 2014 to 2020 (1). [Give dates for each and every fluctuation.]*
> *Economic growth rate is highest/lowest in 2013 (1).*
>
> [Analysis of population growth rate]
> *Population rose/fell over the whole period (1).*
> *Population growth rate is highest/lowest in 2014 (1).*
>
> [Compare the two]
> *Population growth was higher than economic growth rate (1) every year (1).*
> *Economic growth fluctuated more than population growth rate (1).*
>
> [Conclusions/assumptions/implications]
> *The data suggests that GDP per head / living standards would have fallen over the period (1).*

You will only get marks up to the number written at the side of the question, but if you don't always know what will get a mark, it is often worth writing a little more than you think, as marking is always positive, so they won't mark you down for writing too much or for writing something stupid. But balance that with making sure you have time to answer all the questions.

**Discuss** [generally 6 or 8 marker]**:** Giving two sides of an argument - pros and cons/for and against.

[1 mark for each point made and 1 mark for each development of that point, up to a maximum of 1 mark over half marks for each side of the argument, but total marks cannot exceed the amount stated at the side of the question.]

For full marks, giving equal weight to both sides of the argument.

You will not get points for the same argument in reverse, e.g. Tax revenue will go up/tax revenue will go down.

Only put a reverse argument on the other side if you are using it as a stepping stone for development.

> *E.g. Discuss how an increase in unemployment benefits will impact on employment rates. [8]*

Point… *Tax revenue may increase* (1)
Development… *as greater benefits lead to greater spending (1)*
*higher aggregate demand increases firm expansion and business investment (1)*
*firm expansion leads to higher employment and more tax revenue (1)*

> *HOWEVER/ON THE OTHER HAND/ALTHOUGH/IT CAN BE ARGUED THAT/ HAVING SAID THAT etc.*

Point… *Tax revenue may decrease (0)*
Development…. *as people will not feel the need to find work (1)*
*increasing voluntary unemployment (1)*

**Explaining a situation from a S&D diagram** [generally a 4 marker]**:**
[1] Shift (increase or decrease in S or D) (why shift [1])
[1] (Excess — don't need to put this in, but realise that it leads to…) price change (up or down),
[1] Extension or contraction on S or D curve.
[1] Change in quantity traded
[1] Elasticity of S [1] and D

**Drawing a S&D curve** [generally a 6 marker — 4 for the diagram and 2 for the explanation]
[1] Labelled axis - Price and Quantity (0 where two axis meet)
[1] Label supply and demand curve (S and D - S1 and/or D1 if you have S2 and/or D2)
[1] Shift in S or D as required
[1] Equilibrium points demonstrated as P1/Q1 and P2/Q2 or E1 and E2

**Drawing a production possibility curve** [generally 6 marks — 4 for the diagram and 2 for the explanation]
[1] Labelled axis - capital goods and consumer goods (if a question about the economy - macro), product X and product Y (if about an individual/firm/industry - micro)
[1] Curve going from one axis to the other
[1] Shift in curve going from one axis to the other
[1] Arrow showing the direction of the shift in between the two curves

**General notes:**

- Write in complete sentences. You will be marked down for writing in bullet point form — but if you are running out of time, give it a go, as you will get something for your efforts.

- Although you are writing in complete sentences, keep them to the point — they don't give you anything for beautifully flowing prose, and they are more likely to lose the point of what you are trying to say.