GradeMax

Cambridge Assessment International Education

# Cambridge IGCSE™

**ECONOMICS** **0455/22**

Paper 2 Structured Questions **February/March 2022**

MARK SCHEME

Maximum Mark: 90

**Published**

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the February/March 2022 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **30** printed pages.

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## Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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**Social Science-Specific Marking Principles**
**(for point-based marking)**

**1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

**a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
**b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
**c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
**d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
**e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
**f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
**g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

**2 Presentation of mark scheme:**

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

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**3 Calculation questions:**

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

**4 Annotation:**

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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## PREPARATION FOR MARKING

1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
2 Make sure that you have read and understand the question paper, which you can download from https://support.rm.com/ca
3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

## MARKING PROCESS

1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
2 If you are in doubt about applying the mark scheme, consult your Team Leader.
3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

## MARKING SPECIFICS

### Crossed out work

**1 All a candidate's answers, *crossed out* or not, *optional* or not, must be marked.**
2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

### 0 (zero) marks or NR (no response)

1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

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Examiner annotations on 0455/2281/0987 and 2286

| | |
|---|---|
|  | Uncertain what the candidate means – an illogical line of thought |
| BOD | Benefit of the doubt |
| BP | Blank page |
|  | Caret – a word is missing. |
| CON | Confused |
|  | Cross |
| L | Nothing creditworthy |
| L1 | Level 1 |
| L2 | Level 2 |
| L3 | Level 3 |
| MAX | Maximum mark on one side. |
| NAQ | NAQ |

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| | |
|---|---|
| NE | Not established – a statement made without any support |
| REP | Repetition |
| SEEN | SEEN |
| ✔ | Tick – a credit worthy point |

**Annotation**

1 Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.

**2 Every mark awarded for a question (as shown in the mark input box to the right of the screen) must be indicated by a correctly positioned tick on the script. The number in the box below the tick annotation must be equal to the mark awarded in the input box.**

3 Every page of a script must have at least one annotation e.g. <BP> for a blank page

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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 1(a) | **Calculate the number of Bermudian workers who were unemployed in 2018.**<br><br>2345 (1). | **1** | |
| 1(b) | **Identify <u>two</u> reasons why demand for holidays in Bermuda may be price-elastic.**<br><br>Luxury (not a necessity) (1) expensive / high price (1). | **2** | If more than two reasons are given, consider the first three, |
| 1(c) | **State <u>two</u> reasons why a foreign MNC may want to operate in Bermuda.**<br><br>Any two from:<br>Tax haven / no corporation tax (1)<br>High GDP per head (1)<br>High import tariffs (1)<br>High literacy rate / skilled workers / educated workers (1)<br>Low inflation (1). | **2** | If more than two reasons are given, consider the first three, |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 1(d) | **Explain <u>two</u> reasons why Bermuda has higher level of economic development than many other countries.**<br><br>Logical explanation which might include:<br>Large tertiary sector (1) jobs in the tertiary sector tend to be better paid / have better working conditions (1).<br>High literacy rate (1) a higher literacy rate will tend to increase employability / provide more choices / increase quality of jobs obtained / increase pay / increase skills / produce better quality products / may suggest a good level of education / raise productivity / increase output (1).<br>Low population growth (1) a lower population growth may mean that dependency ratio may be low / less stress on resources / more resources can be devoted to e.g. investment (1).<br>High GDP per head (1) a higher GDP per head can increase living standards / result in high consumer expenditure (1).<br>High life expectancy (1) which can reflect good health care / may mean high quality labour (1). | **4** | One mark each for each of two reasons identified and one mark for each of two explanations.<br><br>If more than two relevant reasons are identified, consider the first three and take the two which gain the highest marks.<br><br>Note: no mark for high GDP, low unemployment or just e.g. population growth. |
| 1(e) | **Analyse the role of the Bermudian Monetary Authority (BMA).**<br><br>Coherent analysis which might include:<br>Carries out (most) of the functions of a central bank (1).<br>Acts as banker to the government (1) receives tax payments / enables government to make payments / manages national debt / allows government to borrow and lend (1).<br>Holds the country's reserves of foreign currency (1) may use reserves to influence the value of Bermuda's currency / buy / sell currency (1).<br>Carries out the government's monetary policy / keeps inflation low (1) by changing interest rate / money supply (1). | **4** | Maximum of 2 marks for recognising functions (including carrying out the functions of a central bank) from the source material. |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 1(f) | **Analyse the relationship between GDP per head and life expectancy.**<br><br>Coherent analysis which might include:<br><br>Overview<br>Generally, a positive relationship / the higher the GDP per head, the longer the life expectancy (1).<br><br>Supporting evidence<br>Evidence in terms of an individual country or group of countries e.g. Monaco has the highest GDP per head and the longest life expectancy or e.g. the three countries with the highest GDP per head have the longest life expectancy (1) evidence in terms of another country or group of countries e.g. Eswatini has the lowest GDP per head and the lowest life expectancy or e.g. Argentina, Bahamas and Eswatini have the lowest GDP per head and the lowest life expectancy (1).<br><br>Exception<br>Argentina or Bahamas (1) not in same order / reason for why difference may exist (1).<br><br>Comments<br>Higher income allows more to be spent on healthcare (1) better healthcare reduces illness / reduces death rate (1). | **5** | No marks for just stating the figures e.g. Monaco has a GDP per head of approximately $185 000 and a life expectancy of 90 years and Eswatini has a GDP per head of approximately $4000 and a life expectancy of 58. |

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>1(g)</td><td>Discuss whether or not Bermudian government policy measures designed to reduce unemployment would increase the inflation rate.<br><br>Award up to 4 marks for logical reasons why they might, which may include:<br>Expansionary fiscal and/or monetary policy measures (1) example of a measure (1) could increase total demand / increase spending (1) higher total demand could cause demand-pull inflation (1) if total (aggregate) demand exceeds total (aggregate) supply / there is limited or no spare capacity (1).<br>Shortage of unemployed workers / lower unemployment could push up wage rates / incomes (1) higher output could push up costs of raw materials (1) and cost of capital goods (1) higher costs of production (1) could cause cost-push inflation (1).<br><br>Award up to 4 marks for logical reasons why they might not, which may include:<br>Supply-side policy measures (1) could raise productivity (1) example of a measure (1) higher productivity could reduce costs of production (1) total supply could increase to match higher total demand / productive potential/capacity could increase (1) avoid / reduce cost-push inflation (1).<br>Expectations of future inflation could be low (1) resulting in e.g. lower wage claims (1).<br>Unemployment rate is at 7% (1) not at full employment (1) unemployed workers may be willing to work at existing wage rates (1) there is some spare capacity (1).<br>Inflation rate is low (1) and so expectations of inflation may be low (1).<br>Expansionary demand-side policy measures may just result in higher savings (1).</td><td>6</td><td>Apply this example to all questions with the command word DISCUSS<br>(1g, 1h, 2d, 3d, 4d and 5d)<br><br>Each point may be credited only once, on either side of an argument, but separate development as to how/why the outcome may differ is rewarded.<br><br>
<table>
<tr><th>Generic example</th><th>Mark</th></tr>
<tr><td>Tax revenue may decrease…</td><td>1</td></tr>
<tr><td>...because of reason e.g. incomes may be lower.</td><td>1</td></tr>
<tr><td>Tax revenue may increase because incomes may be higher i.e. reverse of a previous argument.</td><td>0</td></tr>
<tr><td>Tax revenue may increase because of a different reason i.e. <u>not</u> the reverse of a previous argument e.g. government spending on subsidies may stimulate the economy more than spending on education.</td><td>1</td></tr>
</table></td></tr>
</table>

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 1(h) | **Discuss whether or not higher indirect taxes can reduce the market failure caused by demerit goods.**<br><br>Award up to 4 marks for logical reasons why they might, which may include:<br>Demerit goods are more harmful than consumers realise / are harmful / consuming less would make people healthier (1) they usually have negative external costs (1) examples include fast food, alcohol and tobacco (1).<br>Demerit goods are overconsumed (1) and overproduced (1) higher indirect taxes will impose an extra cost / raise cost of production (1) which may lower output / supply (1) be likely to raise price (1) which is likely to reduce consumption (1) lower consumption/lower output/lower supply may move output to a point where social costs equal social benefits (1).<br>May raise tax revenue (1) which can be spent on campaigns to reduce e.g. smoking (1).<br><br>Award up to 4 marks for logical reasons why it might not, which may include:<br>It may be difficult to change consumers' behaviour / spending patterns (1) some demerit goods are addictive (1) those with high incomes may not be affected by a rise in price (1) demand for demerit goods may be inelastic (1).<br>Producers may not pass on price rise to consumers / products may be sold on an illegal market (1) to avoid fall in demand (1).<br>It can be difficult to determine the output of demerit goods which will avoid market failure. (1) the output where social cost will equal social benefit (1). | **6** | Examples of demerit goods may be rewarded in why might or why might not. |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 2(a) | **Define *frictional unemployment.***<br><br>Workers in between jobs / caused by a delay between workers moving from one job to another job (1) temporary / short term unemployment (1)<br>Seasonal / casual / search / voluntary unemployment (1)<br>Unemployment that exists when there is full employment (1). | **2** | |
| 2(b) | **Explain why an infant industry may need protection.**<br><br>Logical explanation which might include:<br>New industries (1) need time/potential to grow / to survive / to establish themselves / to build up a reputation / lack resources (1) need time to take advantage of economies of scale / may be competing with foreign firms which are more able to take advantage of economies of scale (1)<br>economies of scale lower costs / foreign firms may have lower costs (1).<br>Lower costs may reduce price the infant industry can charge (1) make the infant industry more competitive / be able to compete / foreign firms may be more competitive / foreign firms may drive the infant industry out of business (1).<br><br>The growth of infant industry may increase employment / elimination may increase unemployment (1) growth of infant industry may reduce imports/increase exports/promote domestic products / elimination of infant industry may increase imports/reduce exports (1) growth of infant industry may increase economic growth / elimination of infant industry may reduce economic growth (1). | **4** | |

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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 2(c) | **Analyse how a fall in a country's foreign exchange rate could reduce a deficit on the current account of its balance of payments.**<br><br>Coherent analysis which might include:<br>Deficit occurs when debit items including imports on the current account of the balance of payments exceed credit items including exports (1).<br>Fall in the exchange rate would reduce price/value of the currency / depreciation/devaluation has occurred (1) this would reduce the price of exports (1) increase price of imports (1) make exports more competitive / imports less competitive (1) demand for exports is likely to rise / exports increase (1) increase export revenue / money flowing into the country (1) demand for imports is likely to fall / imports reduce / switch from imports to domestically produced products (1) reduce import expenditure / reduce money flowing out of the country (1) increase net exports (1) if demand is price-elastic (1).<br>Value of remittances/money sent home may rise (1) increasing secondary income (1). | **6** | Accept imports exceed exports for understanding of a deficit on the current account of the balance of payments for the first mark. |

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>2(d)</td><td>Discuss whether or not a reduction in income tax will end a recession.<br><br>In assessing each answer, use the table opposite.<br><br>Why it might:<br>• increase disposable income<br>• increase consumer expenditure<br>• increase investment (spending on capital goods)<br>• increase total (aggregate) demand<br>• increase employment<br>• raise GDP.<br><br>Why it might not:<br>• lack of confidence<br>• people save more<br>• more could be sold from stocks / inventory<br>• workers may work fewer hours keeping disposable income unchanged<br>• people may spend more on imports<br>• people may still delay spending if prices are falling<br>• may reduce tax revenue and government spending on e.g. education.</td><td>8</td><td>Accept a discussion of a cut in personal income tax and/or corporate income tax.<br><br><table><tr><th>Level</th><th>Description</th><th>Marks</th></tr><tr><td>3</td><td>A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and/or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</td><td>6–8</td></tr></table></td></tr>
</table>

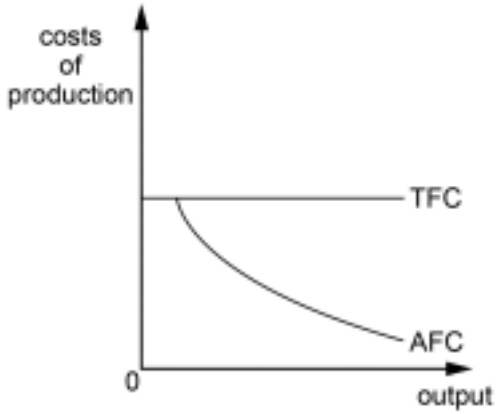
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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 2(d) | | | |

| Level | Description | Marks |
|---|---|---|
| 2 | A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question. | 3–5 |
| 1 | There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding. | 1–2 |
| 0 | A mark of zero should be awarded for no creditable content. | 0 |

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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 3(a) | **Define *diseconomies of scale.***<br><br>Higher average costs of production (1) as a result of a larger scale of production / growing too large / internal diseconomies of scale affect a firm whereas external diseconomies of scale affect an industry (1). | **2** | |
| 3(b) | **Explain <u>two</u> reasons why a high-income household may borrow more than a low-income household.**<br><br>Logical explanation which might include:<br>Banks may be more willing to lend to them (1) more confident of being repaid (1).<br>Banks may charge a low interest rate (1) as a high-income household may borrow a larger amount (1).<br>High-income households may be more confident of being able to repay the loan / able to repay the loan quickly (1) may expect income to rise / have greater job security (1).<br>High-income households may have significant wealth / assets (1) able to offer collateral (1).<br>High-income households may borrow for a big-ticket items/luxuries (1) e.g. to buy an expensive house, expensive car, to pay for children's education / to increase/maintain status / living standards (1). | **4** | One mark for each of two reasons identified and one mark for each explanation.<br><br>Note: the focus here is on households not firms.<br><br>Nothing for just high-income households spend more. |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 3(c) | **Analyse, using a diagram, the effect of an increase in output on average fixed cost (AFC) and total fixed cost (TFC).**<br><br>Up to 4 marks for the diagram**:**<br>Axes correctly labelled: costs and output (1)<br>TFC horizontal line (1).<br>AFC downward sloping (1).<br>Curves correctly labelled: TFC / FC and AFC (1).<br><br>Up to 2 marks for coherent written analysis which might include:<br>A higher output will have no effect on total fixed cost / fixed costs do not change with output in the short run / fixed costs have to be paid even when output is zero (1).<br>Average fixed cost will fall with output / as the same cost figure is divided by a higher output / AFC is TFC divided by output (1). | **6** | Do not reward a demand/supply/demand and supply or PPC diagram.<br><br> |

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>3(d)</td><td>Discuss whether or not the introduction of a national minimum wage will reduce poverty.<br><br>In assessing each answer, use the table opposite.<br>Why it might:<br>• low-paid workers may be better paid<br>• higher income may enable people to buy basic necessities<br>• reduce absolute poverty<br>• pay gap between high-income and low-income workers may be reduced, lower relative poverty<br>• higher pay may increase spending, creating more jobs and income<br>• higher tax revenue may enable the government to spend more on reducing poverty<br>• higher wages may increase productivity which could encourage firms to hire more workers.<br><br>Why it might not:<br>• may be set below current low pay and so have no effect<br>• may result in some workers losing their jobs<br>• unemployed will have lower income<br>• may discourage MNCs operating in the country<br>• does not help people who are poor because of age, unemployment or sickness<br>• may result in inflation, leaving purchasing power/real wages unchanged.</td><td>8</td><td><table><tr><th>Level</th><th>Description</th><th>Marks</th></tr><tr><td>3</td><td>A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and/or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</td><td>6–8</td></tr></table></td></tr>
</table>

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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 3(d) | | | |

| Level | Description | Marks |
|---|---|---|
| 2 | A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question. | 3–5 |
| 1 | There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding. | 1–2 |
| 0 | A mark of zero should be awarded for no creditable content. | 0 |

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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 4(a) | **Identify two reasons why immigration may increase.**<br><br>Two from:<br>• higher income / better living standards (in the country) / lower income abroad<br>• more job opportunities (in the country) / fewer job opportunities abroad<br>• better working conditions (in the country) / worse working conditions abroad<br>• better education (in the country) / worse education abroad<br>• better healthcare (in the country) / worse health care abroad<br>• lower cost of living / higher cost of living abroad<br>• lower taxes / higher taxes abroad<br>• lower immigration controls<br>• wars / famine / political unrest / natural disasters abroad. | **2** | Accept e.g. higher income on its own. If mention e.g. lower income must link to other countries /abroad. |

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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 4(b) | **Explain <u>two</u> consequences of unemployment.**<br><br>Logical explanation which might include:<br>Lower output / lower GDP / lower economic growth / producing below full capacity (1) inefficient use of resources / unused resources / lower exports (1).<br>Lower income / lower wages / lower GDP per head (1) causing a rise in poverty / reduction in ability to buy basic necessities / fall in living standards / lower development (1).<br>Lower total (aggregate) demand (1) lower inflation / deflation (1).<br>Lower tax revenue (1) from (direct and indirect taxes) due to lower income / reduction in government spending (1).<br>Increased government spending on unemployment benefits (1) opportunity cost / spending less on e.g. healthcare (1).<br>Reduction in household spending on education / healthcare (1) reduce living standards / life expectancy (1).<br>Unemployed workers may lose skills / become out of date with new technology (1) make it more difficult to gain employment (1).<br>Unemployed workers may experience depression / low self-worth (1) worsen health (1).<br>Possibility of a rise in crime (1) government may have to spend more on reducing crime / crime lowers people's quality of life (1). | **4** | One mark for each of two consequences identified and one mark for each explanation. |

| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 4(c) | **Analyse why more women may join a country's labour force.**<br><br>Coherent analysis which might include:<br>Rise in pay (1) better job opportunities (1) due to a fall in discrimination (1) change in social attitudes (1).<br>Improvements in education for girls (1) more female graduates / higher literacy (1) higher productivity / skills (1) higher demand for women workers (1).<br>Rise in tertiary sector employment (1) higher proportion of women employed in the tertiary sector (1).<br>Fall in birth rate (1) reduction in dependents / dependency ratio (1) rise in availability of childcare (1) making it easier to combine work and parenthood (1).<br>Increase in population size (1) more women available to seek work (1).<br>Reduction in male workers (1) due to e.g. emigration of male workers (1).<br>Rise in part-time employment / increase in holidays / rise in flexible hours / increase in opportunity to work from home (1) allowing women to combine work with bringing up a family (1).<br>More women may need / want to support their families financially (1) due to e.g. rise in cost of living / male workers losing their jobs / increase in divorce 1).<br>May be government measures to encourage women to join the labour force (1).<br>Rise in job security (1) improvement in working conditions / fringe benefits (1). | **6** | |

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>4(d)</td><td>Discuss whether or not a government should encourage an increase in saving.<br><br>In assessing each answer, use the table opposite.<br><br>Why it should:<br>• will reduce spending which can reduce demand-pull inflation<br>• lower spending may reduce imports, improving the current account balance<br>• will provide finance for investment<br>• will provide a ‘safety net’ for households and firms<br>• may be used to finance children’s education and/or family’s healthcare<br>• may provide income when retired.<br><br>Why it should not:<br>• may result in a recession<br>• will reduce total demand which can decrease economic growth<br>• may cause (cyclical) unemployment<br>• incomes may be too low for people to be able to save<br>• may reduce tax revenue from indirect taxes.</td><td>8</td><td><table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and/or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</td><td>6–8</td></tr>
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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 4(d) | | | |

| Level | Description | Marks |
|---|---|---|
| 2 | A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question. | 3–5 |
| 1 | There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding. | 1–2 |
| 0 | A mark of zero should be awarded for no creditable content. | 0 |

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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 5(a) | **Define the *economic problem*.**<br><br>Finite/limited resources (1) unlimited/infinite wants (1).<br>Wants exceeding resources (2).<br>Scarcity (1). | **2** | |
| 5(b) | **Explain whether land is mobile.**<br><br>Logical explanation which might include:<br>Most land is geographically immobile (1) fixed in one place / cannot move from one place to another place (1).<br>Some forms of land e.g. wildlife can be moved from one place to another (1).<br>Land is occupationally mobile (1) capable of changing its use / e.g. land can be used for farming or housing (1). | **4** | |

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| Question | Answer | Marks | Guidance |
|---|---|---|---|
| 5(c) | **Analyse the causes of a shift to the right in the supply curve of chocolate.**<br><br>Coherent analysis which might include:<br>A shift to the right of the supply curve means that more will be supplied at each and every price / supply has increased due to a non-price factor/influence (1).<br>Lower costs of production (1) due to any cause (other than tax or subsidy) e.g. lower wages / higher productivity / lower transport costs (1).<br>Subsidy (1) providing an additional income / effectively lowering costs / providing a financial incentive (1).<br>Advances in technology (1) increasing output per unit of resource / increase efficiency / raise productivity of capital (1)<br>Good harvest of cocoa / raw material (1) perhaps due to improvement in weather conditions / improvements in fertilisers (1) reducing price of raw material (1) increasing supply of raw material (1).<br>Lower tax on chocolate / lower indirect tax / lower corporate tax (1) making it more profitable to produce (1).<br>Fall in price/rise in cost of production/ fall in profitability of another product produced by chocolate firms (1) encouraging the switch of some resources to chocolate production (1). | **6** | Note: no marks for a diagram. |

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<tr><td>5(d)</td><td>Discuss whether or not consumers would benefit from a firm becoming a monopoly.<br><br>In assessing each answer, use the table opposite.<br><br>Why they might:<br>• a monopoly may have lower average costs of production due to economies of scale<br>• lower costs of production may result in lower prices<br>• a monopoly may have larger profits which can be spent on R&D<br>• higher R&D can improve the quality of the product<br>• may be a state-owned monopoly which seeks to increase social welfare.<br><br>Why they might not:<br>• monopoly may use market power to increase price<br>• lack of competition may reduce pressure to improve quality<br>• consumers will have less choice<br>• there may be a lack of availability if the monopoly restricts supply to drive up price<br>• a monopoly may have higher average costs due to diseconomies of scale.</td><td>8</td><td><table><tr><th>Level</th><th>Description</th><th>Marks</th></tr><tr><td>3</td><td>A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and/or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</td><td>6–8</td></tr></table></td></tr>
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|---|---|---|---|
| 5(d) | | | |

| Level | Description | Marks |
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| 2 | A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question. | 3–5 |
| 1 | There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding. | 1–2 |
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