GradeMax

Cambridge Assessment International Education

Cambridge IGCSE™

ECONOMICS **0455/23**

Paper 2 Structured Questions **May/June 2023**

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 May/June 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre−U components, and some Cambridge O Level components.

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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.

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)

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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).

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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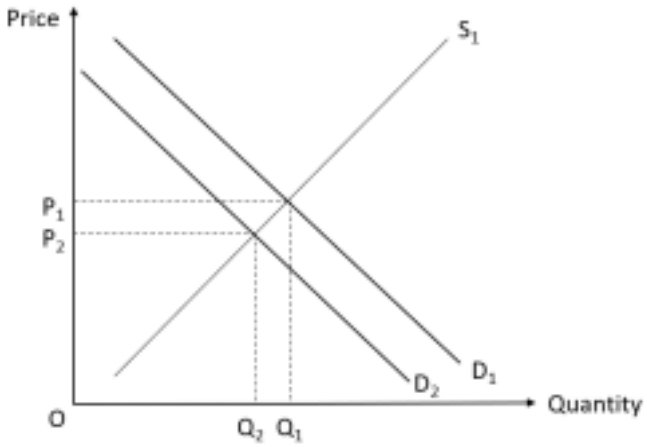
Common examiner annotations on 0455/2281/0987 and 2286

	Uncertain what the candidate means – an illogical line of thought		MAX	MAX
BOD	Benefit of the doubt		NAQ	Not answered question
BP	Blank page		NE	Not established – a statement made without any support
	Caret – a word is missing.		REP	Repetition
CON	Confused		SEEN	SEEN
	Cross			Tick – a credit worthy point
	Highlight		TV	Too vague
L	Nothing creditworthy			
L1	Level 1			
L2	Level 2			
L3	Level 3			

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Question	Answer	Mark	Guidance
1(a)	**Calculate New Zealand's GDP per head in 2020.** $39 000 (1)	**1**	Accept the correct figure without the $ sign.
1(b)	**Identify <u>two</u> external costs arising from the milk and car industries.** Air pollution (1). Damages the environment (where wild animals live) (1).	**2**	If more than two costs given, consider the first three.
1(c)	**Explain the impact on a cow farmer's profits if they are unable to find a different source of revenue.** Profit is revenue minus costs (1) Profits will fall (1) due to reduction in quantity sold / decrease in supply (1). Less revenue (1) less income for farmers (1) farmers may become unemployed (1).	**2**	
1(d)	**Explain the <u>two</u> plans that the New Zealand government has to reduce external costs to the environment.** Logical explanation which might include: End imports of petrol-powered cars by 2032 (1) decreasing the number of petrol−powered cars in New Zealand / reduce use of fossil fuels / by imposing an embargo/increasing the price of petrol-power cars / increasing usage of greener / electric cars (1). Limit the number of cows that each farmer can have (1) decreasing the amount of air pollution emitted by cows / less habitat damaged by cows / government fines to those who have more cows than permitted/ imposing regulations (1).	**4**	One mark each for each of two plans identified and one mark each for each of two explanations. Accept milk production for keeping cows.

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Question	Answer	Mark	Guidance
1(e)	**Draw a demand and supply diagram, to show the effect of a cheaper substitute on the market for petrol-powered cars.** Demand and supply diagram: Axes correctly labelled – price and quantity or P and Q (1). Original demand and supply curves correctly labelled (1). New demand curve shifted to the left (1). Equilibriums – shown by lines P_1 and Q_1 and P_2 and Q_2 or equilibrium points marked as E_1 and E_2 (1).	**4**	

Question	Answer	Mark	Guidance
1(f)	**Analyse the relationship between a country's share of world GDP (%) and its share of world carbon dioxide emissions (%).** Coherent analysis which might include: Expected relationship: Positive relationship (1) – the lower / higher total GDP as a % of world GDP, the lower / higher the carbon dioxide emission as a % of world GDP (1). Supporting evidence: up to 2 marks for relevant evidence e.g. • New Zealand has the lowest total GDP as a % of world GDP and lowest level of carbon dioxide emission as a % of world carbon dioxide emissions • Thailand has the second lowest total GDP as a % of world GDP and second lowest level of carbon emissions as % of world carbon dioxide emissions China and USA have the two highest total GDP as a % of world GDP and highest level of carbon emissions as a % of world carbon dioxide emissions. Analysis of expected relationship: As countries produce more goods and services which increases their GDP (1), their carbon emissions also increase as more factories / energy / transport needed for production (1). Exception: China/United States (1) China has 2nd highest GDP as a % of world GDP after the US but China has the highest carbon dioxide emission as a % of world GDP (1). Analysis of exception: e.g. China has a larger secondary sector / higher percentage of heavy industries / larger population (1).	**5**	Responses do not have to be in the format suggested but they should address the expected/normal relationship, offer supporting evidence of that, highlight any exceptions to that, and analyse the overall data.

<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th><th>Guidance</th></tr>
<tr><td>1(g)</td><td>Discuss whether or not an increase in exports of clean and green products will help the New Zealand government achieve its macroeconomic aims.

Award up to 4 marks for logical reasons why it might, which may include:
• Increase economic growth / GDP (1) as increased exports lead to increased total demand (1) clean and green products may have higher demand (1) and higher prices (1)
• Reduce its current account of the balance of payment deficit (1) as value of exports will increase (1) increasing net exports (1) more inflow into the current account / increase in trade in goods inflow (1)
• Decrease unemployment (1) as more goods produced (1) requires more workers (1) reduce poverty (1)
• Improved HDI (1).

Award up to 4 marks for logical reasons why it might not, which may include:
• Not all firms benefit (1) as some firms which are less clean / green will lose revenues / profits (1) cut costs (1) hire less workers (1) increase unemployment (1)
• Increased total demand (1) will lead to inflation (1) firms increase the price of their products since demand is higher (1) lower purchasing power of consumers / lower real income (1).</td><td>6</td><td>Apply this example to all questions with the command word DISCUSS
(1g, 1h, 2d, 3d, 4d and 5d)

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.

<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	Mark	Guidance
1(h)	**Discuss whether or not job losses caused by a change to a carbon−neutral economy will be harmful.** Award up to 4 marks for logical reasons why there might be negative economic consequences, which may include: • increased poverty (1) as fewer jobs means less income (1) can't afford basic necessities (1) such as shelter / clothes / food (1) possibility of increased crime (1) • huge losses in the other firms that serve these communities (1) less spending in local shops (1) less revenue / profit (1) may have to shut down (1) • lost output (1) economy not producing at its full capacity (1) unused resources (1) actual output lower than maximum output (1) inefficient allocation of resources due to the existence of labour who wants to work but can't find work (1) • lost skills / lost motivation (1) occupational immobility /can't find new jobs (1) cost of retraining workers (1) • double effect on government finances (1) unemployed don't pay taxes (1) but get benefits (1) reduce government revenue (1) • may decrease government expenditure on other areas (1) • Unequal burden (1) structural unemployment (1) increases inequality (1) youth and older individuals more likely to be unemployed (1). Award up to 4 marks for logical reasons why negative economic consequences above may not occur: • temporary (1) frictional unemployment (1) as other jobs in carbon−neutral economy are available (1)	**6**	

Question	Answer	Mark	Guidance
1(h)	• an economy with a high mobility of factors of production could avoid such problems (1) workers can move to other industries (1) develop skills for jobs in the carbon−neutral economy (1) if education / training is provided (1). • new jobs may be higher paid (1) boosting total demand (1) • better air quality leads to better health (1) improving productivity (1) • government spends less on health care (1) allowing more to be spent elsewhere e.g. on education and training (1).		

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Question	Answer	Mark	Guidance
2(a)	**Identify <u>two</u> types of cost to a firm.** total cost (1) average total cost (1) fixed cost (1) variable cost (1) average fixed cost (1) average variable cost (1)	**2**	Accept any relevant costs e.g. labour cost Accept abbreviations e.g. TC If more than two costs given, consider the first three.
2(b)	**Explain <u>two</u> roles of commercial banks for firms.** Logical explanation which might include: Provide loans / overdrafts to banks / source of finance (1) to fund investments / expansion / start−up / day to day operations (1). Help process payments (1) internet banking / fund transfers / credit card / debit card payments (1). Issuing bank drafts / bank cheques (1) to help firms make payments (1). Safe place to store money / savings (1) firms making deposits / earn interest (1). Safekeeping of documents and other items (1) in safe deposit boxes (1). Currency exchange (1) to facilitate transfers between firms / international transactions (1). Provides insurance (1) to reduce various risks to the firm (1).	**4**	One mark each for each of two roles identified and one mark each for each of two explanations. If more than two roles given, consider the first three.

Question	Answer	Mark	Guidance
2(c)	**Analyse the causes of differences in the level of income between countries.** Coherent analysis which might include: • difference in productivity (1) countries with higher productivity have higher incomes (1) as workers can produce more (1) and earn more money from their production (1) • difference in availability of natural resources (1) e.g. valuable commodities such as oil or gold (1). • difference in population growth (1) countries with higher population growth have higher incomes (1) as there are more people to produce goods and services (1) lower labour costs (1) encourage more investments (1) • differences in distribution of primary, secondary and tertiary sectors / level of development (1) those with higher secondary and tertiary sectors have higher incomes (1) more value added (1) less dependent on weather (1) higher productivity (1) • difference in specialisation / diversification (1) level of exports (1). • difference in minimum wage level (1) affects the level of total demand in a country (1) • difference in level of saving and investment (1) higher savings leads to higher investment (1) and higher productivity growth (1) and therefore higher income growth (1) • difference in education levels (1) higher education levels lead to higher incomes (1) workers have more qualification / skills / experience (1) leading to higher productivity / higher output (1)	**6**	Alternatively, accept arguments which describes reasons for lower incomes.

Question	Answer	Mark	Guidance
2(c)	• difference in health / healthcare standards (1) higher health / healthcare standards lead to higher incomes (1) less sick / healthier / stronger (1) produce more / higher productivity leading to higher income (1). • difference in unemployment rates (1) the more unemployed resources a country has, the less income is likely to be earned (1). • differences in birth rates / proportion of elderly people (1) high birth rate and ageing population may place high demands on a country's resources (1) • difference in frequency of war / natural disasters (1) reducing a country's ability to produce goods and services (1)		

Question	Answer	Mark	Guidance
2(d)	**Discuss whether or not low tax rates benefit an economy.** In assessing each answer, use the table opposite. Why it might: • low corporation tax rates encourage more investments and therefore higher productivity growth which encourages economic growth • low corporation tax rates encourage more investments which increases demand for labour and reduces unemployment • low income tax rates encourage more people to enter the labour force • low income tax rates increase disposable income which can encourage higher consumer expenditure and, as a result, higher output • low indirect tax rates reduce cost of production which reduces cost−push inflation • low indirect tax rates reduce cost of production which increases competitiveness of exports which reduces current account deficit / increases current account surplus Why it might not: • low tax rates reduce government revenues which could reduce spending on public goods / infrastructure, reducing investments / productivity growth • low tax rates increase production which increases pollution and environmental degradation • low direct tax rates may be inflationary	8	

Level	Description	Marks
3	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.	6−8
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	Mark	Guidance
2(d)	• low tax rates increase trade which increases need for international transport such as ships and planes which increases pollution • low direct tax rates increase inequality • low tax rates on demerit goods may worsen health / result in market failure. • low tax rates on imports (tariffs) may worsen the current account of the balance of payments		

Question	Answer	Marks	Guidance
3(a)	**Identify <u>two</u> challenges facing small firms.** Two from: Raising finance (1) May not be able to employ specialist staff (1) Less well known (1) Managing cash flow (1) Survival / may have high level of competition (1) Not able to take advantage of economies of scale / high average cost (1)	**2**	If more than two challenges given, consider the first three. Accept any reasonable challenges facing small firms.

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Question	Answer	Mark	Guidance
3(b)	**Explain <u>two</u> possible opportunity costs for firms if they invest in the latest technology.** Logical explanation which might include: They may not be able to pay as much in wages (1) forgoing having extra workers to help in their business / more skilled workers (1) They may not be able to get good quality raw materials (1) sacrificing the quality of their product (1) They may not be able to operate in a good location (1) more difficult for customers to reach the firm (1) They may not be able to buy land (1) for expansion (1) They may not be able to spend on advertising / marketing / spending on the brand (1) forgoing the opportunity to increase demand (1) Retained profits (1) could have been distributed to the owners (1)	**4**	One mark each for each of two opportunity costs identified and one mark each for each of two explanations. If more than two opportunity costs given, consider the first three.

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Question	Answer	Mark	Guidance
3(c)	**Analyse <u>two</u> causes of a fall in demand for a product such as Chinese food.** Coherent analysis which might include: Decrease in price of substitutes / better quality substitutes (1) increasing demand for substitutes (1) such as Indian food or other kinds of food (1) there may be an increase in the advertising of substitutes / better known rivals may enter the market (1). Increase in the price of complements (1) e.g. delivery charges (1) Decrease in income (1) decreasing demand for Chinese food as people eat out less (1) as eating out is seen as luxury goods (1). Change in tastes / trends moving away from Chinese food (1) increasing demand for other types of food (1) Decrease in quality of Chinese food (1) lack of investments (1) may be a health report about the advantages of eating another type of food (1). Lack of advertising (1) due to little investments in marketing (1) less popular / less awareness of product (1).	**6**	If more than two causes given, consider the first three.

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<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th><th>Guidance</th></tr>
<tr><td>3(d)</td><td>Discuss whether or not competition is harmful to a firm.

In assessing each answer, use the table opposite.

Why it might be:
• reduction in market share
• less revenues / less profits
• less growth
• less reinvested profits – less innovation
• may need to lower prices / spend more in order to compete
• may be difficult to enter or stay in an industry if there are large firms with low average costs

Why it might not be:
• less complacency
• more innovation
• increase quality of goods and services produced
• domestic competition leads to international competitiveness</td><td>8</td><td>
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<tr><td>2</td><td>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.</td><td>3−5</td></tr>
<tr><td>1</td><td>There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.</td><td>1−2</td></tr>
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</table>
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</table>

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Question	Answer	Mark	Guidance
4(a)	**Define *emigration*.** Emigration is when people exit / leave (1) a country (1) to live in another country (1).	**2**	
4(b)	**Explain <u>two</u> causes of a recession.** Logical explanation which might include: Fall in total demand / low economic activity (1) due to lower consumer confidence / falling consumption / falling government spending / falling exports / increase imports (1) Fall in investment (1) leading to fall in productive capacity (1) Fall in population (1) e.g. due to emigration (1) leading to a fall in number of workers (1) Wars / natural disasters (1) causing destruction of factors of production (1) Higher interest rates (1) leading to lower borrowing / consumption / investments (1) Decreased consumer / investor confidence (1) decreasing consumption / capital flight (1) Higher income / corporation taxes (1) leading to falling disposable income for consumption / falling after tax profits leading to lower investments (1) Lower productivity (1) reducing demand for the country's output (1).	**4**	If more than two causes given, consider the first three.

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Question	Answer	Mark	Guidance
4(c)	**Analyse policy measures a government could use to attract workers to return to their home country.** Coherent analysis which might include: Increase national minimum wage (1) attract more unskilled / low−paid workers to return (1). Expansionary fiscal policy / expansionary monetary policy (1) to increase job opportunities (1). Improved education / healthcare / housing (1) higher pensions (1) to raise living standards (1). Better working conditions / quality of life (1) regulations to protect workers from poor treatment (1) better fringe benefits e.g. holiday entitlement Greater security in the country (1) e.g. gun controls (1) Labour market reforms (1) making it easier for firms to hire (1) more job opportunities (1) people return to take up a job (1). Lower direct taxes (1) increase after−tax income / disposable income (1) could encourage more people to work (1) and return to the country to earn income (1). Deregulation (1) encourages more firms to start up (1) more entrepreneurs will want to start a business (1) encouraging more people to return to start their own business (1). Improving incentives to work and invest (1) more investments (1) more demand for workers (1) more job opportunities (1). Measures to reduce inflation (1) making lower cost of living attractive (1)	**6**	

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Question	Answer	Mark	Guidance
4(d)	**Discuss whether or not an economy benefits from many of its students studying abroad.** In assessing each answer, use the table opposite. Why it might: • other countries may have better education system enabling students to gain better skills / experiences • when students return to the country, there will be higher productivity i.e. quality of factors of production increases • learn about new technologies which could help the domestic economy in the future • make connections abroad which could help establish future business contacts • new ideas / products which could be brought back for the domestic economy • decrease poverty • leads to further economic development. • less spent on education by government Why it might not: • students studying abroad might not return and stay in the country they studied in (brain drain) • studying abroad is very expensive and lots of money is spent abroad instead of in the domestic economy (money outflow) • only a small proportion of the society can afford studying abroad increasing inequality • Lack of development of higher / university education in the country due to lack of demand. • If inflow of students from abroad is larger than outflow of students, then there may not be a problem. • loss of potential consumption / growth in home country • unemployment of teachers / lecturers in the country, costs to government in benefits	8	<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><tr><td>2</td><td>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.</td><td>3−5</td></tr><tr><td>1</td><td>There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.</td><td>1−2</td></tr><tr><td>0</td><td>A mark of zero should be awarded for no creditable content.</td><td>0</td></tr></table>

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Question	Answer	Mark	Guidance
5(a)	**Define *government budget.*** Government budget is a plan / forecast (1) for government expenditure (1) and government revenue (1)	**2**	
5(b)	**Explain, with examples, the difference between private benefits and external benefits.** Logical explanation which might include: Private benefits are benefits incurred by the consumers or producers of a product (1) for example, getting a better job in the future for those consuming education / profits that a firm earns (1) External benefits are benefits incurred by the third party (1) for example, increased productivity due to better education and better healthcare as a result of better qualified doctors (1)	**4**	

Question	Answer	Mark	Guidance
5(c)	**Analyse the reasons why workers employed in education may earn more than workers employed in other industries.** Coherent analysis which might include: Higher demand for education workers (1) due to higher demand for education than other industries (1) demand for education workers is derived demand (1). Lower supply (1) less people available to work in education (1) e.g. not many qualified people want to become teachers / lecturers (1). Higher bargaining strengths (1) stronger trade unions (1) e.g. teachers' union is very strong. Less discrimination (1) everyone is paid according to their level of productivity (1) for example, female teachers less discriminated than in other industries (1). More favourable government policy for workers in education / government spends more on education (1) higher wages set by the government for workers in education (1) as education is essential for the economy / society (1). More skilled (1) long-term training required (1) higher productivity (1). tertiary workers earn more (1) more value added (1).	**6**	

<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th><th>Guidance</th></tr>
<tr><td>5(d)</td><td>Discuss whether or not having a large population is beneficial for the economy.

In assessing each answer, use the table opposite.

Why it might:
• high labour supply – higher levels of factors of production – high productive capacity – PPC shifts outwards
• workers can be taxed − enabling spending on public services
• high spending leads to high total demand –high economic growth
• high investment as firms can gain more profit
• high investment as firms can easily find more workers
• high competition amongst workers – high quality / productivity of workers
• many entrepreneurs – increased competition – increased innovation
• high demand for goods and services – increased output of firms – economies of scale.

Why it might not:
• strain on resources – e.g. lack of proper housing, schools, hospitals
• external costs – e.g. pollution
• high total demand could lead to increase demand−pull inflationary pressures
• shortage of jobs – increased unemployment
• it depends upon the composition of the population e.g. large proportion of under 5's will not increase output in the short run.</td><td>8</td><td>
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<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 sided 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>
<tr><td>2</td><td>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.</td><td>3−5</td></tr>
<tr><td>1</td><td>There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.</td><td>1−2</td></tr>
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