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CAMBRIDGE
International Education

Cambridge IGCSE™

ECONOMICS **0455/21**

Paper 2 Structured Questions **May/June 2026**

MARK SCHEME

Maximum Mark: 90

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

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General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: • the specific **content** defined in the mark scheme • the specific **skills** defined in the mark scheme or in the level descriptions • the **standard of response** required as exemplified by the standardisation scripts.
2	Examiners must award **whole marks** (not half marks, or other fractions).
3	Examiners must award marks **positively**. This means that: • marks are not deducted for errors or omissions • marks are awarded for correct/valid answers as defined in the mark scheme and also for **other valid answers** which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate • the quality of spelling, punctuation and grammar are judged **only** when the mark scheme indicates that these features are **specifically assessed** in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must **consistently** apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the **full range of marks** defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and **must not** award marks with grade thresholds or grade descriptions in mind.

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Social Sciences-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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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	Uncertain what the candidate means – an illogical line of thought
	Benefit of the doubt
	Blank page
	Caret – a word is missing.
	Confused
	Cross
Highlighter	Highlight
	Nothing creditworthy
	Level 1

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Annotation	Meaning
L2	Level 2
L3	Level 3
MAX	MAX
NAQ	Not answered question
NE	Not established – a statement made without any support
REP	Repetition
SEEN	SEEN
	Tick – a credit worthy point
TV	Too vague
On-page comment	To be used when a candidate has misidentified a question they have answered e.g.: This is an answer to **Q4(c)** and not **Q5(c)**.

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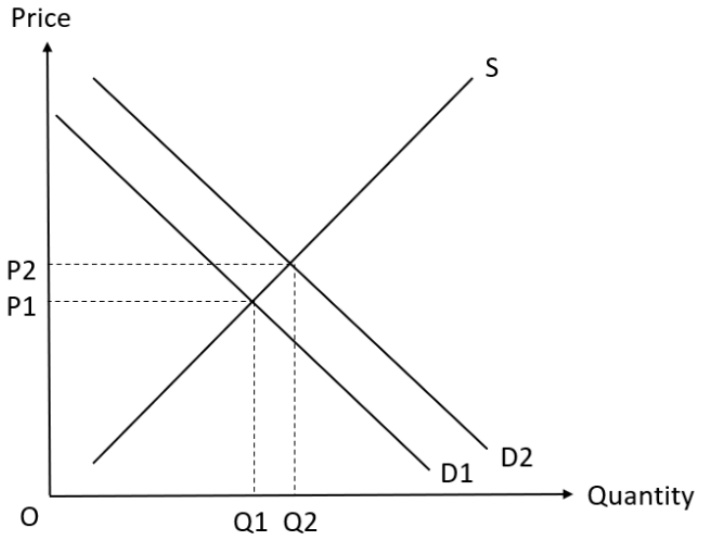
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Question	Answer	Marks	Guidance
1(a)	~~**Calculate Uruguay's government spending in US dollars in 2023.**~~ ~~$13.2 bn.~~	~~1~~	~~Accept 13.2 bn.~~ **Due to a series-specific issue during the live exam series, all candidates were awarded full marks for question 1(a). The mark scheme for this question was not used by examiners.**
1(b)	**Identify two reasons why the Uruguayan Government raised the retirement age.** High proportion of/lots of/decrease government spending that goes on pensions (1) Increasing life expectancy / increasing average age (1) To increase labour force (1)	**2**	If more than two reasons are given, consider the first three.
1(c)	**Explain why some Uruguayan workers emigrate to the USA.** Higher wages / income (1) increase living standards / increase quality of life / increase purchasing power / reduce poverty / send remittances back to Uruguay / less progressive tax in the US (1).	**2**	
1(d)	**Explain two reasons why income inequality is lower in Uruguay than in the USA.** Logical explanation which might include: More progressive tax system (1) takes a larger percentage of the incomes of the rich / take a lower percentage of the income of those on low incomes (1). Higher government spending on education (as % of GDP) (1) increases employment opportunities / earning potential (1). Higher government spending on healthcare (as % of GDP) (1) reduces illness/ time off work (1).	**4**	One mark each for each of two reasons identified and one mark for each of two explanations. If more than two reasons are given, consider the first three.

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Question	Answer	Marks	Guidance
1(e)	**Draw a demand and supply diagram to show the effect of an increase in demand for swimming pools on the market for water.** Coherent analysis which might include: D&S 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 right and labelled (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**	

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Question	Answer	Marks	Guidance
1(f)	**Analyse the relationship between the number of doctors and life expectancy.** Coherent analysis which might include: Expected relationship (up to 2 marks): Direct / positive (1) as the number of doctors rises, it would be expected that life expectancy rises (1). Supporting evidence (up to 2 marks) Chad has the lowest number of doctors and lowest life expectancy (1) Angola has the second lowest number of doctors and second lowest life expectancy (1) Analysis (up to 2 marks): More doctors should be able to provide more/better healthcare/quicker treatment (1) improving the health of the population (1). Exception (up to 2 marks): Uruguay / New Zealand (1) Uruguay had the highest number of doctors but only the second highest life expectancy / New Zealand had the second highest number of doctors but the highest life expectancy (1). Analysis of the exception (1 mark): There are other influences on life expectancy e.g. nutrition / more doctors may not be evenly spread across the country/ may not indicate an increase in the skills of doctors / high inequality (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.

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<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 Uruguay's low inflation rate would have benefited the Uruguayan economy.

Award up to 4 marks for logical reasons why it might, which may include:

• may increase investments (1) due to increased certainty / confidence (1) which increased output / total demand / economic growth / GDP (1) hire more workers / create more jobs (1) reduce unemployment (1)
• may have increased international competitiveness (1) increased exports (1) reduce current account deficit / increase current account surplus (1)
• may have reduced income inequality / risk of redistribution of income (1) between lenders and borrowers (1) encouraged saving (1)

Award up to 4 marks for logical reasons why it might not, which may include:

• may prevent cost of debt falling (in real terms) (1) may result in unemployment (1) as firms may find it difficult to reduce their (real) costs (1)
• may discourage firms from expanding their output / growing (1) as lower inflation could be caused by lower demand (1) lower revenues / profits (1) may create fears that low inflation may lead to deflation (1) which can result in a recession (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>

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Question	Answer	Marks	Guidance
1(h)	**Discuss whether or not Uruguay's consumers would benefit from more of its markets becoming monopolies.** **Award up to 4 marks for logical reasons why it might**, which may include: • (average) total cost may be low (1) due to economies of scale (1) example (1) which may reduce price (1) • higher profits (1) which are reinvested / spent on research and development (1) more innovation / better quality (1) create new products (1). **Award up to 4 marks for logical reasons why it might not**, which may include: • (average) total cost may be high (1) due to diseconomies of scale (1) example (1) • price may be high (1) ability to set prices (1) due to lack of competition (1) lower purchasing power / real income (1) • quality may be low (1) lack of innovation (1) complacency (1) • choice may be less (1) inelastic demand / necessity (1)	**6**	

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Question	Answer	Marks	Guidance
2(a)	**Define 'price mechanism'.** Price changes (1) which reflect (changes in) demand and supply (1) A system / way that allocates resources (1) based on the decisions of households and firms / consumers and producers (1).	**2**	
2(b)	**Explain how price elasticity of demand influences the total spending on a product when its price changes.** Logical explanation which might include: • If demand is price-elastic, a rise in price will cause a fall in total spending / revenue (1) as demand will fall by greater (%) than the fall in price (1). • If demand is price-inelastic, a rise in price will cause a rise in total spending / revenue (1) as demand will fall by smaller (%) than the fall in price (1).	**4**	May answer in terms of a fall in price.

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Question	Answer	Marks	Guidance
2(c)	**Analyse the influences on workers' ability to gain a wage rise.** Coherent analysis which might include: • Qualifications / education (1) highly qualified/educated workers are likely to be in low supply / less substitutes (1) more occupationally (geographical/occupational) mobile (1) • Skills (1) highly skilled workers have higher productivity (1) workers don't need to be trained (1) training cost savings can be given to workers as higher wages (1). • Experience (1) as workers become more experienced, they can earn more (1) • Trade union (1) bargaining power (1) can take industrial action / strikes (1). • Profits made by firms (1) high profits may encourage firms to raise wages (1). • Change in national minimum wage (1) a rise will mean that firms have to increase the wages of those on NMW (1) may raise those above NMW to retain them (1). • Economic growth / low unemployment levels (1) increase consumer expenditure and investments / higher demand for goods and services (1) increased production / output (1) leading to higher demand for workers (1) work more (hours) (1)	**6**	Maximum 3 marks for only identification

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<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 government should protect all of the country's industries.

In assessing each answer, use the table opposite.

Coherent discussion which might include:

Why it should:
• infant industries may be protected to ensure they can grow / compete against larger industries that can take advantage of economies of scale
• declining industries may be protected to avoid a rise in unemployment
• strategic industries may be protected to ensure e.g. food security
• industries that are affected by dumping may be driven out of the market by unfair competition if not protected

Why it should not:
• some industries may be profitable and so will not need protection
• some industries may be inefficient
• some industries may produce demerit goods. Goods that create external costs
• protecting all industries may be very expensive.
• protecting industries may lead to retaliation</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>
<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>
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<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>
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Question	Answer	Marks	Guidance
3(a)	**Define 'tax'.** A (mandated/legally required) payment/levy (1) made to a (local) government (1) by business/workers/consumers / on income/expenditure/profits (1) as a source of government revenue (1)	**2**	
3(b)	**Explain <u>two</u> causes of a shift to the right of a country's PPC.** Logical explanation which might include: • Increase in population / rise in birth rate (1) rise in size of labour force / amount of labour (1) • Discovery of natural resources (1) rise in quantity of resources (1) • Increase in immigration (1) more entrepreneurs (1) • More investments / FDI (1) rise in amount of capital (1) • Land reclamation (1) rise in quantity of land (1) • Improved education / skills / qualification (1) rise in productivity/efficiency (1) • Improved healthcare (1) rise in quality of factors of production • Advances in technology (1) rise in in productive capacity / productive potential / potential output / ability to produce more (1)	**4**	One mark each for each of two causes identified and one mark for each of two explanations.

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Question	Answer	Marks	Guidance
3(c)	**Analyse the advantages a car firm may gain from specialising in the production of luxury electric cars.** Coherent analysis which might include: • (Luxury) electric cars may be in high demand (1) high revenue / income (1) high profits (1). • Can enable car firms/workers to develop skills (1) raise quality (1) increase productivity/efficiency (1) • Luxury products can be sold at higher prices (1) good reputation / brand loyalty (1) less competition / inelastic (1). • May be subsidised (1) reducing cost of production (1). • May enable car firms to take advantage of economies of scale (1) example (1) • Incomes tend to rise in most countries (1) increasing consumers' ability to buy luxury products (1)	**6**	Maximum 3 marks for only identification

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<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>3(d)</td><td>Discuss whether or not a government should subsidise bus transport.

In assessing each answer, use the table opposite.

Coherent discussion which might include:

Why it should:
• may reduce price – encourage bus transport
• may lower use of cars
• may reduce pollution
• may reduce congestion
• may help those on low incomes
• may increase employment.

Why it should not:
• may encourage inefficiency
• may need to raise tax / increase a budget deficit
• may discourage people from walking / cycling
• will involve an opportunity cost.</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 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(a)	**Identify <u>two</u> services that commercial banks provide for their customers.** • loans (1) • looking after documents/ valuables (1) • accept deposits/current accounts/withdrawal/transferring money/making payments/debit cards/cheque book (1) • provide financial advice (1) • provide foreign exchange (1) • provide insurance (1) • savings (1)	**2**	If more than two services are given, consider the first three.
4(b)	**Explain <u>two</u> reasons why a firm may produce in more than one country.** Logical explanation which might include: • Access to natural resources (1) at a lower price / unavailable at home (1). • Access to a growing/larger market / increased demand in other countries / closer to market (1) opportunity to earn high revenue/profits (1). • Increase output (1) leading to economies of scale (1) • Access to skilled labour (1) high quality output (1). • Lower wages (1) lower costs of production (1). • Tax rates may be low / avoid tariffs/trade barriers (1) increase post-tax income (1). • Legislation may be less strict (1) which e.g. could reduce need for high quality working conditions (1). • Could spread risk of falling demand across two countries (1) avoid overdependence on one market (1).	**4**	One mark each for each of two reasons identified and one mark for each of two explanations. If more than two reasons are given, consider the first three.

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Question	Answer	Marks	Guidance
4(c)	**Analyse the ways a government could increase its country's exports.** Coherent analysis which might include: • Lower the exchange rate (1) reduce price of exports / increase international competitiveness (1) increase demand for exports (1) • Provide subsidies (1) to lower cost of production (1) can afford better technology / capital goods / research & development / innovation / improve quality (1) • Improve education / training (1) raise productivity (1) increase quality (1) • Promote / advertise exports internationally (1) to gain more recognition / develop brand name (1) • Deregulate the market (1) reduce barriers to entry (1) increase competition (1) • Improve infrastructure (1) easier to access foreign markets (1) • Decrease income taxes (1) increase incentive to work (1)	**6**	Maximum 3 marks for only identification Accept but do not expect: • Raise personal income tax / domestic indirect tax (1) reduce demand for domestic products (1) encourage firms to export more (1). • Remove export quota / legislations on exports (1) less quantitative restriction on total amount of exports (1) increase ability to export (1) • More free trade agreements (1) leading to other countries putting lower tariffs/quotas on imported goods (1)

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<tr><td>4(d)</td><td>Discuss whether or not a city would benefit from an increase in the size of its population.

In assessing each answer, use the table opposite.

Coherent discussion which might include:

Why it might:
• may be more workers
• larger market
• may attract MNCs
• more local tax revenue

Why it might not:
• may be overcrowding
• may be pollution
• may be shortage of housing / schools / hospitals
• may be more dependents.</td><td>8</td><td>
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Question	Answer	Marks	Guidance
5(a)	**Identify <u>two</u> causes of an increase in the quality of enterprise.** • increased incentives / profit (1) • improved education / skills / training (1) • improved health (1) • increased use of artificial intelligence / improved technology (1) • increased competition (1)	**2**	If more than two causes are given, consider the first three.
5(b)	**Explain <u>two</u> reasons why a person may be prepared to work outside in high temperatures.** Logical explanation which might include: • May be paid high wages (1) leading to high purchasing power / increase ability to buy goods and services (1) • Working hours may be short (1) increasing leisure time (1) • Job satisfaction (1) some workers may prefer to work outside / have adequate protective clothing (1) • Fringe benefits (1) e.g. subsidised housing (1) • Holidays (1) long holidays can enable workers to rest (1) • Lack of alternative / other job opportunities (1) due to low qualifications/skills/information/unemployment benefits / e.g. for migrants (1) • Some people are younger / fitter / come from warmer countries (1) can tolerate higher temperatures/poor working conditions / used to working outside (1)	**4**	One mark each for each of two factors identified and one mark for each of two explanations. If more than two factors are given, consider the first three.

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Question	Answer	Marks	Guidance
5(c)	**Analyse how a decrease in productivity could affect a government's macroeconomic aims.** Coherent analysis which might include: • Lower productivity could increase costs of production (1) reduce quality (1) increase price / decrease competitiveness (1) lower exports (1) increase imports (1) increase current account deficit / reduce current account surplus (1). • Decrease output/supply (1) reduce economic growth/GDP (1) raise unemployment / reduce employment (1) lower incomes / higher poverty (1) • Raise prices (1) cause cost-push (1) inflation (1). • Decrease in productivity only in certain groups (1) those with lower productivity would be earning less (1) leading to redistribution of income (1)	**6**	Maximum 3 marks for only identification Accept but do not expect: • increase welfare spending (1) increase budget deficit (1)

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Question	Answer	Marks	Guidance
5(d)	**Discuss whether or not economic growth reduces poverty.** In assessing each answer, use the table opposite. Why it might: • may raise incomes • may increase employment • may increase tax revenue • higher tax revenue can be spent on education and healthcare Why it might not: • population may increase by more than output, reducing GDP per head • income may be unevenly distributed • relative poverty may rise • may reduce non-renewable resources, increasing poverty in the long run.	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 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.	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

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GradeMax

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<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
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<tr><th>Level</th><th>Description</th><th>Marks</th></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>
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