



Cambridge IGCSE™

ECONOMICS

0455/23

Paper 2 Structured Questions

May/June 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 May/June 2022 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **31** printed pages.

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.

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)

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.

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			

https://xtremepape.rs/

L3	Level 3			
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Question	Answer	Marks	Guidance
1(a)	<p>Calculate Europe's percentage contribution to the global total eSports revenue in 2019.</p> <p>30%</p>	1	% sign not essential.
1(b)	<p>Identify <u>two</u> conditions of demand for eSports.</p> <ul style="list-style-type: none"> • Increasing incomes • Decrease in the price of technology needed to participate in this sport 	2	
1(c)	<p>Explain how a change in social attitudes would lead to greater participation by women in the labour force.</p> <p>Logical explanation which might include:</p> <p>Acceptance that women are equal to men / that it is acceptable for women to work (1) and that their role is not only as a home maker (1) childcare is not just female role (1).</p> <p>It is more acceptable for women to be educated / there is more encouragement for women to study (1) which increases their job opportunities (1).</p> <p>Women feel more comfortable / accepted at work (1) more jobs will be open to women (1.) Wages paid to women may rise (1) eSports are no longer seen as a male-only sport (1).</p>	2	

Question	Answer	Marks	Guidance
1(d)	<p>Explain <u>two</u> differences between private sector investment and public sector investment.</p> <p>Private sector investments are investments made by firms (1) while the public sector investments are investments made by the government (1).</p> <p>Private sector investments are made to maximise profits (1) while public sector investments are made to maximise welfare of society (e.g. provide employment) (1).</p> <p>Private sector investments made based on private costs and benefits (1) while public sector investments are made based on social costs and benefits (1).</p> <p>Profits from private sector investment go to shareholders (1) profits from public sector investment go to public spending e.g. health care (1)</p> <p>The aim of private sector investment is to be more competitive / gain market share (1) the aim of public sector investment is to improve macroeconomic performance (1).</p> <p>Private sector investment may be financed by retained profits/entrepreneurs (1) public sector investment may be financed by tax revenue (1).</p>	4	For the 2nd mark for public sector investment, accept any of the macroeconomic objectives as the reason why public sector investment is made.

Question	Answer	Marks	Guidance
1(e)	<p>Analyse how the development of eSports in Malta can help the government achieve its macroeconomic aims.</p> <p>Coherent analysis which might include:</p> <p>Economic growth is indicated (1) as eSports is part of the service sector that contributes 90% of Malta's GDP (1) development of eSports in Malta can increase Malta's GDP (1) Unemployment may be reduced / employment increased (1) because it will be able to attract investments (1) creating more jobs (1) from building infrastructure (1) and more professional e-sports players (1)</p> <p>Current account may also be improved by more inflow of money (1) from increased expenditure on exports (1) of services / tourism (1).</p> <p>Tax revenues may increase (1) enabling the government to increase spending on e.g. education (1).</p>	4	

Question	Answer	Marks	Guidance
1(f)	<p>Analyse the relationship between GDP per head and the proportion of females in the labour force.</p> <p>Coherent analysis which might include:</p> <p>Overview: Generally, GDP per head is higher when the proportion of females in the labour force is higher / positive relationship between GDP per head and proportion of females in the labour force (1).</p> <p>Supporting Evidence: (up to 2 marks) Yemen has the lowest female labour force participation rate and also the lowest GDP per head (1) Luxembourg has the highest female labour force participation rate and the highest GDP per head (1) Yemen, Saudi Arabia, and Bangladesh have the 3 lowest figures for both female participation rate and GDP per head (1) Luxembourg, France and Malta have the 3 highest figures for both female participation rate and GDP per head (1)</p> <p>Exception: However, exception is Saudi Arabia / Bangladesh (1) Saudi Arabia has a lower female labour force participation rate but higher GDP per head than Bangladesh (1).</p> <p>Comments: This is because higher female labour force participation rate means there are higher quantities of labour which is a factor of production / more labour is available to contribute to the growth of the economy (1) increased availability of education for women will positively affect GDP (1)</p>	5	Give BOD if answer states GDP alone and not GDP per head.

Question	Answer	Marks	Guidance										
1(g)	<p>Discuss whether or not specialisation at a national level is harmful to an economy.</p> <p>Award up to 4 marks for logical reasons why it might be harmful, which might include:</p> <p>Specialisation could lead to overdependence on a specific industry / danger of over-specialisation (1) if this industry fails (1) e.g. if there is a fall in demand / revenue from eSports, the whole Maltese economy could be adversely affected (1).</p> <p>Specialisation makes it difficult for the workers to retrain to other industries (1) danger of structural (1) unemployment (1).</p> <p>Specialisation might lead to diseconomies of scale (1) where long run average costs increase as output increases (1).</p> <p>Resources may become exhausted (1) making industry unsustainable (1)</p> <p>Award up to 4 marks for logical reasons why it might not be harmful, which might include:</p> <p>Specialisation leads to increase in efficiency (1) increased competitiveness (1) as the economy focuses on what they do best (1), they will be able to produce more (1) and at a better quality (1) lower cost (1).</p> <p>Specialisation enables workers to become highly trained / skilled (1) and increase their productivity (1) leading to higher incomes (1) and demand for their labour (1).</p> <p>Specialisation could help the economy achieve economies of scale (1) where long-run average cost falls as output increases (1).</p>	6	<p>Apply this example to all questions with the command word DISCUSS (1g, 1h, 2d, 3d, 4d and 5d)</p> <p>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.</p> <table border="1"> <thead> <tr> <th>Generic example</th> <th>mark</th> </tr> </thead> <tbody> <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> </tbody> </table> <p>Reward but do not expect reference to comparative/absolute advantage.</p>	Generic example	mark	Tax revenue may decrease...	1	...because of reason e.g. incomes may be lower.	1	Tax revenue may increase because incomes may be higher i.e. reverse of a previous argument.	0	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.	1
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Question	Answer	Marks	Guidance
1(g)	Specialisation enables countries to trade more with other countries (1) increased export earnings can enable countries to afford more imports as well (1) leading to increased choices (1) higher standards of living (1). As output increases and trade increases, governments receive more tax revenue (1)		

Question	Answer	Marks	Guidance
1(h)	<p>Discuss whether or not government investment in education and training will help the Maltese economy.</p> <p>Award up to 4 marks for logical reasons why it could, which might include:</p> <p>Government investment in education and training will enable more students to gain access to e.g. higher education / create a more educated labour force (1) which will enable them to increase their skills (1) productivity / efficiency (1) and enable them to get jobs in the future (1) reducing unemployment (1) increase incomes (1) which would increase consumption / total demand (1) and output / GDP (1)</p> <p>Organising work placements for Maltese students will enable students to gain work experience (1) further increasing their skills (1) and help firms develop (1) with new ideas / extra help (1) at low cost (1) increasing output (1) and economic growth (1).</p> <p>Tax from incomes of those employed (1) will improve public finances (1)</p> <p>Bringing in professionals from other countries to train Maltese students could introduce more expertise (1) helping to transfer new skills (1).</p> <p>May contribute to the growth of the tertiary sector (1) increase development (1).</p> <p>A more educated labour force may attract MNCs (1) more efficient production (1).</p> <p>Award up to 4 marks for why it could not, which might include:</p> <p>Investment in education and training is expensive (1) using public finances (1)</p>	6	

Question	Answer	Marks	Guidance
1(h)	<p>opportunity cost for the government (1) less spending on government projects such as Healthcare (1) could decrease overall productivity of the economy (1) less economic growth (1).</p> <p>Education and training might not be successful (1) work placements might not teach students the right skills needed in the future / scholarship schemes misused or not given out fairly / foreign professionals might not be able to transfer knowledge effectively (1).</p> <p>Education and training can take a very long before it impacts the economy (1) scholarship schemes usually at least 3 years for a degree level course (1).</p> <p>In the short run, it could reduce the size of the labour force (1) reduce output / lower productive potential (1).</p> <p>There may be emigration of skilled workers (1) other countries gaining the benefits (1).</p>		

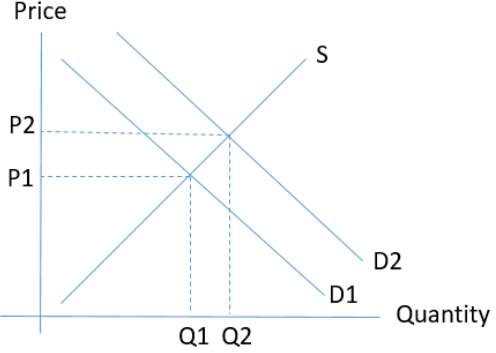
Question	Answer	Marks	Guidance
2(a)	<p>Define <i>free trade</i>.</p> <p>Free trade is when countries export and import between each other / countries exchange goods and services (1) without any restrictions / protection (1) such as tariffs or quotas (1).</p>	2	
2(b)	<p>Explain <u>two</u> possible causes of better healthcare.</p> <p>Logical explanation which might include:</p> <ul style="list-style-type: none"> • More government expenditure on healthcare (1) e.g. on hospitals / training / due to higher tax revenue (1) • Higher incomes (1) can spend more on healthcare (1) • Better / more hospitals (1) better quality service / less waiting time (1) • Better (health) training / education (1) more qualified / specialised / doctors (1) • Better medical technology (1) better machines / life-saving equipment (1) • Easier access to medicine (1) more affordable (1) 	4	One mark for each of two causes identified and one mark for each explanation.

Question	Answer	Marks	Guidance
2(c)	<p>Analyse why few MNCs may choose to locate in a particular region.</p> <p>Coherent analysis which might include:</p> <p>The region may have higher cost of production / inflation (1) than other regions. e.g. higher cost of labour / land (1) reduces potential profit (1).</p> <p>May also be higher taxation e.g. corporation tax (1) which may reduce the incentive of an MNC to locate in the region (1).</p> <p>May be more regulations e.g. labour laws (1) which may make it more difficult for an MNC to locate in that region / which may increase costs (1).</p> <p>May be a lack of skilled workers (1) due to poor education (1) may reduce productivity (1).</p> <p>May be low/lack of demand (1) limiting the revenues and profitability of the MNC (1).</p> <p>May be a lack of subsidies (1) which would reduce the incentive of an MNC to locate in the region (1).</p> <p>May be a lack of resources e.g. raw materials, labour (1)</p> <p>Major competitors may have already located in that region (1)</p> <p>The region may have corrupt government(s) (1) causing political instability / war (1)</p> <p>It may be outside a free trade area, e.g. the EU (1) unable to gain benefits (1)</p>	6	Accept answers that analyse why MNC's may choose to locate in a region (rather than few choosing to locate there).

Question	Answer	Marks	Guidance								
2(d)	<p>Discuss, whether or not, inflation is always a disadvantage to an economy.</p> <p>In assessing each answer, use the table opposite.</p> <p>Why it might be a disadvantage:</p> <ul style="list-style-type: none"> • lower purchasing power for consumers – lower standards of living • lower price competitiveness of exports – lower exports / high imports • higher cost of production – lower profits • lose value of savings and lenders lose value of lending • difficult for consumers, firms, and governments to plan for the future. • shoe leather costs, menu costs • may discourage investment as may be difficult to plan • those on fixed incomes may lose <p>Why it might be an advantage:</p> <ul style="list-style-type: none"> • borrowers may benefit – value of debt decreases • may encourage investment as may be cheaper to borrow • may be a sign that an economy is growing • may be demand-pull inflation – increasing firms' revenue / employment • if inflation is low and stable – it is better than prices decreasing (deflation) • may be lower than other countries' inflation rates 	8	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="1491 248 1592 312">Level</th> <th data-bbox="1592 248 1951 312">Description</th> <th data-bbox="1951 248 2069 312">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="1491 312 1592 1230" style="text-align: center; vertical-align: top;">3</td> <td data-bbox="1592 312 1951 1230"> <p>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.</p> </td> <td data-bbox="1951 312 2069 1230" style="text-align: center; vertical-align: top;">6–8</td> </tr> </tbody> </table>			Level	Description	Marks	3	<p>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.</p>	6–8
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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

Question	Answer	Marks	Guidance
3(a)	<p>Identify <u>two</u> internal economies of scale.</p> <p>Purchasing / buying (1) managerial (1) technical (1) financial (1) risk-bearing (1) labour (1) marketing (1)</p>	2	
3(b)	<p>Explain <u>two</u> methods of protection in international trade.</p> <p>Logical explanation which might include:</p> <ul style="list-style-type: none"> • tariffs (1) are taxes on imports / which would increase the price of imports (1) • import quotas (1) are quantitative limitations on imports / reducing supply of imports (1) • subsidies (1) are grants given to domestic producers (1) to reduce price of domestic products and exports / enable them to compete with foreign goods (1) • embargoes / bans (1) are total restrictions on a product from a country / total restrictions on particular products / usually for political / social reason (1) 	4	One mark for each of two methods identified and one mark for each explanation.

Question	Answer	Marks	Guidance
3(c)	<p>Analyse, using a demand and supply diagram, the effects of higher quality products, on the market for jewellery.</p> <p>Up to 4 marks for the diagram:</p> <p>Axes correctly labelled – price and quantity or p and q (1)</p> <p>Original demand and supply curves correctly labelled (1)</p> <p>Demand curve shifts to the right (1)</p> <p>Equilibriums – shown by lines; P1, Q1 and P2, Q2; or equilibrium points E1 and E2 (1).</p> <p>Up to 2 marks for written comments:</p> <p>Higher quality products will encourage more people to buy jewellery (1)</p> <p>price / quantity will be higher (1).</p>	6	

Question	Answer	Marks	Guidance						
3(d)	<p>Discuss, whether or not, protection in international trade benefits an economy.</p> <p>In assessing each answer, use the table opposite.</p> <p>Why it might be a benefit:</p> <ul style="list-style-type: none"> • reduce imports – reduce current account deficit • helps infant industries grow – increase competitiveness in the future • helps maintain sunset industries – ensures employment • develop specialisation • help strategic industries – such as defence • restrict imports of demerit goods – such as alcohol <p>Why it might not be a benefit:</p> <ul style="list-style-type: none"> • increase in the price of goods and services – inflation - decreasing purchasing power of consumers • retaliation – difficult to export goods and services to other countries • increase in cost of production if firms require raw materials / semi-manufactured goods from other countries • complacency – low quality domestic goods and services • may cause unemployment e.g. in industries relying on imported products • if PED is less than one it may not be effective • may encourage smuggling 	8	<table border="1"> <thead> <tr> <th data-bbox="1491 248 1592 312">Level</th> <th data-bbox="1592 248 1951 312">Description</th> <th data-bbox="1951 248 2069 312">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="1491 312 1592 1230">3</td> <td data-bbox="1592 312 1951 1230"> 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 data-bbox="1951 312 2069 1230">6–8</td> </tr> </tbody> </table>	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
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Question	Answer	Marks	Guidance
4(a)	<p>Define GDP per head.</p> <p>Total output / income / expenditure (1) divided by population / per person (1).</p>	2	Award 2 marks if correct formula given i.e. GDP per head = Total GDP / Population
4(b)	<p>Explain how a country with more imports of goods than exports of goods can still record a surplus on the current account of its balance of payments.</p> <p>Logical explanation which might include:</p> <p>Export prices may be high (1) import prices may be low (1) export revenue may exceed import expenditure (1).</p> <p>Current account consists of trade in goods, trade in services, primary income, and secondary income (1). Therefore, even if there are more imports of goods than exports of goods, which creates a trade of goods deficit (1) if the other three components have a surplus (1) then the overall current account will have a surplus (1). This is likely to be the case if there is a high level of income from investments abroad (1) exports of services (1) a lot of transfer payments (1) such as inflow of aid to a country (1) incomes of nationals working abroad / remittances (1).</p>	4	

Question	Answer	Marks	Guidance
4(c)	<p>Analyse the causes of market failure.</p> <p>Coherent analysis which might include:</p> <p>Market failure is when market forces cause an inefficient allocation of resources (1).</p> <p>Demerit goods (1) example (1) imperfect information (1) where consumers may not know about the actual costs (1).</p> <p>Merit goods (1) example (1) consumers may not know about actual benefits (1).</p> <p>External costs (1) costs to the third party (1) not considered by consumers and producers (1) therefore goods are overproduced or overconsumed (1).</p> <p>External benefits (1) benefits to the third party (1) not considered by consumers and producers (1) goods are underproduced and underconsumed (1).</p> <p>Public goods (1) non-rivalry (1) and non-excludable (1) free rider problem (1) people want to consume but don't want to pay for it (1) no profit incentive for firms (1) goods are underprovided by the market (1).</p> <p>Abuse of monopoly power (1) when firms have no competitors (1) they will push up prices (1) or reduce quality (1).</p> <p>Factor immobility (1) where labour cannot move from one job to another (1) or to take up a job somewhere else (1) leads to structural unemployment (1)</p>	6	

Question	Answer	Marks	Guidance								
4(d)	<p>Discuss, whether or not, having a large primary sector is a disadvantage to an economy.</p> <p>In assessing each answer, use the table opposite.</p> <p>Why primary sector is a disadvantage:</p> <ul style="list-style-type: none"> • lack of value added – low price, low income – low standards of living • unstable prices – unstable income • low productivity – low income • high tariffs – difficult to export • specialisation in any one sector is risky • unsustainable – natural resources could be exhausted <p>Why primary sector is an advantage:</p> <ul style="list-style-type: none"> • provides employment, especially low skilled in developing countries • provides employment, e.g. high skilled in Saudi Arabian oil • produces high value added exports, e.g. gold in S. Africa • produces exports with inelastic demand, e.g. oil • low start-up costs, low barriers to entry, e.g. farming • may be better than other countries at producing primary products • may be able to diversify with money earned from primary sector • could reduce inequality between urban and rural areas 	8	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="1491 248 1592 312">Level</th> <th data-bbox="1592 248 1951 312">Description</th> <th data-bbox="1951 248 2069 312">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="1491 312 1592 1232" style="text-align: center; vertical-align: top;">3</td> <td data-bbox="1592 312 1951 1232"> <p>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.</p> </td> <td data-bbox="1951 312 2069 1232" style="text-align: center; vertical-align: top;">6–8</td> </tr> </tbody> </table>			Level	Description	Marks	3	<p>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.</p>	6–8
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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

Question	Answer	Marks	Guidance
5(a)	<p>Define <i>monetary policy</i>.</p> <p>Supply of money (1) interest rates / foreign exchange rates (1) affecting total demand / inflation (1)</p>	2	
5(b)	<p>Explain, using an example, the influence of opportunity cost on government decision-making.</p> <p>Logical explanation which might include:</p> <p>Opportunity cost is the (next) best alternative (1) forgone / given up / sacrificed (1)</p> <p>Governments (always) consider opportunity cost when making a decision on spending money (1) to maximise the welfare of society (1).</p> <p>Governments have to make a choice as they have a limited income/budget (1).</p> <p>For example, if the government spends on building a new hospital (1) the opportunity cost may be a new school (1) as the government thinks that the opportunity cost of building a new a new hospital is lower than building a new school (1).</p>	4	Don't reward examples using personal consumption e.g. tea / coffee

Question	Answer	Marks	Guidance
5(c)	<p>Analyse the reasons why trade union membership has reduced in some countries.</p> <p>Coherent analysis which might include:</p> <p>Improved working conditions (1) improved wages (1) in a country may have reduced the need for trade unions to negotiate them / have made unions more reluctant to take industrial action (1).</p> <p>High unemployment (1) fear of losing jobs (1).</p> <p>Capital intensive production (1) fewer workers available to join trade unions (1)</p> <p>Government measures against trade unions (1) have reduced the ability of trade unions (1) to influence wages (1) and working conditions (1).</p> <p>Changes in the pattern of employment (1) more self-employed / part-time employed / gig economy / zero hours contract (1) more people working in the private sector (1) where trade union membership has traditionally been low (1).</p> <p>Globalisation (1) and growth of MNCs (1) has increase competition amongst labour (1).</p> <p>Dissatisfaction over trade unions (1) the high fees for joining trade unions (1) not wanting to take strike action (1) different political views (1) disincentivises people from joining (1).</p> <p>Government introduction of health and safety regulations (1) and minimum wages (1) reduced the key reasons for the existence of trade unions (1).</p> <p>Removal of mandatory trade union membership (closed shops) (1) means that membership is reduced because it is now voluntary (1)</p>	6	

Question	Answer	Marks	Guidance								
5(d)	<p>Discuss whether or not supply-side policy measures always promote economic growth</p> <p>In assessing each answer, use the table opposite.</p> <p>Why supply-side policy measures are effective in promoting economic growth:</p> <ul style="list-style-type: none"> • education and training – increase productivity of labour • lower direct taxes – increase incentive to work (reduction in income tax) and increase incentive to invest (reduction in corporation tax) • subsidies - reduce business costs and encourage investment • deregulation – reducing red tape / barriers to entry which could lead to an increase in number of firms and increase competition • privatisation – put in profit-maximisation incentive for private firms to invest and innovate and be more productive • reducing trade union power – increases incentive to work harder. <p>Why supply-side policy measures are not effective in promoting economic growth:</p> <ul style="list-style-type: none"> • takes a long time for it to have an impact on the economy • reduces the revenues for government (e.g. cutting taxes) • opportunity cost for government • subsidies can lead to over-reliance on them • could lower the quality of goods and services (race to the bottom) and welfare of society • lack of total demand. 	8	<table border="1"> <thead> <tr> <th data-bbox="1491 248 1592 312">Level</th> <th data-bbox="1592 248 1951 312">Description</th> <th data-bbox="1951 248 2069 312">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="1491 312 1592 1232">3</td> <td data-bbox="1592 312 1951 1232">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 data-bbox="1951 312 2069 1232">6–8</td> </tr> </tbody> </table>			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
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