CAMBRIDGE
International Education

Cambridge O Level

ECONOMICS **2281/22**

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)**.

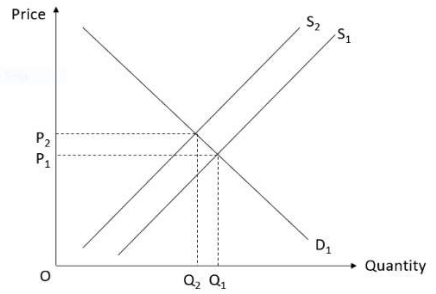
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Question	Answer	Marks	Guidance
1(a)	**Calculate Kuwait's current account surplus as a percentage of its GDP.** 40%.	**1**	Accept 40.
1(b)	**Identify <u>two</u> items that appear in Kuwait's trade in services.** • (Ship) insurance (1) • Financial advice/services (1)	**2**	If more than two items are given, consider the first three. Accept Tourism (1)
1(c)	**Explain the opportunity cost of exporting products.** The opportunity to consume the products at home/in Kuwait (1) is given up (1).	**2**	A correct generic explanation of opportunity cost can be awarded 1 mark.
1(d)	**Explain <u>two</u> reasons why living standards may be high in Kuwait.** High income (1) able to purchase many/good quality goods and services (1). Good quality education (1) high wages/good job opportunities/range of interests (1). Good quality healthcare (1) long life expectancy (1). Inexpensive range of products (cheaper than in Europe and US) (1) low cost of living/access more/better quality products (1). Low unemployment rate (2023) (1) most individuals earn a regular income (1).	**4**	One mark each for each of two reasons identified and one mark for each of two explanations. If more than two ways are given, consider the first three. Any correct development connected to the standard of living can be credited.

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Question	Answer	Marks	Guidance
1(e)	**Draw a demand and supply diagram to show how an increase in the indirect tax on jeans will affect the market for jeans.** Coherent analysis which might include: D and S diagram: Axes correctly labelled – price and quantity or P and Q or P1 Q1 (1). Original demand and supply curves correctly labelled (1). New supply curve shifted to the left and labelled/correct arrow (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**	If there is no correct shift of a correct supply curve the equilibriums mark **cannot be awarded**, even if the 'equilibriums' are included in the diagram. 

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Question	Answer	Marks	Guidance
1(f)	**Analyse the relationship between the unemployment rate and the youth unemployment rate.** **Relationship (up to 2 marks)** Direct relationship/positive relationship (1) the higher the unemployment rate, the higher the youth unemployment rate (1). **Evidence (up to 2 marks)** Eswatini had the highest unemployment rate and the highest youth unemployment rate (1) Jordan had the second highest unemployment rate and the second highest youth unemployment rate (1) A direct comparison of two countries e.g., Jordan has a higher unemployment rate (19.2%) than Argentina (6.8%), and it also has a higher youth unemployment rate (40.5% compared to 30.0%) (1) The two/three/four countries with the highest unemployment rate also have the highest youth unemployment rate **or** the two/three/four countries with the lowest unemployment rate also have the lowest youth unemployment rate (1). **Explanation (up to 2 marks)** High unemployment rate suggests a lack of jobs in the country (1) youth unemployment is included in the unemployment rate (1). **Exception (up to 2 marks)** Australia/Kuwait (1) Kuwait had a lower unemployment rate than Australia but a higher youth unemployment rate (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. **Note:** Only allow the evidence of a direct comparison once.

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Question	Answer	Marks	Guidance
1(f)	**Explanation of exception (1 mark)** In Kuwait, young people may take time to find their first job after education. **OR** Australian firms are more willing to hire younger workers (1).		

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<tr><td>1(g)</td><td>Discuss whether or not workers would benefit from moving from the public sector to the private sector.

Award up to 4 marks for logical reasons why it might, which may include:
• wages may be higher in the private sector (1) due to productivity/skills rewarded (1) may be opportunity to earn bonuses/fringe benefits in the private sector (1) higher living standards (1)
• private sector jobs may be nearer to home (1)
• better working conditions (1) comfortable offices/factories (1) due to profit/motivation (1) may have better relationships at work (1).
• More training in the private sector (1) to develop skills/raise productivity (1).

Award up to 4 marks for logical reasons why it might not, which may include:
• wages may be higher in the public sector (1) due to formal labour markets/defined career structures (1) higher living standards (1).
• working conditions may not be so good (1) private sector may be less concerned about health and safety (1) may have longer working hours/greater stress (1) more concerned about cost/spending reductions (1)
• job security may be less (1) more likely to be made redundant due to lack of profit (1) private sector may not be concerned about the overall unemployment rate (1) operate short term/zero hour/day labour contracts (1) less concerned about equality (1)
• pensions may be lower (1) increasing risk of poverty/low standard of living in old age (1)
• may have less opportunity to join a trade union (1) reducing the ability to benefit from collective bargaining (1)</td><td>6</td><td>Higher wages, better working conditions and more training opportunities can be awarded on either side as described in the guidance below.

Apply this example to all questions with the command word DISCUSS
(1(g), 1(h), 2(d), 3(d), 4(d) and 5(d))

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>Marks</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>
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<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>
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<tr><td>1(g)</td><td>• more training in the public sector (1) to provide ongoing professional development (1).</td><td></td><td></td></tr>
<tr><td>1(h)</td><td>Discuss whether or not a new port will benefit an economy.

Award up to 4 marks for logical reasons why it might, which may include:
• increase investment/attract MNC (1) increase tourism (1) may create jobs/reduce unemployment (1) increase total demand (1) increase output/cause economic growth (1) raise incomes/standard of living (1)
• lower cost of sea transport (1) lower cost of imports/exports/ increase international competitiveness (1) increase exports/export revenue (1) improves the current account position (1)
• increase imports (1) increase consumer choices (1).

Award up to 4 marks for logical reasons why it might not, which may include:
• cause pollution (1) negative externality/social cost/negatively affect health/standard of living (1) reduce biodiversity/negatively affect wildlife (1)
• reduce tourism (1) increase imports (1) worsen the current account position (1).
• cause (structural) unemployment (1) lower incomes/standard of living (1)
• opportunity cost (1) resources could be used e.g. to build hotels/conservation area/education/healthcare (1).</td><td>6</td><td>An increase in imports can be awarded on either side as described in the guidance below.

Apply this example to all questions with the command word DISCUSS
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Question	Answer	Marks	Guidance
2(a)	**Identify <u>two</u> disadvantages of working as a miner.** • danger/hard work/health/safety issues (1) • poor/difficult working conditions (1) • low pay (1).	**2**	If more than two disadvantages are given, consider the first three.
2(b)	**Explain why government measurement of unemployment may be inaccurate.** Logical explanation which might include: • The claimant count (1) may include workers who are working informally but claiming unemployment benefits (1) or who are not actively looking for work (1) may not include workers who are unemployed but not entitled to benefits (1) • The Labour Force Survey (LFS) (1) may have sampling errors/bias (1) e.g. may not pick a representative sample (1) answers may be misinterpreted (1) respondents may not provide accurate data (1) time (lag) between the survey and publication (1).	**4**	**Note:** reward but do not expect reference to 'underemployment'. e.g., Underemployment (1) people working less hours than desired/working in jobs below their skill level (1).

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Question	Answer	Marks	Guidance
2(c)	**Analyse why an MNC may close a mine in a host country.** Coherent analysis which might include: • Reduction in demand (1) greater competition from other mines (1) loss of revenue/profit (1) • Rise in costs of production (1) e.g. wages/indirect taxation (1) reduce profit (relative to in other countries) (1) • Mineral deposits may run out (1) no incentive/product to sell (1). • Corporate income tax may increase (1) reducing profit/incentive to produce (1) • Laws/regulations may be passed/pressure groups (1) e.g. requiring improved working conditions/NMW/reduce pollution/increased trade union power (1) may result in the mine becoming unprofitable/facing legal action (1) • Political instability (1) closure/disruption to mining operations (1) • Climate change/adverse weather (1) the mine cannot be used (1) • Population decline/labour shortage (1) the mine cannot be staffed/output cannot be produced (1) • Appreciation of host country's exchange rate (1) discourages exports (1) MNC become less internationally competitive (1).	**6**	**Note:** Listing any reasons **Max 3** marks.

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<tr><td>2(d)</td><td>Discuss whether or not a larger tertiary sector will increase a country’s economic development.

In assessing each answer, use the table opposite.

Coherent discussion which might include:

Why it might increase economic development:
• Many highly skilled and highly paid jobs are in services
• may raise GDP/employment
• may have good working conditions
• may mean greater provision of education and healthcare
• may increase HDI

Why it might not increase economic development:
• some tertiary sector jobs e.g. in hospitality may be low paid
• poor working conditions in some tertiary jobs e.g. refuse collectors
• low productivity jobs can dominate (retail, hospitality, basic services)
• uneven development/inequality, growth in services often benefit urban areas/ those with service sector skills
• relatively small primary sector industries that can earn high incomes e.g. oil
• relatively small secondary sector to make products/take more advantage of economies of scale
• some tertiary industries may create external costs e.g. tourism/transport/plastics.</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>
<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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<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)	**State what is meant by a fall in the inflation rate.** The rate of increase in the (general) price level/prices (1) has fallen (1)	**2**	
3(b)	**Explain <u>two</u> reasons why households may save their money in a commercial bank.** Logical explanation which might include: • A commercial bank pays interest (1) grow an investment/increase income (1) • A commercial bank may be seen as a safe place to keep savings (1) reduce risk of theft/loss (1) • To build up funds (1) to pay later for education/healthcare/a home/ guard against shock/when confidence is low (1) • A commercial bank advertises/markets (1) raise awareness of benefits (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
3(c)	**Analyse how a fall in a country's foreign exchange rate can cause inflation.** Coherent analysis which might include: • Reduce export prices (1) may increase demand for exports / net exports/export revenue increases (1) increase total (aggregate) demand (1) cause demand-pull inflation (1) if total supply cannot increase/remains unchanged (1). • Raise import prices (1) increase demand for domestic goods/ decrease demand for imports (1) increase cost of imported raw materials (1) increase price of imported capital goods (1) reduce pressure on domestic firms to keep costs low (1) cause cost-push inflation (1).	**6**	**Note:** Listing any reasons **Max 3** marks. Do not credit reference to 'inflation'. It must be 'demand pull inflation' and/or 'cost-push inflation' to be credited.

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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 reduction in bank lending will harm an economy.

In assessing each answer, use the table opposite.

Coherent discussion which might include:

Why it might harm an economy:
• firms that need to borrow to cover costs may go out of business
• firms that want to expand may not be able to gain funds
• reduce total demand
• output and employment may fall
• households may not be able to borrow to spend on education and healthcare
• productivity may fall
• governments cannot borrow to fund deficit/spending

Why it might not harm an economy:
• may reduce demand for imports
• may improve the current account balance
• may reduce demand-pull inflation
• may prevent firms and households getting into debt.</td><td>8</td><td>
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<tr><td>4(a)</td><td>Identify <u>two</u> characteristics of an economic good.

• uses (scarce) resources to produce it (1)
• has an opportunity cost (1)
• scarcity (relative to demand) (1).</td><td>2</td><td>If more than 2 reasons are given, consider the first 3.</td></tr>
<tr><td>4(b)</td><td>Explain <u>two</u> reasons why demand for cakes may increase.

Logical explanation which might include:

• Rise in incomes (1) increase purchasing power (1)
• Rise in the price of a substitute / e.g. (1) makes cakes appear relatively cheaper (1)
• An advertising/marketing campaign (1) that persuades people to eat more cakes (1)
• A fall in the price of a complement / e.g. (1) makes joint purchase appear relatively cheaper (1)
• An increase in population/change to younger population (1) more people who eat/consume cakes (1)
• A change in tastes and preferences/a celebration/healthier cakes/better quality cakes (1) incentivising cake consumption (1).</td><td>4</td><td>One mark each for each of two reasons identified and one mark for each of two reasons.

If more than two reasons are given, consider the first three.

Do not accept a decrease in the price of cakes.</td></tr>
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Question	Answer	Marks	Guidance
4(c)	**Analyse the effects of taxing private sector school fees.** Coherent analysis which might include: • Increase the costs of providing private sector education (1) increase the price of private sector education (1) reduce demand for private sector education/school fees are less affordable (1) some children will now not attend school at all/attend school less (1) cause some private sector schools to close/reduce supply (1) reduce employment in the private sector (1) • Less to spend on other goods (if keep private education) (1) • Increase demand for state (public sector) education (1) increase employment in state education (1) increase government spending on public sector schools (1). • Raise tax revenue (1) which can reduce a budget deficit/could be used to spend on e.g. healthcare (1).	**6**	**Note:** Listing any effects **Max 3** marks.

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<tr><td>4(d)</td><td>Discuss whether or not a government should encourage clothes firms to merge.

In assessing each answer, use the table opposite.

Coherent discussion which might include:

Why they should encourage a merger:
• may prevent the output of clothes being reduced
• may prevent closure/unemployment
• may enable the new firm to take advantage of economies of scale
• may lower costs of production
• may lower prices
• may increase exports
• may increase government tax revenue

Why they should not encourage a merger:
• may cause new firm to experience diseconomies of scale
• may give the new firm monopoly power
• may raise prices
• may reduce quality
• may lower choice
• rationalisation may increase unemployment.
• Additional production may create externalities</td><td>8</td><td>
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<tr><td>Level</td><td>Description</td><td>Marks</td></tr>
<tr><td>0</td><td>A mark of zero should be awarded for no creditable content.</td><td>0</td></tr>
</table>

Max L2 if no reference to context of question.
1 reference to either context (government decision or clothing firms, is enough)</td></tr>
</table>

Question	Answer	Marks	Guidance
5(a)	**Define 'birth rate'.** Number of (live) births (1) per 1000 of the population (1)**.**	**2**	
5(b)	**Explain <u>two</u> possible benefits of an increase in a country's birth rate.** Logical explanation which might include: • Increase in the size of the labour force (in the future) (1) increase output/economic growth (1) • Increase size of (child related) markets/consumption/total demand (1) encourage firms to expand output/GDP (1) enable firms to take advantage of economies of scale (1) • Move country towards optimum population (1) raise efficiency/ (future) real GDP per head (1).	**4**	One mark each for each of two benefits identified and one mark for each of two explanations. If more than two benefits are given, consider the first three. Can have increased GDP/economic growth as the development from both reasons if the economics is correct.

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Question	Answer	Marks	Guidance
5(c)	**Analyse how a firm could make demand for its product more price-inelastic.** Coherent analysis which might include: • Advertising/marketing (1) information provision (1) packaging/ branding (1) to make the product seem special/superior (1) making demand seem addictive (1) necessary (1) • Eliminate substitutes/competition (1) by merging (1) less willing to switch/product becomes unique (1) • Reduce the price of a complement (1) consumers use the two goods together (1) • Make the product better quality (1) customers are less likely to switch (1) • Create limited time to respond (1) consumers cannot delay their purchase/look for alternatives (1).	**6**	**Note:** Listing any determinant of PED **up to 3** marks **Maximum 3** marks if there is no valid development of the determinant(s) given. Analysis/development **must** relate to '… demand for its product…' Nothing for a simple 'change in price' effect. However, allow the following as a secondary, indirect effect: If the price of the product is reduced (1) the purchase becomes a smaller proportion of income (1). In this case the price reduction can be credited if it is developed with the 'smaller proportion of income' point. Allow just one mark in total for any correct statement of price inelastic demand. This must contain responsiveness/sensitivity/proportionality.

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<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>5(d)</td><td>Discuss whether or not governments should prevent workers from joining trade unions.

In assessing each answer, use the table opposite.

Coherent discussion which might include:

Why it should prevent workers from joining trade unions:

• may avoid industrial action
• may stop production being disrupted
• may reduce large wage rises
• may reduce costs/cost-push inflation
• may maintain employment levels
• may increase international price competitiveness
• may improve the current account balance
• may make it easier to introduce new methods of production
• may attract MNCs

Why it should not prevent workers from joining trade unions:

• will increase workers’ ability to engage in collective bargaining
• may raise workers’ living standards
• may improve working conditions
• may increase job security
• may make communication/negotiation between workers and employers easier/cheaper
• may improve motivation/raise productivity/output</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>
<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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