

**Cambridge Assessment International Education**

Cambridge IGCSE

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**ECONOMICS**

**0455/22**

**Paper 2 Structured Questions**

**February/March 2024**

MARK SCHEME

Maximum Mark : 90

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## PRE- STANDARDISATION

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.

## Subject Specific Marking Principles (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. 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. credit alternative answers/examples which are not written in the mark scheme if they are correct
- c. 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, e.g. a scattergun approach to a question asking for  $n$  items
- 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. erosion/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

### 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' (OFR) 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 are used to indicate correct answers and crosses to indicate wrong answers. There is a direct relationship between ticks and marks.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who mark that paper.
- For levels of response marking, each level awarded should be clearly annotated on the script the first time it is achieved.



## PREPARATION FOR MARKING

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

## MARKING PROCESS

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

## MARKING SPECIFICS

### Crossed out work

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






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

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

### Annotation

1. Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
2. **Every mark awarded for a question (as shown in the mark input box to the right of the screen) must be indicated by a correctly positioned tick on the script. The number in the box below the tick annotation must be equal to the mark awarded in the input box.**
3. Every page of a script must have at least one annotation e.g. <BP> for a blank page.

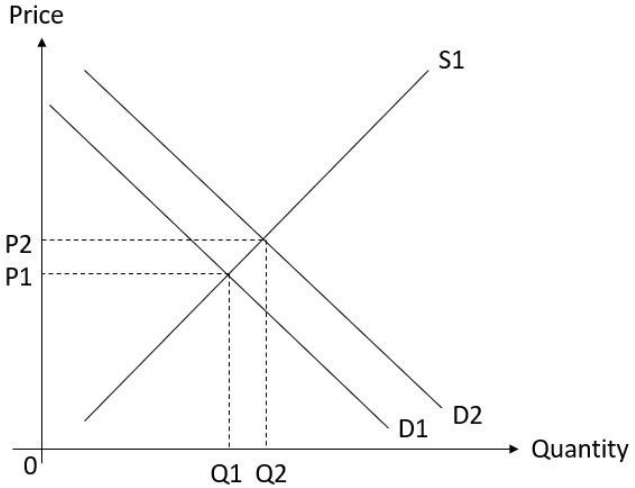
Common examiner annotations on 0455

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

| No. | Question & Answer   | Mark | Guidance   |
|-----|---|------|--|
| 1a  | <p><b>Calculate the average wage paid in Denmark.</b></p> <p>\$84,000 (1).</p>  | 1    |  |
| 1b  | <p><b>Identify <u>two</u> opportunity costs of a Danish person using their leisure time to cycle.</b></p> <p>Playing golf (1) jogging (1).</p>  | 2    |  |
| 1c  | <p><b>Explain <u>one</u> way that living standards are measured in Denmark.</b></p> <p>HDI (1) consists of more than GDP/income per head / also includes education/healthcare (1).</p>  | 2    | <p>One mark for a way identified and one mark for an explanation.</p> <p>Also accept average wages (1) high average wages enable many goods and services to be purchased (1).</p> <p>Do not accept GDP as would need GDP per head (which is not mentioned in the source material).</p> |
| 1d  | <p><b>Explain <u>two</u> reasons why the supply of ships is price-inelastic.</b></p> <p>Logical explanation which might include:<br/>They take a long time to produce (1) so supply cannot be adjusted quickly (1).<br/>They are expensive to store (1) take up a large space / likely to be few or no spare ships to sell (1).</p> | 4    | <p>One mark each for each of two reasons identified and one mark for each of two explanations.</p>   |
| 1e  | <p><b>Analyse the relationship between government spending and GDP in Denmark.</b></p> <p>Coherent analysis which might include:<br/>Expected relationship:</p>   | 4    | <p>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.</p>  |

| No. | Question & Answer   | Mark | Guidance |
|-----|---|------|----------|
|     | <p>Higher government spending would be expected to be associated with a higher GDP / positive relationship / move in the same direction (1).</p> <p>Supporting evidence:<br/>2015 – 2018 government spending and GDP rose / government spending and GDP rose over the period (1) 2019 – 2021 government spending and GDP rose (1).</p> <p>Analysis of expected relationship:<br/>Higher government spending will increase total (aggregate) demand which will add to GDP (1) higher GDP may increase tax revenue which can be used to increase government spending (1).</p> <p>Exception:<br/>2018 – 2019 government spending rose but GDP fell (1).</p> <p>Analysis of exception:<br/>A government may spend more when GDP falls in a bid to stimulate an increase in GDP (1).</p> |      |          |



| No.             | Question & Answer   | Mark | Guidance   |                 |      |
|-----------------|---|------|--|-----------------|------|
| 1f              | <p><b>Analyse, using a demand and supply diagram, how an increase in the birth rate would affect the market for toys.</b></p> <p>Coherent analysis which might include:</p> <p>D&amp;S diagram:<br/>           Axes correctly labelled – price and quantity or p and q (1).<br/>           Original demand and supply curves correctly labelled (1).<br/>           New demand curve shifted to the right (1).<br/>           Equilibriums – shown by lines <math>P_1</math> and <math>Q_1</math> and <math>P_2</math> and <math>Q_2</math> or equilibrium points marked as <math>E_1</math> and <math>E_2</math> (1).</p> <p>Written analysis:<br/>           An increase in the birth rate would increase the number of children who parents may buy toys for / more consumers (1) the higher demand will raise price / increase quantity (traded) (1).</p> | 5    |   |                 |      |
| 1g              | <p><b>Discuss whether or not a surplus on the current account of its balance of payments would benefit the Danish economy.</b></p> <p>Award up to 4 marks for logical reasons why it might, which may include:</p> <ul style="list-style-type: none"> <li>• exports exceed imports (1) and so adds to total (aggregate) demand (1) which may increase GDP (1)</li> <li>• it can increase employment (1) which may increase incomes (1)</li> </ul>   | 6    | <p><b>Apply this example to all questions with the command word DISCUSS (1g, 1h, 2d, 3d, 4d and 5d)</b></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" data-bbox="1370 1353 1944 1388"> <tr> <td data-bbox="1370 1353 1848 1388">Generic example</td> <td data-bbox="1848 1353 1944 1388">mark</td> </tr> </table> | Generic example | mark |
| Generic example | mark  |      |  |                 |      |

| No.  | Question & Answer   | Mark | Guidance   |                             |   |   |   |   |   |  |   |
|--|---|------|--|-----------------------------|---|---|---|---|---|--|---|
|  | <ul style="list-style-type: none"> <li>may attract foreign investment (1) as may be taken to be a sign of a strong economy (1).</li> </ul> <p>Award up to 4 marks for logical reasons why it might not, which may include:</p> <ul style="list-style-type: none"> <li>it means more products are produced than consumed / reduces availability of products (1) reduce potential living standards (1)</li> <li>it may add to inflationary pressure (1) especially if the economy is close to full employment (1).</li> <li>demand for the currency will exceed the supply of the currency (1) this may raise the exchange rate (1) which can reduce the surplus / cause a deficit in the long run (1).</li> </ul>  |      | <table border="1"> <tr> <td data-bbox="1368 280 1845 325">Tax revenue may decrease...</td> <td data-bbox="1845 280 1939 325">1</td> </tr> <tr> <td data-bbox="1368 325 1845 389">...because of reason e.g. incomes may be lower.</td> <td data-bbox="1845 325 1939 389">1</td> </tr> <tr> <td data-bbox="1368 389 1845 485">Tax revenue may increase because incomes may be higher i.e. reverse of a previous argument.</td> <td data-bbox="1845 389 1939 485">0</td> </tr> <tr> <td data-bbox="1368 485 1845 676">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 data-bbox="1845 485 1939 676">1</td> </tr> </table> | 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 |
| 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   |      |  |                             |   |   |   |   |   |  |   |
| 1h   | <p><b>Discuss whether or not more people working from home will benefit an economy.</b></p> <p>Award up to 4 marks for logical reasons why it might, which may include:</p> <ul style="list-style-type: none"> <li>may raise productivity (1) as workers may be less tired / less stressed as a result of not having to travel to work (1)</li> <li>workers may be happier (1) and so may stay with firms longer (1) which would reduce the cost of recruiting workers (1)</li> <li>pollution may be reduced (1) traffic congestion may be reduced (1) due to reduced travel (1)</li> <li>demand for housing may increase (1) which may increase employment (1)</li> <li>firms' costs may fall (1) as less need for office space (1).</li> </ul> <p>Award up to 4 marks for logical reasons why it might not, which may include:</p> <ul style="list-style-type: none"> <li>transport firms may experience a fall in revenue (1) which may create unemployment of e.g. bus drivers (1)</li> </ul> | 6    | <p>Note 1 mark for recognising productivity may change. So, if a candidate writes productivity may increase and may decrease, award 1 mark. Two further marks could be gained if a candidate explains why productivity may increase and why it may decrease.</p>   |                             |   |   |   |   |   |  |   |

| No. | Question & Answer   | Mark | Guidance  |
|-----|---|------|---|
|     | <ul style="list-style-type: none"> <li>• restaurants/cafes may have to close down in city centres (1) which may create unemployment of e.g. waiters (1)</li> <li>• may reduce productivity (1) as workers may be distracted by e.g. small children (1).</li> </ul>  |      |   |
| 2a  | <p><b>Identify <u>two</u> benefits people may gain from a good education.</b></p> <p>Two from:</p> <ul style="list-style-type: none"> <li>• high income / high living standards/less risk of poverty</li> <li>• good job</li> <li>• wide range of interests</li> </ul>  | 2    |   |
| 2b  | <p><b>Explain <u>two</u> reasons for a change in the amount of tax revenue a government receives.</b></p> <p>Logical explanation which might include:</p> <p>Change in GDP / incomes / employment (1) will affect revenue from direct taxes / personal) income tax.</p> <p>Change in profits (1) will affect corporate (income) tax (1).</p> <p>Change in spending (1) will affect revenue from indirect taxes / VAT / GST (1).</p> <p>Change in tax rates (1) e.g. higher sales tax rates on products with inelastic demand may increase tax revenue (1).</p> <p>Change in tax avoidance / tax evasion (1) as a result of e.g. campaigns / greater penalties (1)</p> <p>Change in population size (1) will affect number of people paying taxes (1).</p> | 4    | One mark each for each of two reasons identified and one mark for each of two explanations. |

| No.   | Question & Answer   | Mark  | Guidance   |       |             |       |   |   |     |
|-------|---|-------|--|-------|-------------|-------|---|---|-----|
| 2c    | <p><b>Analyse the economies of scale a school may gain from an increase in its size.</b></p> <p>Coherent analysis which might include:</p> <p>Purchasing / buying economies (1) buying e.g. desks / computers in bulk (1) at a discount (1).<br/>           Management economies (1) employing e.g. school accountant (1).<br/>           Labour economies (1) teachers specialising e.g. in teaching biology (1).<br/>           Technical economies (1) e.g. a film studio for media studies (1).<br/>           Financial economies (1) a private sector school may be able to borrow at a lower rate of interest (1).<br/>           Selling economies (1) a private sector school may be able to advertise more cheaply (1).</p> | 6     | Up to 3 marks for one type of economy of scale that is well-developed.   |       |             |       |   |   |     |
| 2d    | <p><b>Discuss whether or not having a high proportion of a country's population over the age of 64 is a benefit to its economy.</b></p> <p>In assessing each answer, use the table opposite.</p> <p>Why it might:</p> <ul style="list-style-type: none"> <li>• may still be in work and may be efficient due to experience</li> <li>• may provide family support and care</li> <li>• may be the result of a rise in life expectancy which may mean living standards have risen</li> <li>• may be a smaller proportion of young dependents</li> </ul> <p>Why it might not:</p>   | 8     | <table border="1"> <thead> <tr> <th data-bbox="1368 898 1464 930">Level</th> <th data-bbox="1464 898 1960 930">Description</th> <th data-bbox="1960 898 2067 930">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="1368 930 1464 1382">3</td> <td data-bbox="1464 930 1960 1382">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="1960 930 2067 1382">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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| No. | Question & Answer  | Mark | Guidance  |  |
|-----|--|------|---|--|
|     | <ul style="list-style-type: none"> <li>• may be a high proportion of older dependents</li> <li>• may be high healthcare costs</li> <li>• may be a high cost of state pensions</li> <li>• older workers may be out of date with new technology / may be less innovative.</li> </ul>   |      | 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. |
|     |  |      | 1   | There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.   |
|     |  |      | 0   | A mark of zero should be awarded for no creditable content.  |
| 3a  | <p><b>Define <i>external growth of firms</i>.</b></p> <p>Increase in size / output of a firm (1) due to a merger (1).</p>  | 2    |   |  |
| 3b  | <p><b>Explain <u>two</u> reasons why low-skilled workers may be highly paid.</b></p> <p>Logical explanation which might include:<br/>           High demand (1) due to expansion of the industry / economy (1).<br/>           Low supply (1) due to e.g emigration / high employment (1).<br/>           High minimum wage (1) a country with a high GDP per head may have a high minimum wage (1).<br/>           The job may be dangerous/ unpleasant/ long or unsociable working hours (1) so a high wage is needed to attract workers (1).<br/>           The workers may be in a trade union (1) with strong bargaining power (1).</p> | 4    | One mark each for each of two reasons identified and one mark for each of two explanations. |  |

| No.   | Question & Answer  | Mark  | Guidance   |       |             |       |   |   |     |   |   |     |
|-------|--|-------|--|-------|-------------|-------|---|---|-----|---|---|-----|
| 3c    | <p><b>Analyse how fiscal policy can increase employment.</b></p> <p>Coherent analysis which might include:</p> <p>Rise in government spending / reduction in taxation (1) may increase total (aggregate) demand (1) which can encourage firms to expand (1) take on new workers (1).</p> <p>Increase in government spending on education / training (1) may increase skills / productivity of workers (1) which may increase their mobility / attractiveness to employers (1).</p> <p>Cut in (personal) income tax (1) cut in unemployment benefit (1) may increase the incentive to work (1).</p> <p>Cut in (corporate) income tax (1) may give firms the funds to expand (1).</p> <p>Higher import tariffs (1) may encourage domestic firms to expand (1).</p> | 6     |  |       |             |       |   |   |     |   |   |     |
| 3d    | <p><b>Discuss whether or not a government should provide free fruit to consumers.</b></p> <p>In assessing each answer, use the table opposite.</p> <p>Why it should:</p> <ul style="list-style-type: none"> <li>• fruit is a merit good</li> <li>• people may not appreciate its private benefits</li> <li>• social benefit of consuming it exceeds the private benefit</li> <li>• without government intervention, it may be under-consumed</li> <li>• may benefit fruit farmers</li> <li>• would enable the poor to consume it.</li> </ul> <p>Why it should not:</p>   | 8     | <table border="1"> <thead> <tr> <th data-bbox="1368 842 1464 874">Level</th> <th data-bbox="1464 842 1962 874">Description</th> <th data-bbox="1962 842 2074 874">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="1368 874 1464 1313">3</td> <td data-bbox="1464 874 1962 1313">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="1962 874 2074 1313">6-8</td> </tr> <tr> <td data-bbox="1368 1313 1464 1369">2</td> <td data-bbox="1464 1313 1962 1369">A reasoned discussion which makes use of economic information and clear analysis to</td> <td data-bbox="1962 1313 2074 1369">3-5</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 | 2 | A reasoned discussion which makes use of economic information and clear analysis to | 3-5 |
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| No. | Question & Answer   | Mark | Guidance   |     |
|-----|---|------|--|-----|
|     | <ul style="list-style-type: none"> <li>• rich can afford to buy it</li> <li>• may result in it being overconsumed</li> <li>• some may be wasted</li> <li>• opportunity cost – government spending on e.g. education may have to be reduced.</li> </ul>  |      | 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. |     |
|     |   |      | 1  | 1-2 |
|     |   |      | 0  | 0   |
| 4a  | <b>Define a <i>shortage</i>.</b><br><br>Demand exceeding supply (2).<br>Too much demand / not enough supply (1).  | 2    |  |     |
| 4b  | <b>Explain <u>two</u> ways a firm can increase its profit.</b><br><br>Logical explanation which might include:<br>Cut costs (1) by e.g buying in bulk /increasing efficiency (1).<br>Raise revenue (1) by e.g. advertising / reducing price if demand is elastic / increasing quality of products sold/ gaining greater market power (1). | 4    | One mark each for each of two ways identified and one mark for each of two explanations.   |     |
| 4c  | <b>Analyse the reasons why the price elasticity of demand for one brand of luxury chocolates is likely to be different from that of salt.</b><br><br>Coherent analysis which might include:<br><br>Definition of price elasticity of demand (1).  | 6    |  |     |

| No.   | Question & Answer   | Mark  | Guidance  |       |             |       |   |   |     |   |  |     |
|-------|---|-------|---|-------|-------------|-------|---|---|-----|---|--|-----|
|       | <p>One brand of chocolates is likely to have substitutes (1) it is not a necessity (1) demand is likely to be price elastic (1) a rise in price will cause a greater percentage change in quantity demanded (1).</p> <p>Salt does not have substitutes (1) it takes up a small proportion of income (1) demand is likely to be price inelastic (1) a rise in price will cause a smaller percentage change in quantity demanded (1).</p>   |       |   |       |             |       |   |   |     |   |  |     |
| 4d    | <p><b>Discuss whether or not a country should import most of the food it consumes.</b></p> <p>In assessing each answer, use the table opposite.</p> <p>Why it should:</p> <ul style="list-style-type: none"> <li>• may lack appropriate resources to produce food</li> <li>• will allow the country to produce other goods and services</li> <li>• value added may be greater in the secondary and tertiary sectors</li> <li>• wages may be higher in the secondary and tertiary sectors</li> <li>• working conditions may be better in the secondary and tertiary sectors</li> <li>• the output of food can be affected by changes in weather and natural disasters.</li> </ul> <p>Why it should not:</p> <ul style="list-style-type: none"> <li>• makes the country dependent on other countries</li> <li>• agriculture may be considered to be a strategic industry</li> <li>• foreign producers may raise price</li> <li>• food is a basic essential</li> </ul> | 8     | <table border="1"> <thead> <tr> <th data-bbox="1368 600 1464 632">Level</th> <th data-bbox="1464 600 1957 632">Description</th> <th data-bbox="1957 600 2067 632">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="1368 632 1464 1074">3</td> <td data-bbox="1464 632 1957 1074">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="1957 632 2067 1074">6-8</td> </tr> <tr> <td data-bbox="1368 1074 1464 1326">2</td> <td data-bbox="1464 1074 1957 1326">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 data-bbox="1957 1074 2067 1326">3-5</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 | 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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| No. | Question & Answer   | Mark | Guidance   |   |  |     |   |   |   |
|-----|---|------|--|---|--|-----|---|---|---|
|     | <ul style="list-style-type: none"> <li>a higher price could increase poverty</li> <li>there may be disruptions in supply.</li> </ul>  |      | <table border="1"> <tr> <td data-bbox="1368 276 1464 416">1</td> <td data-bbox="1464 276 1957 416">There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.</td> <td data-bbox="1957 276 2069 416">1-2</td> </tr> <tr> <td data-bbox="1368 416 1464 480">0</td> <td data-bbox="1464 416 1957 480">A mark of zero should be awarded for no creditable content.</td> <td data-bbox="1957 416 2069 480">0</td> </tr> </table> <p>Reward but do not expect reference to comparative advantage or absolute advantage.</p> | 1 | There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding. | 1-2 | 0 | A mark of zero should be awarded for no creditable content. | 0 |
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| 0   | A mark of zero should be awarded for no creditable content.   | 0    |  |   |  |     |   |   |   |
| 5a  | <p><b>Define <i>unemployment rate</i>.</b></p> <p>The percentage of the labour force (1) without a job (1).<br/>Those willing and able to work (1) who cannot find employment (1).</p>  | 2    |  |   |  |     |   |   |   |
| 5b  | <p><b>Explain <u>two</u> reasons why a government may discourage smoking.</b></p> <p>Logical explanation which might include:</p> <p>Improve health of those who give up smoking (1) reduce a private cost (1).<br/>Increase health of the population (1) reduce passive smoking / reduce external cost / reduce air pollution (1).<br/>Reduce health care costs (1) more could be spent on e.g. education (1).<br/>Increase productivity (1) raise income / tax revenue (1).</p> | 4    | One mark each for each of two reasons identified and one mark for each of two explanations.  |   |  |     |   |   |   |
| 5c  | <p><b>Analyse why a country's exports may decrease.</b></p> <p>Coherent analysis which might include:</p>   | 6    |  |   |  |     |   |   |   |

| No.   | Question & Answer   | Mark  | Guidance   |       |             |       |   |   |     |   |   |     |
|-------|---|-------|--|-------|-------------|-------|---|---|-----|---|---|-----|
|       | <p>Price of exports may rise (1) due to a rise in costs of production (1) a rise in the exchange rate (1).</p> <p>Quality of exports may fall (1) workers may be less skilled (1) investment may have decreased (1).</p> <p>Incomes abroad may have declined (1) reducing the purchasing power of foreign buyers (1) reducing foreign countries' need for capital goods and raw materials (1).</p> <p>Trade restrictions may be imposed (1) e.g. tariffs / quotas / subsidies / embargoes will make it more difficult to export (1).</p> <p>May be disruptions to production (1) e.g. bad weather/war/pandemic (1).</p>               |       |  |       |             |       |   |   |     |   |   |     |
| 5d    | <p><b>Discuss whether or not the discovery of oil in a country will benefit its economy.</b></p> <p>In assessing each answer, use the table opposite.</p> <p>Why it might:</p> <ul style="list-style-type: none"> <li>• may increase GDP</li> <li>• may increase employment</li> <li>• may increase incomes</li> <li>• may increase tax revenue</li> <li>• may increase exports</li> <li>• reduce imports of oil</li> </ul> <p>Why it might not:</p> <ul style="list-style-type: none"> <li>• may create pollution</li> <li>• may damage wildlife habitats/ areas of natural beauty</li> <li>• may raise the exchange rate</li> </ul> | 8     | <table border="1"> <thead> <tr> <th data-bbox="1368 722 1464 754">Level</th> <th data-bbox="1464 722 1960 754">Description</th> <th data-bbox="1960 722 2067 754">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="1368 754 1464 1198">3</td> <td data-bbox="1464 754 1960 1198">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="1960 754 2067 1198">6-8</td> </tr> <tr> <td data-bbox="1368 1198 1464 1369">2</td> <td data-bbox="1464 1198 1960 1369">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,</td> <td data-bbox="1960 1198 2067 1369">3-5</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 | 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, | 3-5 |
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| No. | Question & Answer  | Mark | Guidance |  |
|-----|--|------|----------|--|
|     | <ul style="list-style-type: none"> <li>oil may not be in demand – replaced by renewable energy.</li> </ul> |      |          | terminology, information and data appropriate to the question.   |
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