Cambridge Assessment International Education

Cambridge IGCSE™

ECONOMICS **0455/22**

Paper 2 Structured Questions **February/March 2023**

MARK SCHEME

Maximum Mark: 90

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the February/March 2023 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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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).

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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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Common examiner annotations on 0455/2281/0987 and 2286

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

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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)

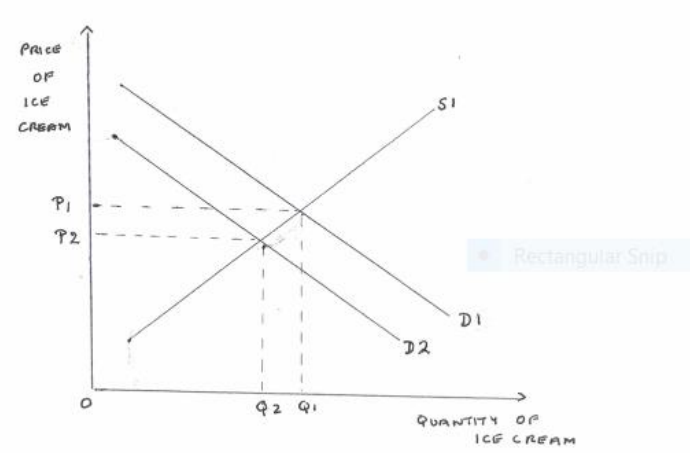
1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
3 Award **NR** if there is a symbol which is not an attempt at the 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

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Question	Answer	Marks	Guidance
1(a)	**Calculate the value of US imports from China in 2020.** $560bn (1).	**1**	Accept the correct figure without the $ sign. 560 000 000 000. 5.6 × 10^11
1(b)	**Identify <u>two</u> causes of the increase in the quantity of US factors of production.** Land reclamation (1) increase in the labour force (1).	**2**	If more than two causes given, consider the first three. Accept increase in labour for increase in the labour force.
1(c)	**Explain <u>one</u> way that import tariffs could improve the US economy.** Could improve the current account / trade in goods / trade in goods and services / balance of payments (1) by reducing imports / making domestic goods more competitive with imports / raising the price of imports (1) Could increase output / cause economic growth (1) by increasing demand for US goods / raise employment (1). Could raise tax revenue (1) allowing the government to spend more on (e.g. education) / improve the (government budget position) (1).	**2**	One mark for a way identified and one mark for an explanation. If more than one way identified, consider the first two. To gain two marks, one mark must come from improving the current account, increase output or raise tax revenue. Could raise more revenue is not sufficient – need more tax revenue or more government revenue / income.

Question	Answer	Marks	Guidance
1(d)	**Explain <u>two</u> reasons why the US inflation rate fell in 2020.** Logical explanation which might include: Fall in consumer expenditure (1) lower total demand / reduce demand-pull inflation (1). Reduction in workers' bargaining power (1) fall in wage rises / wages / fall in rise in costs / fall in costs / reduce cost-push inflation (1). Higher unemployment (1) reduces confidence / lower total demand / fall in consumer spending (1). Fall in (real) GDP (1) lower incomes / purchasing power / lower total demand (1). Current account deficit (1) lower total demand / reduce demand-pull inflation (1).	**4**	One mark each for each of two reasons identified and one mark each for each of two explanations. If more than two reasons given, consider the first three. Reduction in bargaining power may also be linked to lower total demand.
1(e)	**Draw a demand and supply diagram to show the effect of an increase in the price of a complement on the market for ice cream.** Demand and supply diagram**:** Axes correctly labelled – price and quantity or p and q (1). Original demand and supply curves correctly labelled (1). Demand curve shifted to the left (1). Equilibriums – shown by lines P_1 and Q_1 and P_2 and Q_2 or equilibrium points marked as E_1 and E_2 (1).	**4**	

Question	Answer	Marks	Guidance
1(f)	**Analyse the relationship between government spending and unemployment.** Coherent analysis which might include: Overview: Inverse relationship / negative relationship (1) generally, the higher government spending, the lower the unemployment rate (1). Supporting evidence: E.g. 2015 to 2019, government spending increased and unemployment fell / 2015 to 2017 government spending increased and unemployment fell (1) processing **/** interpreting of data e.g. between 2015 to 2019, government spending rose by $700bn and unemployment fell by 1.6% (points) (1). Analysis of the expected relationship: • higher government spending will increase total demand (encouraging firms to expand and employ more workers) (1) • higher government spending may be on e.g. education, training, infrastructure, subsidies which could increase workers' chances of gaining jobs (1) • higher employment will provide more tax revenue for the government to spend / lower employment will reduce tax revenue for the government to spend (1). Exception: 2020 (1) both government spending and unemployment rose / government spending and unemployment both at their highest (1).	**5**	Alternatively, some candidates may argue that changes in unemployment, could lead to changes in government spending. Credit both responses.

Question	Answer	Marks	Guidance
1(f)	Analysis of the exception: • government spending on unemployment benefits may have increased / rise in government spending not enough to stop GDP / consumer expenditure falling / GDP fell **/** there may be a time delay before higher government spending reduces unemployment (1).		

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>1(g)</td><td>Discuss whether or not a central bank should aim for a low inflation rate.

Award up to 4 marks for logical reasons why it should, which may include:
• can increase international price competitiveness (1) improve the current account balance / increase exports (1) increase employment / reduce unemployment (1)
• can create certainty (1) which may increase confidence (1) which may encourage investment / attract MNCs (1) which may increase output / result in economic growth (1)
• can prevent a random redistribution of income (1) e.g. protect savers (1)
• may protect purchasing power (1) by promoting price stability (1)
• maintain / increase living standards (1) if wages rise by more than the price level (1)
• can avoid fiscal drag (1) prevent people being put in higher tax brackets (1)
• can reduce menu / shoe leather costs (1) reduce firms' costs of production (1).

Award up to 4 marks for logical reasons why it should not, which may include:
• increases in the rate of interest (1) contractionary monetary policy (1) can reduce consumer expenditure / can reduce investment (1) can reduce total demand (1)</td><td>6</td><td>May approach the answer from the point of view of the disadvantages of high inflation.
2nd side should examine either the possible negative effects of what the central bank may do to reduce the inflation rate or the possible loss of any beneficial effects of high inflation.

No marks for possible effects on the exchange rate.

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

Each point may be credited only once, on either side of an argument, but separate development as to how / why the outcome may differ is rewarded.

<table>
<tr><th>Generic example</th><th>Mark</th></tr>
<tr><td>Tax revenue may decrease…</td><td>1</td></tr>
<tr><td>...because of reason e.g. incomes may be lower.</td><td>1</td></tr>
<tr><td>Tax revenue may increase because incomes may be higher i.e. reverse of a previous argument.</td><td>0</td></tr>
<tr><td>Tax revenue may increase because of a different reason i.e. <u>not</u> the reverse of a previous argument e.g. government spending on subsidies may stimulate the economy more than spending on education.</td><td>1</td></tr>
</table>
</td></tr>
</table>

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Question	Answer	Marks	Guidance
1(g)	• lower total demand can increase unemployment (1) cyclical unemployment (1) reduce economic growth (1) • low inflation can turn into deflation (1) leading to a recession (1) • makes it harder to pay off debt (1) increasing the risk of firms going out of business / households getting into difficulties (1) • central bank may aim for economic growth / low unemployment (1) higher demand-pull inflation may provide more encouragement to firms to expand (1).		

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Question	Answer	Marks	Guidance
1(h)	**Discuss whether or not economic growth benefits everyone in the US.** Award up to 4 marks for logical reasons why it might, which may include: • economic growth increases output / GDP (1) increases income per head / higher incomes / higher wages (1) enables more purchasing power / people to enjoy more goods and services (1) • economic growth can increase employment (1) raise living standards (1) may reduce poverty (1) • economic growth can increase tax revenue (1) enabling the government to spend more on e.g. education and healthcare (1) • economic growth may introduce better working conditions (1). Award up to 4 marks for logical reasons why it might not, which may include: • there may be an increase in unemployment due to lack of skills / some industries declining / greater use of capital / capital-intensive production (1) structural unemployment may occur (1) • income is unevenly distributed (1) those on low incomes e.g. the sick may not benefit (1) • higher output may result in external costs (1) e.g. pollution (1) people living near factories may suffer (1) • higher output may be the result of more resources being devoted to capital goods (1) may take time for consumers to benefit from more consumer goods (1)	**6**	

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Question	Answer	Marks	Guidance
1(h)	• higher output may reduce natural resources (1) reducing future generations' ability to benefit from them / reduce sustainability (1) • higher output may be the result of workers working longer hours (1) in poor working conditions (1) • may cause inflation (1) adversely affecting the poor / savers (1).		

Question	Answer	Marks	Guidance
2(a)	**Identify <u>two</u> reasons why people become entrepreneurs.** To make money / earn a profit (1) to be independent / not having to be told what to do (1) to follow an interest ***/*** be innovative / to run / own business (1) willingness to take risks (1) possess good leadership skills (1) easier to set up a firm / lower barriers to entry (1) for self-esteem / status / become well-known (1) flexible working hours (1) unable to find a job (1).	**2**	If more than two reasons given, consider the first three.

Question	Answer	Marks	Guidance
2(b)	**Explain <u>two</u> benefits an MNC can bring its host country.** Logical explanation which might include: Increase employment (1) raise living standards / increase income / higher wages / reduce poverty (1). Increase skills (1) provide training to workers (1). Increase exports / reduce imports (1) improve the current account of the balance of payments (1). Increase GDP **/** output (1) raise economic growth (1). Increase competition (1) raise efficiency / reduce prices (1). Bring in new technology (1) raise quality / raise productive capacity / productivity / reduce costs of production (1). Increase the range of goods and services available in the country (1) raise living standards (1). Increase tax revenue (1) enable the government to spend more (1). Increase infrastructure (1) an MNC may build e.g. roads / reduce e.g. transport costs (1).	**4**	One mark each for each of two benefits identified and one mark each for each of two explanations. If more than two benefits given, consider the first three.

Question	Answer	Marks	Guidance
2(c)	**Analyse how a government could encourage the consumption of merit goods.** Coherent analysis which might include: Provide a subsidy (1) reduce any indirect tax (1) lower price (1) make the goods more affordable (1) raise quality (1). Provide information about the benefits of consuming the goods (1) e.g. health campaigns / advertisements (1) overcome information failure (1). Use regulation (1) make consumption compulsory / impose fines for non-consumption (1) e.g. school attendance (1). Provide services such as education / healthcare (1) free to consumers (1). Set maximum price (1) to make the goods more affordable (1) but may create a shortage (1). Measures to reduce demerit goods clearly linked to idea of encouraging substitution of merit goods (1) relevant example (1).	**6**	Note: reference to measures to reduce consumption of demerit goods can only be rewarded if clearly linked to switching to alternative merit goods.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>2(d)</td><td>Discuss whether or not private sector firms are likely to charge lower prices than public sector firms.

In assessing each answer, use the table opposite.

Why they might:
• competition may encourage private sector firms to charge low prices
• private sector firms may seek to reduce waste and costs to avoid going out of business
• private sector firms may have more funds to invest
• higher investment may reduce costs of production
• may be an MNC with significant economies of scale

Why they might not:
• profit motive may encourage private sector firms to charge high prices
• private sector firms may be monopolies
• public sector firms may be subsidised
• public sector firms may charge low prices to make the products affordable
• public sector firms may produce on a large scale</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>
<tr><td>0</td><td>A mark of zero should be awarded for no creditable content.</td><td>0</td></tr>
</table>
</td></tr>
</table>

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Question	Answer	Marks	Guidance
3(a)	**Define *a minimum price.*** A price set by e.g. government (1) above the equilibrium price (1). A price floor (1) to encourage higher supply (1) will result in a surplus (1).	**2**	
3(b)	**Explain <u>two</u> advantages of capital-intensive production.** Logical explanation which might include: Lower costs of production (1) can produce on a large scale / may result in lower prices / higher profits (1). Raise productivity / efficiency (1) higher output / can produce faster (1). Quality may increase / consistency of quality may be greater (1) may increase demand (1). Absence of human error (1) less wastage (1). Capital goods can work long hours (1) need few breaks / no need for holidays (1). Capital goods will not take industrial action (1) will not disrupt production (1). Can eliminate boring / repetitive / physically demanding tasks (1) increase workers' job satisfaction (1).	**4**	One mark each for each of two advantages identified and one mark each for each of two explanations. If more than two advantages are given, consider the first three. Accepting lower costs of production as overall lower costs. Nothing for lower labour costs.

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Question	Answer	Marks	Guidance
3(c)	**Analyse why low-income farmers are likely to have low living standards.** Coherent analysis which might include: May be unable to afford basic necessities / may spend a high proportion of income on basic necessities / low purchasing power / low ability to consume goods and services (1). Unable to save much (1) banks reluctant to lend to them (1) examples of items they may need to borrow to buy which could improve their quality of life (1). Unable to afford good quality housing (1) which can result in poor health / overcrowding (1). Unable to afford good health care (1) good nutrition / food (1) more likely to become ill (1) lower life expectancy (1). Unable to afford good education (1) reduce range of interests (1). Unable to buy good capital equipment for farms (1) making work hard (1). May have to reinvest into their farms giving them less to spend (1). May experience poor working conditions / physically demanding work (1) long hours (1) reducing health (1) Live in rural areas (1) which may lack infrastructure (1).	6	

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<table>
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<tr><td>3(d)</td><td>Discuss whether or not a government subsidy on the export of sugar will help it achieve its macroeconomic aims.

In assessing each answer, use the table opposite.

Why it might:
• lower price of exports and increase their supply
• increase export revenue and improve the current account balance
• higher output of sugar can contribute to economic growth
• more people may be employed in growing sugar and processing sugar cane

Why it might not:
• other countries’ sugar may still be cheaper
• may make farmers and mill owners lazy
• sugar sellers may not lower their prices
• demand for sugar may be price-inelastic
• introduction of capital equipment may lower employment
• other countries may retaliate against the subsidy and so current account position may not be improved
• higher exports may increase total demand resulting in inflation
• opportunity cost – e.g. spending on education which may be more effective.</td><td>8</td><td>
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Question	Answer	Marks	Guidance
4(a)	**Identify <u>two</u> causes of an increase in labour productivity.** Two from: • improved education • improved training / higher skills • improved healthcare • higher pay / bonuses / lower income tax • better quality capital equipment / advances in technology • shorter working hours / longer holidays • better working conditions / better (fringe) benefits • increased experience • higher unemployment • specialisation	**2**	Nothing for more motivated – TV.

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Question	Answer	Marks	Guidance
4(b)	**Explain <u>two</u> reasons why someone may choose to become a doctor.** Logical explanation which might include: High pay (1) resulting in high living standards / caused by low supply / high demand / high number of job vacancies / strong bargaining power / high qualifications / high skills (1). Vocation (1) wanting to help people (1). Interest / job satisfaction (1) enjoying the challenges involved (1). Status (1) doctors are highly regarded (1). Family tradition (1) parents may have been doctors (1). High pensions (1) enabling high living standards during retirement (1). May be good working conditions (1) working inside (1). Job security (1) difficult to replace / essential service (1). (Fringe / non-wage) benefits (1) e.g. pension schemes (1).	**4**	One mark each for each of two reasons identified and one mark each for each of two explanations. If more than two reasons given, consider the first three.

Question	Answer	Marks	Guidance
4(c)	**Analyse how advances in technology may improve the current account balance on a country's balance of payments.** Coherent analysis which might include: Raise productivity / increase efficiency / increase speed of production / increase output (1) reduce costs of production (1) lower prices (1) raise quality (1) create new products (1) increase international competitiveness (1) increase exports (1) reduce imports (1) increase export revenue (1) reduce import expenditure (1) improve trade in goods (and services) balance / reduce a current account deficit / create a surplus / increase a surplus (1). Increase access to information about goods and services (1) promote sales (1). Increase foreign tourism (1) easier to book foreign holidays (1) increase speed of transport (1). Make it easier to keep in contact with branches abroad (1) encourage setting up branches in other countries (1) receive profits from other countries (1) increase primary income (1).	**6**	Reward but do not expect reference to gaining a comparative advantage.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>4(d)</td><td>Discuss whether or not a country with a high population growth rate is likely to experience a high economic growth rate.

In assessing each answer, use the table opposite.

Why it might:
• may have an increasing labour force, capable of producing a higher output
• likely to have higher demand, encouraging higher output
• larger markets can enable greater advantage to be taken of economies of scale
• may have higher tax revenue, enabling the government to spend more on e.g. education which can promote economic growth

Why it might not:
• may have an increase in the number of dependents, reducing resources which can be devoted to increasing productive capacity
• rise in birth rate may reduce the size of the labour force as people leave the labour force to bring up children
• resources may be depleted, reducing productive capacity
• external costs e.g. congestion and pollution may increase which may reduce productivity.</td><td>8</td><td>
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Question	Answer	Marks	Guidance
5(a)	**Identify <u>two</u> determinants of price elasticity of demand.** Two from: • substitutes • whether a luxury or necessity • proportion of income taken • whether habit forming / addictive • whether the purchase can be postponed • time period • breadth of definition • brand loyalty • number of uses • complements	**2**	If more than two determinants given, consider the first three.
5(b)	**Explain how the economic problem results in consumers having to make choices.** Logical explanation which might include: The economic problem is unlimited / infinite wants (1) exceeding limited / finite / scare resources (1) resulting in scarcity (1). Consumers have limited incomes (1) and so cannot buy everything they want (1). Buying one product involves an opportunity cost (1) in the form of another product sacrificed / example (1).	**4**	

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Question	Answer	Marks	Guidance
5(c)	**Analyse why some workers decide <u>not</u> to join a trade union.** Coherent analysis which might include: Trade unions charge a subscription fee (1) workers cannot afford to join (1) may be unemployed / have low income (1). Government legislation may prevent trade union membership / government may discourage membership (1) may reduce the power of trade unions (1) less benefit from joining (1). Employers may discourage membership (1) may think it will reduce chance of employment / increase chance of unemployment (1) chance of promotion (1). May be satisfied with wages (1) working conditions (1) may have job security (1) no need for collective bargaining (1). May be employed in industries that do not have a history of trade union membership (1). May be reluctant to take industrial action (1) may lose pay during a strike (1). May not agree with the objectives of the trade union (1). May follow example of fellow workers (1).	**6**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>5(d)</td><td>Discuss whether or not a government should reduce the amount of money it gives to each state pensioner.

In assessing each answer, use the table opposite.

Why it should:
• ageing population can mean the amount of government spending on pensions rises significantly
• a reduction in the state pension could reduce a budget deficit
• may persuade people to work longer, raising output and tax revenue
• paying pensions involves an opportunity cost, could spend more on e.g. education

Why it should not:
• will reduce living standards of pensioners
• may increase the numbers living in absolute poverty
• will reduce total demand
• lower spending by pensioners could reduce output and increase unemployment.</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 sided of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and / or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</td><td>6–8</td></tr>
<tr><td>2</td><td>A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question.</td><td>3–5</td></tr>
<tr><td>1</td><td>There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.</td><td>1–2</td></tr>
<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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