Cambridge Assessment International Education

Cambridge IGCSE™

ECONOMICS **0455/23**

Paper 2 Structured Questions **October/November 2021**

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 October/November 2021 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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Examiner annotations

	Uncertain what the candidate means – an illogical line of thought		Maximum mark on one side.
	Benefit of the doubt		NAQ
	Blank page		Not established – a statement made without any support
	Caret – a word is missing.		Repetition
	Confused		SEEN
	Cross		Tick – a credit worthy point
	Nothing creditworthy		Too vague
	Level 1		
	Level 2		
	Level 3		

Question	Answer	Marks	Guidance
1(a)	**Calculate the number of obese people in the UK in 2016.** 18.2 million/18 200 000/18.2×10^6	**1**	Accept 18 million.
1(b)	**Identify <u>two</u> reasons why the demand for vegan food has increased in the UK.** Two from: • (concerns about) health • (concerns about) obesity • (compassion for) animal welfare • rise in income/getting richer/higher standard of living • advertising of vegan products • less consumption of meat	**2**	One mark each for each of two reasons.
1(c)	**Explain <u>one</u> external benefit that may arise from eating less meat.** Healthy/less obese people (1) are more productive/higher output/live longer/government can spend more on education and raise skills (1). Improved environment/air/water quality (1) less greenhouse gases/pollution/people sick (1).	**2**	One mark for the external benefit identified and one mark for the explanation.

Question	Answer	Marks	Guidance
1(d)	**Explain how food consumption in Senegal differed from the US in 2015.** Senegalese citizens consumed fewer calories (1) consumed less than the recommended amount/US consumed more than the recommended amount (1). Senegalese may have suffered malnourishment (1) US may have suffered from obesity (1). Senegalese had a healthier diet (1) e.g. more fruit and vegetables (1). A higher proportion of the Senegalese diet consisted of cereals/grains (1) because it was cheap (1). Senegalese citizens consumed less meat (1) because it was expensive/low incomes (1). Senegalese citizens consumed less sugar and/or sweeteners (1). Senegalese consumed a higher proportion of fruit and/or vegetables (1). Senegalese consumed less added fats and/or oils (1).	**4**	Accept a response from the viewpoint of the US e.g. US citizens ate more meat.

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Question	Answer	Marks	Guidance
1(e)	**Analyse how an increase in labour mobility could improve the performance of a country's trade in goods**. Coherent analysis which might include: Labour markets will become more efficient (1) workers become more skilled (1) workers will move more easily between industries/become more occupationally mobile/respond quickly to changes in demand (1). Workers can move more easily from one place to another/become more geographically mobile (1). If demand for a product rises (1) it will be easier to recruit new workers/fill vacancies (1) more can be produced/supplied (1) less need for imports (1) import expenditure could fall (1) more can be exported (1) export revenue could rise (1).	**4**	

Question	Answer	Marks	Guidance
1(f)	**Analyse how an increase in meat consumption could benefit African economies.** Coherent analysis which might include: May reduce malnutrition/make people healthier (1) make workers more productive/efficient (1) improve quantity/quality of output (1) lower costs of production (1) more competitive internationally (1) exports increase/imports reduce (1) economic growth (1). Increase demand for vets and transport firms (1) increase number of meat processing firms (1) greater investment by firms (1) will increase output (1) raise employment (1) raise incomes/standard of living (1). Reduces government spending on health care (1) can spend more on education/unemployment benefits/infrastructure increasing skill levels/productivity (1).	**5**	

<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 an increase in Senegalese government spending will stop the country experiencing a recession.

Award 1 mark for explanation of recession.

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

• Government spending part of total (aggregate) demand (1) may increase total (aggregate) demand (1) may offset fall in consumer expenditure (1) this may encourage firms to produce more/attract new firms to set up (1) employ more staff/lower (cyclical) unemployment (1) earn more income (1) purchase more goods and services (1).

• Government spending on education/training/healthcare infrastructure (1) improves productivity (1) make products more internationally competitive (1) increasing total (aggregate) demand (1) raising output (1).

• Government subsidies (1) will lower costs of production (1) encouraging firms to produce more (1).

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

• May not be great enough to offset fall in investment (1) business confidence may be low (1). firms may not increase output after being given government subsidies (1)</td><td>6</td><td>Apply this example to all questions with the command word DISCUSS
(1g, 1h, 2d, 3d, 4d and 5d)

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

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

Question	Answer	Marks	Guidance
1(g)	• Consumer expenditure may fall (1) investment may not rise (1) exports may fall (1) • if consumer confidence is low (1). • May be global recession (1) exports may fall (1). • If taxes are raised to pay for the increase in government spending (1) government borrows (1) effect on total (aggregate) demand may be small (1). Higher spending on education/health/infrastructure may not result in increased workforce/greater productivity (1).		

Question	Answer	Marks	Guidance
1(h)	**Discuss whether or not emigration would reduce poverty in Senegal.** **Award up to 4 marks for logical reasons for why it might, which might include:** • Workers' remittances may increase/emigrants may send money home to Senegal (1) working abroad may enable them to provide more financial support for their families (1) than working at home (1) if wages are higher abroad (1) • Unemployment may fall (1) if potential emigrants could not gain work at home (1) • Increase ability of people to gain skills/work experience (1) increasing their ability to earn more (1) can share those skills with workers when they return to Senegal (1) • Emigration may move the country towards the optimum population (1) if the country lacks resources (1) this could increase income per head (1) increasing ability to purchase basic necessities (1) **Award up to 4 marks for logical reasons for why it might not, which might include:** • Skilled workers may leave the country (1) reducing output (1) discouraging MNCs (1) reducing jobs (1) reducing income (1) • There will be fewer people to pay taxes (1) lower tax revenue available to spend to reduce poverty (1) e.g. on education (1) • May be more dependents on the government (1) if parents leave children and elderly relatives behind (1) • Fewer workers in the population (1) will make it harder to finance state pensions (1) may reduce income of pensioners (1)	**6**	

Question	Answer	Marks	Guidance
2(a)	**Identify <u>two</u> reasons why a country may have more women than men in its population**. Two from: • women living longer • more girls being born • fewer female emigrants or male immigrants • more female immigrants or male emigrants • more men killed in wars	**2**	
2(b)	**Explain <u>two</u> advantages of raising the retirement age.** Logical explanation which might include: Reduction in pensions paid (1) money could be spent for other purposes e.g. infrastructure (1). Increase in size of the labour force/(1) increase in output/productive potential/GDP/reduction in firms' wage costs (1). Reduction in size of dependency ratio (1) less burden on working population (1). Rise in tax revenue/improve budget position (1) government can spend more on e.g. public sector wages (1). May increase health of the old (1) work may be mentally challenging (1). People can work longer (1) and earn more income/enjoy higher living standards (1). Older people have greater skills/more years of training (1) can raise productivity/pass on skills to younger workers (1).	**4**	One mark each for each of two advantages identified and one mark each for each of two explanations.

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Question	Answer	Marks	Guidance
2(c)	**Analyse how the price mechanism answers the three key resource allocation questions**. Coherent analysis which might include: Definition of price mechanism e.g. where forces of demand and supply determine the prices of goods and services (1) in a market economy (1). What to produce (1) the price mechanism acts a signal/the price mechanism acts as an incentive on what to produce (1) rations goods and services (1) price will rise for products in higher demand (1) encouraging more to be made (1). How to produce (1) e.g. more labour-intensive/more capital-intensive methods of production will be used (1) if wages fall/if cost of capital goods fall (1). Who to produce for (1) those whose services are most in demand will have the highest income (1) will be able to buy the most (1)	**6**	

<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 indirect taxation can reduce market failure.

In assessing each answer, use the table opposite.

Why it might:

• demerit goods are overconsumed and cause external costs
• demerit goods and other products causing external costs can be taxed
• indirect taxation on demerit goods can discourage their consumption
• merit goods are under-consumed and create external benefits
• indirect tax revenue can be used to subsidise or produce merit goods
• public goods would not be produced by the private sector as they have the characteristics of non-rival and non-excludable
• indirect tax revenue can be used to finance the production of public goods

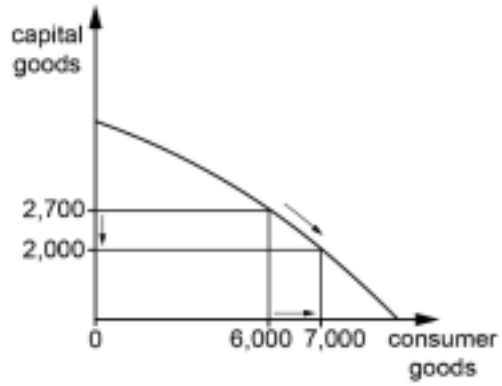
Why it might not:

• difficult to measure external costs
• demerit goods may be overtaxed, changing from being overconsumed to being under-consumed
• demand for some demerit goods is price inelastic
• indirect taxes may fall more heavily on the poor
• demand may just shift to imports if other countries do not impose indirect tax or have lower tax rates
• tax revenue may not be used to promote the consumption of merit and public goods</td><td>8</td><td>
<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall, both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and/or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</td><td>6–8</td></tr>
<tr><td>2</td><td>A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question.</td><td>3–5</td></tr>
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Question	Answer	Marks	Guidance
3(a)	**Identify <u>two</u> ways unemployment is measured.** • claimant count/claiming benefits • labour force survey/ILO measure/without a job and seeking work • formula for the unemployment rate/number of unemployed divided by labour force × 100/through the unemployment rate • total labour force minus those currently employed	**2**	
3(b)	**Explain <u>two</u> ways an increase in wages can cause inflation.** Logical explanation which might include: Increase in wages may increase total (aggregate) demand/consumption (1) causing demand-pull inflation (1). Increase in wages may increase costs of production (1) causing cost-push inflation (1).	**4**	One mark each for each of two ways identified and one mark each for each of two explanations. **Allow 1 mark if refer to prices rise but no mention of demand-pull or cost-push inflation**

Question	Answer	Marks	Guidance
3(c)	**Analyse, using a production possibility curve (PPC), the opportunity cost to an economy of producing more consumer goods.** **Up to 4 marks for the diagram:** Axes correctly labelled with capital/consumer goods (1). Curve drawn as a curve/line sloping downward to the axes (1). Movement along the curve/along the axes (1). Reduction in capital goods/increase in consumer goods shown by numbers or letters or arrows (1). **Up to 2 marks for coherent analysis which might include:** Opportunity cost is the (next) best alternative forgone (1) resources used to produce consumer goods cannot be used to produce capital goods (1). Producing more consumer goods now may mean fewer consumer goods in the future (1) as there may be fewer capital goods to make them (1).	**6**	

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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 an increase in foreign MNCs will reduce a deficit on the current account of the balance of payments of a host country.

In assessing each answer, use the table opposite.

Why it might:

• MNCs tend to export a relatively high proportion of their output
• may produce at a low cost of production/be efficient
• may be internationally competitive
• may produce products that were previously imported
• may bring in new technology

Why it might not:

• may buy raw materials and capital goods from their home countries
• MNC may send profits back to home country
• workers/managers may send remittances back to home country
• may eliminate firms in the host country that had a good export record
• may deplete non-renewable resources reducing the ability to export in the long run</td><td>8</td><td>For level 3, an answer must look at both sides of whether a <u>deficit on the current account</u> would be reduced<u>.</u>

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Question	Answer	Marks	Guidance
4(a)	**Identify <u>two</u> benefits of free trade.** Two from: • higher output/growth • higher income/living standards • more employment/more jobs • more choice/access to other markets • lower price • greater ability to take advantage of economies of scale/greater efficiency/specialisation • drives competition • better quality goods • stronger global co-operation	**2**	

Question	Answer	Marks	Guidance
4(b)	**Explain <u>two</u> differences between a floating foreign exchange rate and a fixed foreign exchange rate.** Logical explanation which might include: A floating exchange rate is determined by market forces (1) a fixed exchange rate is set by the government/central bank (1). A floating exchange rate can change on a day-to-day basis (1) whereas a fixed exchange does not often change in value (1). A rise in the value of floating exchange rate is an appreciation / a fall in the value of a floating exchange rate is a depreciation (1) a rise in the value of a fixed exchange rate is a revaluation/a fall in value of a fixed exchange rate is a devaluation (1). A floating exchange rate does not require a central bank to buy and sell the currency (1) a fixed exchange rate needs reserves of foreign currency to maintain it (1).	**4**	One mark each for each of two differences identified and one mark each for each of two explanations.

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Question	Answer	Marks	Guidance
4(c)	**Analyse how a change in the pattern of employment in a country may change its average wage.** **Coherent analysis which might include:** A higher proportion of skilled workers (1) due to better education/training (1) will raise the average wage/skilled workers tend to be highly paid (1). An increase in proportion of workers in the tertiary sector/smaller proportion of workers in the primary sector (1) example of industry/as economy develops there tends to be more workers in the tertiary sector/fewer in the primary sector (1) will tend to increase the average wage (1). A greater proportion of women workers (1) change in social attitudes/anti-discrimination legislation (1) may increase the average wage (1). A higher proportion of workers in the public sector (1) may be better training / may be more fringe benefits/may be more job security (1) may increase/reduce the average wage (1). A larger proportion of workers in the formal economy (1) more likely to be represented by a trade union/will have legal rights (1) may increase the average wage. Age (1) older workers may be more experienced/in promoted posts (1) may be better paid (1).	**6**	**Allow up to 3 marks for why wages may change due to changes in demand and supply with reference to a particular industry.** **Note: answers must address a <u>change</u> in pattern of employment**

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<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 government should stop firms merging.

In assessing each answer, use the table opposite.

Why it should:

• will have greater market share
• may abuse greater market power
• may become complacent
• consumers may experience higher prices and lower quality
• may engage in rationalisation
• may increase unemployment
• may experience diseconomies of scale

Why it should not:

• may innovate more
• may provide consumers with lower prices and higher quality
• may be more international competitive
• may improve current account position
• may increase economic growth
• may experience economies of scale</td><td>8</td><td>
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Question	Answer	Marks	Guidance
5(a)	**Define *division of labour.*** Workers specialising (1) in particular tasks / repeating the same task (1). Breaking down production into different / separate tasks (1) using different workers for the different tasks (1).	**2**	
5(b)	**Explain <u>two</u> reasons why a loss-making firm may continue to produce.** Logical explanation which might include: May not expect the loss to last (1) may think demand will rise/costs will fall in the future (1). May be subsidised by the government (1) to e.g. promote social welfare/encourage consumption of merit goods/increase exports/respond to dumping by other countries (1). May lower prices to drive out competitors/increase market share (1) raising price when successful (1). May accept losses in short-term (1) in order to expand in long-term (1) May have high retained profits (1) to allow for downturns in demand/cover the losses (1). May be a new firm (1) in the process of growth/trying to survive (1). A firm's main objective may not be profit maximisation (1) e.g. growing market share/charity/provides public goods (1).	**4**	One mark each for each of two reasons identified and one mark each for each of two explanations. Reward but do not expect reference to predatory pricing.

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Question	Answer	Marks	Guidance
5(c)	**Analyse the advantages that consumers may gain from a competitive market.** Coherent analysis which might include: Wide choice of producers (1) producing a similar product (1). Efficiency (1) better quality (1) greater choice of products (1) firms may innovate (1) as firms try to gain a larger share of the market (1). Lower price (1) as firms try to beat competition (1) increasing consumers' purchasing power/standard of living (1). Raise consumer sovereignty (1) firms may respond quickly to changes in consumer demand (1).	**6**	

<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 an increase in a country’s manufacturing output will increase its economic development.

In assessing each answer, use the table opposite.

Why it might:

• increase products available for households
• increase capital goods enabling greater capacity
• may raise incomes/profits
• create employment
• may promote growth of the other two sectors – greater demand for raw materials and greater demand for services e.g. insurance
• may mean firms are getting larger – economies of scale, reduced average costs, increased exports
• likely to have a higher value added than primary sector
• greater stability in income than primary sector

Why it might not:

• may create pollution/reduce open spaces
• jobs may have poor working conditions
• employment may not rise if capital-intensive methods are used
• opportunity cost/less resources used in primary and/or tertiary sectors
• wages may be lower than tertiary sector
• may reduce natural resources available for future
• goods produced may be of poor quality/inefficiently produced/uncompetitive</td><td>8</td><td>
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<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall, both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and/or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.</td><td>6–8</td></tr>
<tr><td>2</td><td>A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question.</td><td>3–5</td></tr>
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<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>5(d)</td><td></td><td></td><td>
<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>1</td><td>There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.</td><td>1–2</td></tr>
<tr><td>0</td><td>A mark of zero should be awarded for no creditable content.</td><td>0</td></tr>
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