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CAMBRIDGE
International Education

Cambridge O Level

ECONOMICS **2281/23**

Paper 2 Structured Questions **October/November 2025**

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 2025 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 descriptions 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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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standard isation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	Uncertain what the candidate means – an illogical line of thought
	Benefit of the doubt
	Blank page
	Caret – a word is missing.
	Confused
	Cross
Highlighter	Highlight
	Nothing creditworthy
	Level 1

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Annotation	Meaning
L2	Level 2
L3	Level 3
MAX	MAX
NAQ	Not answered question
NE	Not established – a statement made without any support
REP	Repetition
SEEN	SEEN
	Tick – a credit worthy point
TV	Too vague
On-page comment	To be used when a candidate has misidentified a question they have answered e.g.: This is an answer to **Q4(c)** and not **Q5(c)**.

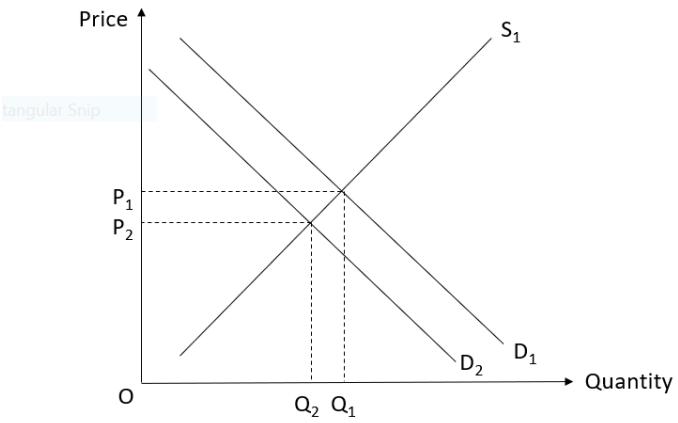
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Question	Answer	Marks	Guidance
1(a)	**Calculate the number of Malawians who had access to electricity in 2022.** 3.3 m or 3 300 000.	**1**	Accept 3.3×10^6.
1(b)	**Identify <u>two</u> capital goods used in Malawi.** Two from: Factories (1) power stations (1) solar panels (1) electricity (1) fertilisers (1).	**2**	If more than two capital goods are given, consider the first three.
1(c)	**Explain what is likely to have happened to Malawi's production possibility curve (PPC) in January 2022.** • It is likely to have shifted to the left / inside / inwards / contract (1). • due to natural disasters / Storm (Ana) / resources destroyed / productive capacity (or land) reduced / less labour (1).	**2**	Accept an accurate and fully labelled PPC diagram showing the PPC shifting to the left for the first mark. Second mark for any relevant reason from the source material.
1(d)	**Explain <u>two</u> reasons why the supply of Malawian tea may increase.** Logical explanation which might include: • good weather conditions (1) would increase crop yields / prevent crops being destroyed (1). • government subsidies (1) provide a financial incentive / additional payment to that received from consumers / reduce costs of production (1). • fall in price of fertiliser (1) which reduces cost of production / increase crop yields / allows farmers to purchase more fertiliser (1). • fall in exchange rate (1) higher demand for Malawian tea (1).	**4**	One mark each for two reasons identified and one mark each for two explanations. If more than two reasons are given, consider the first three. Do not accept an answer that links tea with sugar.

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Question	Answer	Marks	Guidance
1(e)	**Draw a demand and supply diagram to show the effect of a report stating the health risks of consuming sugar on the market for sugar.** Coherent analysis which might include the following. D&S diagram: • Axes correctly labelled – price and quantity or p and q (1). • Original demand and supply curves correctly labelled (1). • New labelled 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**	
1(f)	**Analyse the relationship between GDP per head and the percentage of children who complete primary education.** Coherent analysis which might include the following. Expected relationship: Generally, a direct / positive relationship (1) the higher the GDP per head, the higher the percentage of children who complete primary education (1).	**5**	Responses do not have to be in the format suggested but they should address the expected / normal relationship, offer supporting evidence of that, highlight any exceptions to that, and analyse the overall data. Supporting evidence should involve interpretation, not just description e.g. simply quoting data without reference to high or low.

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Question	Answer	Marks	Guidance
1(f)	Supporting evidence: Four countries with the highest GDP per head had the highest percentage of children who complete primary education / Malawi / Uganda have the lowest of both (1). South Africa had the highest GDP per head and the highest percentage of children who complete primary education (1). Comparison of two countries (e.g. Namibia and Senegal where GDP falls as does percentage of children completing primary education). Analysis of the expected relationship: Parents in countries with high incomes are more likely to be able to afford to keep their children in primary education (1). Government tax revenue is likely to be higher in countries with high incomes and so will be able to spend more on primary education (1). Completing primary education may increase the chance of skilled / occupationally mobile high income earning workers (1). Exception: Malawi / Uganda (1) Malawi has a lower GDP per head but a higher percentage of children who complete primary education than Uganda (1). Analysis of exception: A higher percentage of children may complete primary education but the quality of the education may be low leading to a low GDP per head / GDP per head may be high but there may be a high degree of inequality with a relatively high proportion of the population unable to keep their children in primary education (1).		

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<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 Malawi should develop a solar energy industry.

Award up to 4 marks for logical reasons why it might, which may include:
• a sustainable source of energy (1) enables future generations to access energy (1)
• would create less pollution / external costs than burning wood and charcoal / improve air quality (1) reduce deforestation (1) improve health (1)
• may enable more Malawian households to gain access to electricity (1) increase living standards / reduce inequality (1)
• setting up solar panels creates jobs (1) leads to increased output / economic growth / access to electricity for Malawian firms (1)
• long hours / 3000 hours of sunshine (1) a good / viable source of energy (1)
• less need to import energy (1) reduce current account deficit (1)
• develops employment opportunities (1) raising incomes (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>

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Question	Answer	Marks	Guidance
1(g)	Award up to 4 marks for logical reasons why it might not, which may include: • opportunity cost of installing (1) example (1) • opportunity cost of land use (1) reduced agricultural output (1) • dependent on weather / sunshine and days lost (1) unstable supply (1) may experience storm damage / natural disasters (1) • visual pollution (1) might reduce tourism / reduce house prices (1) • cost of developing an electricity distribution network may be prohibitive • cost of switching from fossil-fuel burning domestic appliances to electrical ones may not be affordable to households (1) limiting the impact of the switch (1) • expensive to install (1) worsen government budget position (1) • visual pollution (1) might reduce tourism / reduce house prices (1) • solar panels could be damaged by storms (1) making them inefficient (1).		

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Question	Answer	Marks	Guidance
1(h)	**Discuss whether or not a government should try to stop its country's foreign exchange rate falling in value.** Award up to 4 marks for logical reasons why it should try to stop it falling in value e.g. the disadvantages of the fall, including: • will increase import prices (1) reducing imports (1) may increase cost of imported raw materials and capital goods cost (1) cause cost-push inflation (1) cause slow economic growth (1) • may reduce pressure on domestic firms to keep prices low (1) quality high (1) • may reduce confidence in the economy (1) reduce investment (1) increase debt (1). Award up to 4 marks for logical reasons why it should allow a fall in value e.g. the advantages of the fall, including: • will reduce export prices (1) increase exports (1) reduce imports (1) • make domestic goods more competitive (1) reduce a current account deficit / improve the balance of payments (1) • may increase economic growth (1) reduce unemployment (1) attract MNCs / attract investment (1) increase tourism (1) • opportunity cost / costly for government to intervene (1) e.g. less funding for education / healthcare / housing (1) • may increase government tax revenue (1).	**6**	Note: many candidates provide incorrect analysis e.g. wrong way around. Maximum of 3 marks if there is no development / evaluation of reasons given.

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Question	Answer	Marks	Guidance
2(a)	**Define *multinational company.*** A firm that is based / has its headquarters in one country (1). Operates / produces / sets up / works (1) in another country or countries (1).	**2**	No mark for an example of an MNC**.**
2(b)	**Explain <u>two</u> reasons why a firm may charge a different price for the same product in two different countries.** Logical explanation which might include: • demand may be higher / lower in one country (1) resulting in higher / lower prices (1) • supply maybe higher / lower in one country (1) resulting in lower prices (1) • higher income / GNP per head in one country (1) means more able to afford to pay higher price (1) • price elasticity of demand may vary (1) more power to raise price where demand is inelastic (1) • greater competition in one country / more substitutes (1) leads to lower prices to be competitive (1) • indirect tax rates may vary e.g. higher GST / VAT / import tariffs (1) will lead to higher price (1) • government subsidies may be given in some countries (1) lowering price (1) • local material costs / wages may be lower in one country (1) lowering costs of production mean lower prices (1) • different transport costs (1) may be cheaper to transport to countries close by (1) • quality of good may be higher (1) enable firm to charge a higher price (1).	**4**	One mark each for two reasons identified and one mark each for two explanations. If more than two reasons are given, consider the first three. Note: There will be other relevant reasons. To get the development mark there must be a justification of why that factor will affect prices. Do not accept answers based on foreign exchange rate.

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Question	Answer	Marks	Guidance
2(c)	**Analyse how opportunity cost influences the decisions made by consumers, workers and producers.** Coherent analysis which might include: • opportunity cost is the (next) best alternative (1) forgone / given up (1) • example of consumers e.g. must decide between buying different products (1) due to limited income (1) • example of workers e.g. must decide between different jobs or between work and leisure (1) as time is limited (1) • example of producers / firms e.g. must decide what to make / how to make it / where to locate (1) as they have limited (financial) resources (1).	**6**	Maximum of 4 marks if candidates do not cover at least two out of consumers / workers / producers.

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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 consumers would benefit from an increase in the number of small firms in an industry.

In assessing each answer, use the table opposite.

Why they might:
• more competition, lower price, higher quality
• small firms may provide a more personal service
• may produce niche products
• may be more flexible / react quickly to consumer needs
• may introduce new ideas / new varieties of products
• may be easier access – consumers may not have to travel so far.

Why they might not:
• may be wasteful duplication
• may waste consumers time with too much information to process
• may have higher costs as unable to take advantage of economies of scale
• may reduce profits of larger firms, reducing their spending on research and development
• may not stay in business for long.</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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<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>
</table>
L1 and up to 2 marks for an understanding of consumers, small firms or industry.
</td></tr>
<tr><td>3(a)</td><td>Identify <u>two</u> ways central banks differ from commercial banks.

Award one mark for a characteristic of the central bank such as:
• in the public sector / owned by the government
• operate monetary policy
• main objective is usually price stability
• hold the accounts of the government
• lend to governments and sometimes commercial banks
• manage foreign exchange rate.

Award one mark for a characteristic of a commercial bank such as:
• usually in the private sector / owned by individuals
• provide services for consumers
• main objective is profiting maximization or growth
• hold the accounts of firms and households
• lend to households and firms
• buy and sell foreign currency to firms and households.</td><td>2</td><td>If more than two ways are given, consider the first three.

The second mark must be a linked difference and not a negative comment e.g. central bank controls money supply, but commercial banks do not, only gets one mark.</td></tr>
</table>

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Question	Answer	Marks	Guidance
3(b)	**Explain <u>two</u> characteristics that coins possess which mean they can perform the functions of money.** Logical explanation which might include: • generally acceptable (1) can be used to buy and sell products / acts as medium of exchange (1) • limited in supply (1) minted by the government (1) • durable (1) last some time / does not perish / hard to break / made of metal / acts as store of wealth / store of value (1) • portable (1) coins can be carried in pockets / bags (1) • homogeneous (1) all coins of the same value are the same (1) • divisible (1) coins have different values / acts as medium of exchange (1).	**4**	One mark each for two characteristics identified and one mark each for two developments. If more than two characteristics are given, consider the first three. Only accept functions of money when used as a development of an identified characteristic of money.

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Question	Answer	Marks	Guidance
3(c)	**Analyse the services provided to households by commercial banks.** Coherent analysis which might include: • enable households to save their money (1) provide deposit / time accounts / deposit boxes (1) earn interest (1) • enable households to make and receive payments (1) provide current / sight accounts (1) credit cards (1) • lend to households (1) by providing a loan / overdraft / mortgage (1) to e.g. buy a house / a car (1) pay interest (1) • give financial advice (1) e.g. on how to manage debt / retirement plans / buy stocks and shares (1) • arrange insurance (1) e.g. for house / car (1) • Convert foreign currency (1) buying / selling goods and service abroad / travelling abroad (1) charge commission (1).	**6**	Do not reward more than three services as the main assessment objective is analysis, not knowledge and understanding.

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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 division of labour will benefit workers.

In assessing each answer, use the table opposite.

Why they might:
• can be trained quickly
• rise in productivity might be linked to a rise in income
• can become skilled at a particular task – practice makes perfect
• can concentrate on what they are most interested in
• can gain confidence in the task they undertake – less stressful.

Why they might not:
• can be boring
• occupational mobility is limited
• may not make full use of their skills
• may be replaced by machinery
• work may be disrupted by absence of other staff.</td><td>8</td><td>
<table>
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<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><td>0</td><td>A mark of zero should be awarded for no creditable content.</td><td>0</td></tr>
</table>
Note: do not reward answers that state benefits to the firm.

L1 and up to 2 marks for an understanding of what division of labour means.
</td></tr>
</table>

Question	Answer	Marks	Guidance
4(a)	**Define *primary income.*** Component of the current account of the balance of payments (1). Example of an item: profit / interest / dividends / wages earned abroad (1).	**2**	Very few candidates understand this term. Award one mark if there is any understanding that it relates to the balance of payments with other countries.

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Question	Answer	Marks	Guidance
4(b)	**Explain <u>two</u> influences on the shape of a country's population pyramid.** Logical explanation which might include: • birth rate / fertility rate (1) a high birth rate / fertility rate will result in a wide base for the pyramid (1) • life expectancy / death rate / aging population (1) high death rate / low life expectancy will result in a narrow top for the pyramid (1) • migration (1) high immigration of people of working age would result in a wide middle in the pyramid (1) • gender balance (1) example of imbalance in overall shape of pyramid (1).	**4**	One mark each for two influences identified and one mark each for two explanations. If more than two influences are given, consider the first three. Note: accept low birth rate, high life expectancy, emigration with reverse explanation.

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Question	Answer	Marks	Guidance
4(c)	**Analyse the causes of poverty.** Coherent analysis which might include the following. • Low quantity / quality of education (1) can reduce job opportunities (1) low skilled jobs (1) low paid jobs (1). • Unemployment (1) lower income (1) reliant on welfare benefits (1). • Illness / disability (1) poor healthcare (1) reduce ability to earn an income (1). • Old age (1) may have low or no state benefits (1) absolute poverty (1). • Uneven distribution of income / wealth (1) resulting in relative poverty (1). • Corruption (1) reducing tax revenue available to spend on reducing poverty (1). • Large families (1) many children (1) trapped in / child poverty (1). • Single parent families (1) parent unable to work (1) reliant on state benefits (1). • Poor housing (1) harms health (1) limited access to employment (1) high cost of living (1). • Natural disaster / conflict (1) causes loss of ability to work / earn income (1). • Geographical immobility (1) prevents access to paid jobs (1). • Work in agriculture (1) where wages are low / not regular income (1). • High inflation (1) cannot afford to buy basic necessities (1).	**6**	Answer requires more than one cause of poverty to get full marks. Reference to absolute and relative poverty may be relevant to more than one bullet point but only reward each once. Maximum of three causes can be given a mark.

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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 imposing import quotas will reduce a trade in goods deficit.

In assessing each answer, use the table opposite.

Why it might:
• restrict imports
• lower supply may drive up price
• consumers and firms may switch to domestic goods
• could reduce gap between import expenditure and export revenue.
• consumers and firms may switch to domestic substitutes
• could reduce gap between import expenditure and export revenue.

Why it might not:
• import quotas may be higher than demand
• depends on the breadth of goods affected – fewer goods, less effective
• may not be domestic substitutes
• may be retaliation which could reduce export revenue
• smuggling may occur
• reduction in import spending may appreciate currency value, reducing exports.</td><td>8</td><td>
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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>
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Question	Answer	Marks	Guidance
4(d)			<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></table> L1 and up to 2 marks for an understanding of import quotas.

Question	Answer	Marks	Guidance
5(a)	**Identify <u>two</u> causes of an increase in life expectancy.** Two causes from: • falling death rate / more / better healthcare / healthier lifestyles • better education • higher (disposable) income • improvement in nutrition • more / better housing / living standards • better environment / less pollution • better working conditions • less child poverty • ending of a war / famine / natural disaster.	**2**	If more than two causes are given, consider the first three. There may be other relevant causes. These are the most common ones.

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Question	Answer	Marks	Guidance
5(b)	**Explain t<u>wo</u> ways a firm could attract skilled workers from another country.** Logical explanation which might include: • offer higher wages / prospects of promotion (1) enabling the workers to enjoy high living standards (1) • offer better working conditions (1) e.g. regular breaks (1) • offer fringe benefits (1) e.g. good pension scheme (1) • offer training (1) increase chance of a good job in home country later (1) • strong / targeted marketing overseas (1) highlighting benefits of job (1) • meet relocation costs (1) removes geographical barrier (1) • reputation (1) e.g. good employer / outstanding product/service (1).	**4**	One mark each for two ways identified and one mark each for two explanations. If more than two ways are given, consider the first three.

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Question	Answer	Marks	Guidance
5(c)	**Analyse how an increase in consumer spending could increase economic growth.** Coherent analysis which might include an increase in consumer spending may: • increase total demand (1) this may increase confidence (1) may encourage firms to increase their output (1) firms' revenue / profits increase (1) leads to more investment / innovation (1) new firms may start up (1) raise GDP (1) • increase output, firms may buy capital goods / invest (1) this will increase productive capacity (1) • increase output, more workers may be employed (1) this will reduce unemployment (1) increase incomes (1) increase consumer spending further (1) • increase (indirect) tax revenue (1) which can be spent on e.g. infrastructure / education / healthcare (1) leading to further increase in productive capacity / GDP (1).	**6**	Only reward increasing productive capacity and raising GDP once. Reward but do not expect reference to the multiplier effect.

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<tr><th>Question</th><th>Answer</th><th>Marks</th><th>Guidance</th></tr>
<tr><td>5(d)</td><td>Discuss whether or not the wages of workers employed by car firms will increase in the future.

In assessing each answer, use the table opposite.

Why they might:
• demand for cars might rise
• revenue / profit may increase, enabling firms to pay more
• car workers may become more skilled / more productive
• bargaining strength to car workers may increase / their trade unions may become more powerful / inflation rate may increase causing higher wage demands
• governments may subsidise car production.

Why they might not:
• advances in technology may reduce the need for car workers
• rise in unemployment will increase competition among workers for jobs
• increased immigration may increase the supply of car workers
• demand for cars may fall if public (mass) transport improves
• inflation may reduce real wages.</td><td>8</td><td>
<table>
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<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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L1 and up to 2 marks for understanding of wages, firms and employment.
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