Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

Each answer shows the steps, then the **result**.

2.1

- **free trade** is trade between countries with **no barriers** — no taxes or limits on imports (K)

2.2

- **exports** are goods a country **sells** to other countries; **imports** are goods it **buys** from other countries (K)

2.3

- any **one** of: **lower prices** / a **wider choice** of goods (K)

3.1 B

- free trade gives consumers a **wider choice of cheaper goods** (K)
- A, C and D are costs, not consumer benefits

3.2

- for **each** of two benefits: K + An
- e.g. **cheaper goods**: a country buys goods more cheaply from abroad than making them itself → higher living standards
- e.g. **bigger markets**: firms sell to the whole world → they gain economies of scale → lower costs

3.3

- **good**: cheaper goods, more choice, economies of scale and stronger competition raise living standards (K + An)
- **bad**: domestic firms may close (job losses); a country can become over-dependent; infant industries may never develop (An)
- **judgement (Ev)**: free trade usually raises living standards, but some **limited, temporary protection** may be justified