IGCSE Economics: **w25 11**

Multiple Choice Answers

Q8: B

IGCSE Economics: **w25 12**

Multiple Choice Answers

Q8: D

IGCSE Economics: **s25 11**

Multiple Choice Answers

Q9: B

IGCSE Economics: **s25 13**

Multiple Choice Answers

Q9: C

IGCSE Economics: **s25 23**

3(d)	**Discuss whether or not competitive markets are beneficial for consumers.** In assessing each answer, use the table opposite. Why it might: • more firms in the market leads to lower price • higher quality • more choice • firms may be smaller and so may not experience diseconomies of scale • more innovation in terms of production methods and products Why it might not: • lower profits for firms – less innovation and quality improvement • too many choices – takes up consumer time and effort • firms may spend on advertising, increasing their costs and prices • lower quality due to race to the bottom • firms may be smaller and may not experience economies of scale • competition may lead to resource depletion / negative externalities	**8**	

Level	Description
3	A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and/or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.
2	A reasoned discussion which makes use of economic information and clear analysis to evaluate economic issues and situations. The answer may lack some depth and development may be one-sided. There is relevant use of economic concepts, terminology, information and data appropriate to the question.

3(d)		**8**	

Level	Description
1	There is a simple attempt at using economic definitions and terminology. Some reference may be made to economic theory, with occasional understanding.
0	A mark of zero should be awarded for no creditable content.

4(a)	**Identify two costs of unemployment.** Two from: • loss of output / low economic growth • loss of tax revenue / budget deficit • high government spending on benefits • higher government spending on measures to reduce unemployment / training the unemployed • loss of income / poverty / low living standards • loss of skills • health problems / high government spending on healthcare • more crime • movement of a production point inside the PPC / not producing at full capacity.
4(b)	**Explain how the key resource allocation decisions are made in a mixed economic system**. Logical explanation which might include: Private sector / individuals / households / firms / consumers (1) will use price mechanism (1) demand and supply / demand / market forces (1) influenced by the profit motive (1) use most cost-effective methods of production (1). Public sector / government / state (1) will use its spending (1) taxation (1) regulation / maximum prices / minimum prices / directives (1) influenced by social costs / social benefits / economic welfare (1).

4(c)	**Analyse the causes of an increase in the demand for foreign currency.** Coherent analysis which might include: To buy more goods and services from that country / higher demand by other countries for that country's products (1) increased foreign tourism (1) may be the result of higher inflation in the buying country (1) may be due to removal of trade restrictions (1) rise in quality of the other country's products (1) higher incomes in the buying country (1). To speculate / increased confidence in the currency (1) that it will rise in price / value (1) make a profit (1). To invest more in that country (1) e.g. set up a branch of a MNC / FDI (1) MNC sending profit home (1). To send more money home to relatives (1) workers' remittances (1). The government / central bank may buy it (1) to influence the exchange rate (1) add to the reserves (1). To take advantage of a rise in interest rates in that country (1) increase hot money flows (1) increase return on saving / financial investment (1). More people may migrate to that country (1) to e.g. buy a home in another country (1).

4(d)	**Discuss whether or not inflation will harm a country's firms.** In assessing each answer, use the table opposite. Why it might: • may increase price of raw materials and capital goods • increase costs of production • increase menu and shoe leather costs • workers may take industrial action to gain wage rises • increase costs and disrupt output • cost-push inflation • less internationally competitive • profits may fall • may make it difficult to plan. Why it might not: • demand-pull inflation can increase sales • revenue may rise by more than costs, increase profits • if lower than rival countries can make products more internationally competitive • if low and stable, may not be a problem • may reduce real value of debts • may be able to reduce real costs of wages.

4(d)	

IGCSE Economics: **w24 11**

Multiple Choice Answers

Q8: D