IGCSE Economics: **w25 11**

Multiple Choice Answers

Q26: A

IGCSE Economics: **w25 12**

Multiple Choice Answers

Q26: A

IGCSE Economics: **w25 13**

Multiple Choice Answers

Q25: B

IGCSE Economics: **w25 23**

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.

5(b)	**Explain two 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).

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).

5(d)	**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.

IGCSE Economics: **w25 23**

5(d)	

IGCSE Economics: **s25 11**

Multiple Choice Answers

Q26: B

IGCSE Economics: **s25 13**

Multiple Choice Answers

Q26: B

4(a)	**Identify <u>two</u> macroeconomic aims of government that may conflict.** • Full employment / low unemployment (1) and price stability (1). • Economic growth (1) current account balance (1). • Price stability (1) redistribution of income / poverty reduction (1). • Economic growth (1) economic sustainability (1).
4(b)	**Explain <u>two</u> reasons why a country may have a high population growth rate.** Logical explanation which might include: • High birth rate (1) due to e.g. low age of marriage / lack of education on birth control (1). • Low death rate / high life expectancy (1) due to e.g. good quality healthcare (1). • Immigration /net immigration (1) due to e.g. high incomes (1). • High fertility rates (1) due to e.g. young female population (1). • Birth rate higher than the death rate (1) results in higher natural growth rate (1).

4(c)	**Analyse how a cut in the corporation (corporate income) tax rate can increase economic growth.** Coherent analysis which might include: • Cut in corporation (corporate income) tax will increase the amount of profits that can be kept by firms (1) may attract MNCs to country (1) this will increase the funds firms have to spend (1) on capital goods (1) and increase incentive to invest (1) more to spend on wages (1) may create job opportunities / reduce unemployment (1) raise consumer expenditure (1) firms grow faster (1). • Higher investment (1) will increase total demand (1). It may also increase the quality of capital goods (1) may introduce new technology (1) may increase productivity /productive capacity (1) increase output / GDP (1). • Provide an incentive to enterprise (1) as more profits can be retained / higher profits (1).

4(d)	**Discuss whether or not a decrease in government spending will reduce inflation.** In assessing each answer, use the table opposite. Why it might: • may reduce total demand • lower total demand may reduce demand-pull inflation • if near full employment, lower demand may have a significant impact on inflation • may reduce need for taxes, lower indirect taxes may reduce prices. Why it might not: • lower government subsidies may raise prices • lower government spending on education and training may reduce productivity and may increase cost of production • lower government spending on infrastructure could increase transport costs • higher costs of production may increase cost-push inflation • may be other causes of inflation e.g. rise in wages

IGCSE Economics: **s25 21**

4(d)	

IGCSE Economics: **m25 12**

Multiple Choice Answers

Q26: B

IGCSE Economics: **w24 12**

Multiple Choice Answers

Q25: D