IGCSE Economics: **w25 13**

Multiple Choice Answers

Q26: B

IGCSE Economics: **s25 12**

Multiple Choice Answers

Q25: D

IGCSE Economics: **s25 13**

Multiple Choice Answers

Q20: A

5(a)	**Identify <u>two</u> benefits an MNC may provide for its home country.** Two from: • profits • (increased) exports • raw materials • job opportunity / wages for workers • raise country's income
5(b)	**Explain <u>two</u> disadvantages of import tariffs.** Logical explanation which might include: • Reduce (free) trade (1) lower competition (1) . • Risk of retaliation (1) resulting in trade war / unemployment (1). • Raise price of imports (1) which may raise price of domestically produced goods (because of the lack of competition) (1) . • Raise the price of imported raw materials / capital goods (1) cause cost-push inflation (1) . • Reduce quality (1) due to lower competition (1) • Protected industries / infant industries / declining industries may become inefficient (1) if become reliant on tariff (protection) (1). • Reduce output / consumption / less quality / less choice (1) lower living standards (1). • Reduce ability of countries to specialise (1) less efficient use of resources / loss of potential economies of scale (1).

5(c)	**Analyse how an increase in investment can result in a rise in a country's HDI value.** Coherent analysis which might include: • Investment can increase GDP / GNI (1) employment (1) which may increase GDP/ GNI per head (1) higher GDP/ GNI may raise tax revenue (1) enabling the government to spend more on education and healthcare (1). • Higher personal income / wages (1) enabling families to afford sending children to school (1) pay for private healthcare (1). • An increase in investment in healthcare facilities (1) can increase life expectancy (1). • An increase in investment in education (1) will increase mean / expected and expected years of schooling (1) increase skills/productivity (1) which may increase GDP per head (1) raise awareness about nutrition (1) increase life expectancy (1). • An increase in investment may introduce more advanced technology (1) which can make work less physically demanding (1) improving health / life expectancy (1).

5(d)	**Discuss whether or not having a floating exchange rate benefits an economy.** In assessing each answer, use the table opposite. Why it might: • may eliminate a current account imbalance • if there is a current account deficit, exchange rate may fall making exports fall in price and imports rise in price • no need to keep reserves of foreign exchange • no need to change interest rates to influence the exchange rate • enable government to concentrate on other aims as does not have to keep the exchange rate fixed. Why it might not: • may make it difficult for firms to plan, not knowing how much they will have to pay for imports and earn from exports • may create uncertainty • discourage investment • speculation can cause (significant) destabilising changes in the exchange rate.

IGCSE Economics: **s25 21**

5(d)	

IGCSE Economics: **m25 12**

Multiple Choice Answers

Q24: D

IGCSE Economics: **w24 12**

Multiple Choice Answers

Q26: A

IGCSE Economics: **s24 11**

Multiple Choice Answers

Q26: B