IGCSE Economics: **w25 11**

Question 11 (Answer: **D**)

- Compare spending with income at each level.
- Where spending exceeds income the household is dissaving.
- Where income exceeds spending it is saving – so find where the two cross.

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Question 11 (Answer: **B**)

- Lower interest rates make saving less rewarding and borrowing cheaper.
- So saving falls and borrowing rises.
- The two always move in opposite directions when the interest rate changes.

IGCSE Economics: **s25 13**

Question 10 (Answer: **D**)

- A higher interest rate makes saving more rewarding and borrowing more expensive.
- So the amount saved rises.
- And the cost of borrowing rises, so borrowing falls.

IGCSE Economics: **s25 22**

5(d)	**Discuss whether or not a government should aim for an increase in imports.** In assessing each answer, use the table opposite. Why it should: • may save scarce resources • may reduce shortages in the home market • may lower the exchange rate • may increase choice and quality of products in the home market • may import technology • may reduce firms' costs by importing low price raw materials and capital goods • may increase competition, making domestic firms more efficient • may increase revenue from import tariffs • may enable a country to consume more than it produces in the short term • may increase incomes abroad raising demand for this country's exports. Why it should not: • may worsen the current account balance • may cause some domestic firms to go out of business • may reduce exchange rate • may reduce employment • may lower incomes / GDP per head • may lower living standards in the long term • will not want to import demerit goods.	**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 sided 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.
5(d)			**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.