

# Markscheme

**November 2025**

**Economics**

**Standard level**

**Paper 1**

© International Baccalaureate Organization 2025

All rights reserved. No part of this product may be reproduced in any form or by any electronic or mechanical means, including information storage and retrieval systems, without the prior written permission from the IB. Additionally, the license tied with this product prohibits use of any selected files or extracts from this product. Use by third parties, including but not limited to publishers, private teachers, tutoring or study services, preparatory schools, vendors operating curriculum mapping services or teacher resource digital platforms and app developers, whether fee-covered or not, is prohibited and is a criminal offense.

More information on how to request written permission in the form of a license can be obtained from <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

© Organisation du Baccalauréat International 2025

Tous droits réservés. Aucune partie de ce produit ne peut être reproduite sous quelque forme ni par quelque moyen que ce soit, électronique ou mécanique, y compris des systèmes de stockage et de récupération d'informations, sans l'autorisation écrite préalable de l'IB. De plus, la licence associée à ce produit interdit toute utilisation de tout fichier ou extrait sélectionné dans ce produit. L'utilisation par des tiers, y compris, sans toutefois s'y limiter, des éditeurs, des professeurs particuliers, des services de tutorat ou d'aide aux études, des établissements de préparation à l'enseignement supérieur, des fournisseurs de services de planification des programmes d'études, des gestionnaires de plateformes pédagogiques en ligne, et des développeurs d'applications, moyennant paiement ou non, est interdite et constitue une infraction pénale.

Pour plus d'informations sur la procédure à suivre pour obtenir une autorisation écrite sous la forme d'une licence, rendez-vous à l'adresse <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

© Organización del Bachillerato Internacional, 2025

Todos los derechos reservados. No se podrá reproducir ninguna parte de este producto de ninguna forma ni por ningún medio electrónico o mecánico, incluidos los sistemas de almacenamiento y recuperación de información, sin la previa autorización por escrito del IB. Además, la licencia vinculada a este producto prohíbe el uso de todo archivo o fragmento seleccionado de este producto. El uso por parte de terceros —lo que incluye, a título enunciativo, editoriales, profesores particulares, servicios de apoyo académico o ayuda para el estudio, colegios preparatorios, desarrolladores de aplicaciones y entidades que presten servicios de planificación curricular u ofrezcan recursos para docentes mediante plataformas digitales—, ya sea incluido en tasas o no, está prohibido y constituye un delito.

En este enlace encontrará más información sobre cómo solicitar una autorización por escrito en forma de licencia: <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

**Use the question-specific markscheme together with the markbands. Award up to the maximum marks as indicated.**

1. (a) Explain **two** non-price determinants that could increase the market supply of a good. **[10]**

Answers **may** include:

- Terminology: supply, market supply.
- Explanation: of any **two** of the following: changes in the costs of factors of production; changes in the prices of related goods; changes in indirect taxes; change in subsidies; changes in future price expectations; changes in technology or a change in the number of firms.
- Diagram: to show a shift in supply to the right.

*A maximum of [6] should be awarded if **only one** non-price determinant is addressed.*

### Assessment Criteria

#### Part (a) 10 marks

Marks	Level descriptor
<b>0</b>	<ul style="list-style-type: none"> <li>• The work does not reach a standard described by the descriptors below.</li> </ul>
<b>1–2</b>	<ul style="list-style-type: none"> <li>• The response indicates little understanding of the specific demands of the question.</li> <li>• Economic theory is stated but it is not relevant.</li> <li>• Economic terms are stated but they are not relevant.</li> </ul>
<b>3–4</b>	<ul style="list-style-type: none"> <li>• The response indicates some understanding of the specific demands of the question.</li> <li>• Relevant economic theory is described.</li> <li>• Some relevant economic terms are included.</li> </ul>
<b>5–6</b>	<ul style="list-style-type: none"> <li>• The response indicates understanding of the specific demands of the question, but these demands are only partially addressed.</li> <li>• Relevant economic theory is partly explained.</li> <li>• Some relevant economic terms are used appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included.</li> </ul>
<b>7–8</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is explained.</li> <li>• Relevant economic terms are used mostly appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included and explained.</li> </ul>
<b>9–10</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is fully explained.</li> <li>• Relevant economic terms are used appropriately throughout the response.</li> <li>• Where appropriate, relevant diagram(s) are included and fully explained.</li> </ul>

- (b) Using real-world examples, evaluate whether the provision of subsidies will always be beneficial.

[15]

*Answers may include:*

- Terminology: subsidy.
- Explanation: of the impact of subsidies on producers in terms of lowering production costs, increasing supply, and increasing producer revenues; impact on consumers in terms of lowering price and increasing quantity consumed; impact on government spending; candidates may consider subsidies applied to trade, which would be acceptable
- Diagram: demand and supply diagram showing the impact of a subsidy
- Synthesis (evaluate): opportunity cost of providing subsidies, possible higher taxes needed to pay for subsidies, creation of producer inefficiencies, equity issues, provision of merit goods, welfare loss, consideration of the word “always”
- Examples: use of real-world examples of where governments have provided subsidies.

***N.B.*** It should be noted that terminology, theory, diagrams and examples that have already been given in part (a), and then referred to in part (b), should be rewarded.

*Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.*

**Assessment Criteria**

**Part (b) 15 marks**

Marks	Level descriptor
<b>0</b>	<ul style="list-style-type: none"> <li>• The work does not reach a standard described by the descriptors below.</li> </ul>
<b>1–3</b>	<ul style="list-style-type: none"> <li>• The response indicates little understanding of the specific demands of the question.</li> <li>• Economic theory is stated but it is not relevant.</li> <li>• Economic terms are stated but they are not relevant.</li> <li>• The response contains no evidence of synthesis or evaluation.</li> <li>• A real-world example(s) is identified but it is irrelevant.</li> </ul>
<b>4–6</b>	<ul style="list-style-type: none"> <li>• The response indicates some understanding of the specific demands of the question.</li> <li>• Relevant economic theory is described.</li> <li>• Some relevant economic terms are included.</li> <li>• The response contains evidence of superficial synthesis or evaluation.</li> <li>• A relevant real-world example(s) is identified.</li> </ul>
<b>7–9</b>	<ul style="list-style-type: none"> <li>• The response indicates understanding of the specific demands of the question, but these demands are only partially addressed.</li> <li>• Relevant economic theory is partly explained.</li> <li>• Some relevant economic terms are used appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included.</li> <li>• The response contains evidence of appropriate synthesis or evaluation but lacks balance.</li> <li>• A relevant real-world example(s) is identified and partly developed in the context of the question.</li> </ul>
<b>10–12</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is explained.</li> <li>• Relevant economic terms are used mostly appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included and explained.</li> <li>• The response contains evidence of appropriate synthesis or evaluation that is mostly balanced.</li> <li>• A relevant real-world example(s) is identified and developed in the context of the question.</li> </ul>
<b>13–15</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is fully explained.</li> <li>• Relevant economic terms are used appropriately throughout the response.</li> <li>• Where appropriate, relevant diagram(s) are included and fully explained.</li> <li>• The response contains evidence of effective and balanced synthesis or evaluation.</li> <li>• A relevant real-world example(s) is identified and fully developed to support the argument.</li> </ul>

2. (a) Explain **two** determinants of consumption that may cause it to decrease. **[10]**

*Answers may include:*

- Terminology: consumption.
- Explanation: of any **two** of the following factors: change in consumer confidence; change in interest rates; change in wealth; change in income taxes; change in the level of household indebtedness; expectations of future price level.
- Diagram: AS/AD diagram to show AD shifting left.

*A maximum of [6] should be awarded if **only one** determinant is addressed.*

### Assessment Criteria

**Part (a) 10 marks**

Marks	Level descriptor
<b>0</b>	<ul style="list-style-type: none"> <li>• The work does not reach a standard described by the descriptors below.</li> </ul>
<b>1–2</b>	<ul style="list-style-type: none"> <li>• The response indicates little understanding of the specific demands of the question.</li> <li>• Economic theory is stated but it is not relevant.</li> <li>• Economic terms are stated but they are not relevant.</li> </ul>
<b>3–4</b>	<ul style="list-style-type: none"> <li>• The response indicates some understanding of the specific demands of the question.</li> <li>• Relevant economic theory is described.</li> <li>• Some relevant economic terms are included.</li> </ul>
<b>5–6</b>	<ul style="list-style-type: none"> <li>• The response indicates understanding of the specific demands of the question, but these demands are only partially addressed.</li> <li>• Relevant economic theory is partly explained.</li> <li>• Some relevant economic terms are used appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included.</li> </ul>
<b>7–8</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is explained.</li> <li>• Relevant economic terms are used mostly appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included and explained.</li> </ul>
<b>9–10</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is fully explained.</li> <li>• Relevant economic terms are used appropriately throughout the response.</li> <li>• Where appropriate, relevant diagram(s) are included and fully explained.</li> </ul>

- (b) Using real-world examples, evaluate the effectiveness of supply-side policies in reducing unemployment. **[15]**

*Answers may include:*

- Terminology: supply-side policies, unemployment.
- Explanation: of how supply-side policies (market-based and interventionist) could reduce different types of unemployment.
- Diagram: AD/AS diagram to illustrate increase in LRAS, and/or a labour market diagram and/or demand-side effects of supply-side policies.
- Synthesis (evaluate): effectiveness depends on the type of unemployment; potential strength of interventionist supply-side policies such as direct support of sectors important for growth and potential strengths of market-based supply-side policies such as improved resource allocation and no burden on government budget; potential constraints on interventionist supply-side policies such as costs and time lags and potential constraints on market-based supply-side policies such as equity issues, time lags, vested interests and environmental impact; possible conflicts with other macroeconomic goals; monetary and/or fiscal policies might be considered as alternatives, but the emphasis of the response should be on supply-side policies.
- Examples: real-world examples of where governments have attempted to reduce unemployment using supply-side policies.

***N.B.*** It should be noted that terminology, theory, diagrams and examples that have already been given in part (a), and then referred to in part (b), should be rewarded.

*Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.*

**Assessment Criteria**

**Part (b) 15 marks**

Marks	Level descriptor
<b>0</b>	<ul style="list-style-type: none"> <li>• The work does not reach a standard described by the descriptors below.</li> </ul>
<b>1–3</b>	<ul style="list-style-type: none"> <li>• The response indicates little understanding of the specific demands of the question.</li> <li>• Economic theory is stated but it is not relevant.</li> <li>• Economic terms are stated but they are not relevant.</li> <li>• The response contains no evidence of synthesis or evaluation.</li> <li>• A real-world example(s) is identified but it is irrelevant.</li> </ul>
<b>4–6</b>	<ul style="list-style-type: none"> <li>• The response indicates some understanding of the specific demands of the question.</li> <li>• Relevant economic theory is described.</li> <li>• Some relevant economic terms are included.</li> <li>• The response contains evidence of superficial synthesis or evaluation.</li> <li>• A relevant real-world example(s) is identified.</li> </ul>
<b>7–9</b>	<ul style="list-style-type: none"> <li>• The response indicates understanding of the specific demands of the question, but these demands are only partially addressed.</li> <li>• Relevant economic theory is partly explained.</li> <li>• Some relevant economic terms are used appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included.</li> <li>• The response contains evidence of appropriate synthesis or evaluation but lacks balance.</li> <li>• A relevant real-world example(s) is identified and partly developed in the context of the question.</li> </ul>
<b>10–12</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is explained.</li> <li>• Relevant economic terms are used mostly appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included and explained.</li> <li>• The response contains evidence of appropriate synthesis or evaluation that is mostly balanced.</li> <li>• A relevant real-world example(s) is identified and developed in the context of the question.</li> </ul>
<b>13–15</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is fully explained.</li> <li>• Relevant economic terms are used appropriately throughout the response.</li> <li>• Where appropriate, relevant diagram(s) are included and fully explained.</li> <li>• The response contains evidence of effective and balanced synthesis or evaluation.</li> <li>• A relevant real-world example(s) is identified and fully developed to support the argument.</li> </ul>

3. (a) Explain **two** possible benefits of international trade. **[10]**

*Answers may include:*

- Terminology: international trade.
- Explanation: of any **two** of the following benefits: increased competition; lower prices; greater choice; acquisition of resources; more foreign exchange earnings; access to larger markets; economies of scale; more efficient resource allocation; more efficient production.
- Diagram: free trade diagram illustrating imports when world price is below domestic price; or international trade diagram (tariff, quota, subsidy) to explain benefits of reducing trade protection.

*A maximum of [6] should be awarded if **only one** benefit is addressed.*

### Assessment Criteria

**Part (a) 10 marks**

Marks	Level descriptor
<b>0</b>	<ul style="list-style-type: none"> <li>• The work does not reach a standard described by the descriptors below.</li> </ul>
<b>1–2</b>	<ul style="list-style-type: none"> <li>• The response indicates little understanding of the specific demands of the question.</li> <li>• Economic theory is stated but it is not relevant.</li> <li>• Economic terms are stated but they are not relevant.</li> </ul>
<b>3–4</b>	<ul style="list-style-type: none"> <li>• The response indicates some understanding of the specific demands of the question.</li> <li>• Relevant economic theory is described.</li> <li>• Some relevant economic terms are included.</li> </ul>
<b>5–6</b>	<ul style="list-style-type: none"> <li>• The response indicates understanding of the specific demands of the question, but these demands are only partially addressed.</li> <li>• Relevant economic theory is partly explained.</li> <li>• Some relevant economic terms are used appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included.</li> </ul>
<b>7–8</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is explained.</li> <li>• Relevant economic terms are used mostly appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included and explained.</li> </ul>
<b>9–10</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is fully explained.</li> <li>• Relevant economic terms are used appropriately throughout the response.</li> <li>• Where appropriate, relevant diagram(s) are included and fully explained.</li> </ul>

- (b) Using real-world examples, discuss the advantages **and** disadvantages of a country imposing trade protection on imported goods.

**[15]**

*Answers may include:*

- Terminology: trade protection, imported goods
- Explanation: of the impact of trade protection on consumers, producers, government and society
- Diagram: tariff, quota or subsidy diagram to show the impact of trade protection
- Synthesis (discuss): Advantages including protection of infant industries, national security, health and safety, government revenue, protection of jobs, etc. Disadvantages including misallocation of resources, retaliation, increased costs, higher prices, less choice, reduced export competitiveness, etc.
- Examples: real-world examples of countries that have imposed trade protection on imported goods.

***N.B.*** It should be noted that terminology, theory, diagrams and examples that have already been given in part (a), and then referred to in part (b), should be rewarded.

*Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.*

**Assessment Criteria**

**Part (b) 15 marks**

Marks	Level descriptor
<b>0</b>	<ul style="list-style-type: none"> <li>• The work does not reach a standard described by the descriptors below.</li> </ul>
<b>1–3</b>	<ul style="list-style-type: none"> <li>• The response indicates little understanding of the specific demands of the question.</li> <li>• Economic theory is stated but it is not relevant.</li> <li>• Economic terms are stated but they are not relevant.</li> <li>• The response contains no evidence of synthesis or evaluation.</li> <li>• A real-world example(s) is identified but it is irrelevant.</li> </ul>
<b>4–6</b>	<ul style="list-style-type: none"> <li>• The response indicates some understanding of the specific demands of the question.</li> <li>• Relevant economic theory is described.</li> <li>• Some relevant economic terms are included.</li> <li>• The response contains evidence of superficial synthesis or evaluation.</li> <li>• A relevant real-world example(s) is identified.</li> </ul>
<b>7–9</b>	<ul style="list-style-type: none"> <li>• The response indicates understanding of the specific demands of the question, but these demands are only partially addressed.</li> <li>• Relevant economic theory is partly explained.</li> <li>• Some relevant economic terms are used appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included.</li> <li>• The response contains evidence of appropriate synthesis or evaluation but lacks balance.</li> <li>• A relevant real-world example(s) is identified and partly developed in the context of the question.</li> </ul>
<b>10–12</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is explained.</li> <li>• Relevant economic terms are used mostly appropriately.</li> <li>• Where appropriate, relevant diagram(s) are included and explained.</li> <li>• The response contains evidence of appropriate synthesis or evaluation that is mostly balanced.</li> <li>• A relevant real-world example(s) is identified and developed in the context of the question.</li> </ul>
<b>13–15</b>	<ul style="list-style-type: none"> <li>• The specific demands of the question are understood and addressed.</li> <li>• Relevant economic theory is fully explained.</li> <li>• Relevant economic terms are used appropriately throughout the response.</li> <li>• Where appropriate, relevant diagram(s) are included and fully explained.</li> <li>• The response contains evidence of effective and balanced synthesis or evaluation.</li> <li>• A relevant real-world example(s) is identified and fully developed to support the argument.</li> </ul>