CAMBRIDGE
International Education

Cambridge IGCSE™

ECONOMICS **0455/22**

Paper 2 Structured Questions **February/March 2026**

2 hours 15 minutes

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You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **four** questions in total:
  Section A: answer Question 1.
  Section B: answer **three** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 90.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **8** pages. Any blank pages are indicated.

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Section A

Read the source material carefully before answering Question 1.

Source material: Will Senegal escape poverty?

Senegal fact file	2023
population	19m
gross domestic product (GDP)	$31bn
workers' remittances as a percentage of GDP	9%
Human Development Index (HDI) value	0.517

Senegal, a north-east African country, has some of its workers employed in other countries. These workers send a percentage of their wages home to relatives. This money is known as workers' remittances. Due to their relatively low incomes, most Senegalese households spend all of these remittances. However, some households do not spend all of the money they receive when interest rates are high or when confidence is low.

A relatively high proportion of workers in Senegal are employed in agriculture. The crops grown in Senegal are affected by extreme heat and droughts. These weather conditions are one reason why the country grows the crop, sorghum, which does not need much water during its growth. Sorghum is low in calories and so can help people who consume it to lose weight.

Senegal is a net exporter of sorghum. It is also the largest African exporter of rice after Nigeria. Greater use of capital equipment in the production of both sorghum and rice could affect productivity. This may reduce the deficit on the current account of Senegal's balance of payments.

The Senegalese Government wants to develop the country's secondary and tertiary sectors to improve the country's economic performance. It also expects that this will reduce poverty as measured by those living on $6.85 or less a day. Table 1.1 shows GDP per head and the percentage (%) of population living in poverty in selected countries.

Table 1.1 GDP per head and percentage (%) of population living in poverty in selected countries in 2023

country	GDP per head ($)	percentage (%) of population living in poverty
Canada	55 520	0.7
Iceland	73 500	0.0
Papua New Guinea	3 010	80.0
Romania	15 820	7.1
Senegal	1 600	75.6
South Africa	6 770	40.1

A related aim of the Senegalese Government is to increase the country's HDI value. Governments can use fiscal policy measures to improve the three components of their HDI value, including life expectancy.

Changes in fiscal policy can also affect the markets for Senegalese products including gold. Among the influences on the price elasticity of demand for gold are changes in income, the availability of substitutes and the extent to which gold is seen as a luxury.

Answer all parts of Question 1. Refer to the source material in your answers.

1 **(a)** Calculate the value of Senegal's workers' remittances in 2023. [1]

(b) Identify **two** influences on household spending in Senegal. [2]

(c) Explain **one** cause of a decrease in the quality of land used in agriculture in Senegal. [2]

(d) Explain how greater use of capital equipment in agriculture could reduce the deficit on Senegal's current account of its balance of payments. [4]

(e) Draw a demand and supply diagram to show how more people trying to lose weight would affect the market for sorghum. [4]

(f) Analyse the relationship between GDP per head and the percentage of the population living in poverty. [5]

(g) Discuss whether or not fiscal policy measures will increase a country's HDI value. [6]

(h) Discuss whether or not the demand for gold will be more price-elastic in the future. [6]

Section B

Answer any **three** questions.

Each question is introduced by stimulus material. In your answers you may refer to the material and/or other examples you have studied.

2 No country, including the United States (US), escapes the economic problem. The US has a high GDP per head. However, it also has a high degree of income inequality. There are both super-rich billionaires and people living in poverty. In 2023, 12% of US households had one or more members who missed meals because they did not have enough money to buy sufficient food. Some argue that the rich should pay a very high rate of income tax.

(a) State why the economic problem exists. [2]

(b) Explain **two** reasons for differences in income distribution between countries. [4]

(c) Analyse how a government could increase the access of low-income households to food. [6]

(d) Discuss whether or not a government should impose a high rate of personal income tax on the rich. [8]

3 Monetary policy has changed in Ethiopia in recent years. The country's central bank now uses changes in the interest rate rather than controls on bank lending. It has also moved from operating a fixed exchange rate to a floating exchange rate. The Ethiopian Government uses a range of supply-side policy measures. The government has privatised some sugar processing firms, but most large firms are still state-owned.

(a) Identify **two** causes of an increase in the demand for bank loans. [2]

(b) Explain **two** supply-side policy measures, other than privatisation. [4]

(c) Analyse how state-owned firms may benefit a country's population. [6]

(d) Discuss whether or not having a fixed exchange rate will benefit an economy. [8]

4 Some countries stop firms contacting their workers outside of their normal working hours. In 2024, Australia joined 16 other countries when it passed a law to protect workers' free time. Such legislation can increase the health and motivation of workers and is supported by trade unions. However, it can reduce the price elasticity of supply of firms in both competitive and monopoly markets.

(a) Give the formula for price elasticity of supply. [2]

(b) Explain **two** reasons why a worker may choose to work long hours. [4]

(c) Analyse how a competitive market differs from a monopoly market. [6]

(d) Discuss whether or not trade union membership is likely to increase. [8]

5 Everyone, including young and older workers, who lived on an island off Panama were relocated to the mainland in 2024. This occurred due to rising sea levels and repeated flooding, which the public good of sea defences could not prevent. People from some small island nations may need to move unless governments can reduce pollution which can cause rising sea levels. The effect on the living standards of those who move from countries with small populations to countries with large populations is uncertain.

(a) Define 'public good'. [2]

(b) Explain **two** reasons why young workers may be more mobile than older workers. [4]

(c) Analyse how a government could reduce pollution. [6]

(d) Discuss whether or not people who emigrate will always enjoy a higher living standard. [8]

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