

CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the November 2003 question papers

	0455 ECONOMICS
0455/01	Paper 1 (Multiple Choice), maximum mark 40
0455/02	Paper 2 (Core), maximum mark 60
0455/03	Paper 3 (Multiple Choice), maximum mark 40
0455/04	Paper 4 (Extended), maximum mark 80
0455/06	Paper 6 (Alternative to Coursework), maximum mark 40

These mark schemes are published as an aid to teachers and students, to indicate the requirements of the examination. They show the basis on which Examiners were initially instructed to award marks. They do not indicate the details of the discussions that took place at an Examiners' meeting before marking began. Any substantial changes to the mark scheme that arose from these discussions will be recorded in the published *Report on the Examination*.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes must be read in conjunction with the question papers and the *Report on the Examination*.

CIE will not enter into discussions or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the November 2003 question papers for most IGCSE and GCE Advanced Level syllabuses.



Grade thresholds taken for Syllabus 0455 (Economics) in the November 2003 examination.

	maximum	mir	nimum mark re	equired for gra	de:
	mark available	А	С	E	F
Component 1	40	-	25	19	15
Component 2	60	-	29	20	16
Component 3	40	34	25	19	-
Component 4	80	52	34	21	-
Component 5	80	64	46	32	24
Component 6	40	27	18	12	10

The threshold (minimum mark) for B is set halfway between those for Grades A and C.

The threshold (minimum mark) for D is set halfway between those for Grades C and E.

The threshold (minimum mark) for G is set as many marks below the F threshold as the E threshold is above it.

Grade A* does not exist at the level of an individual component.



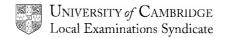
INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 40

SYLLABUS/COMPONENT: 0455/01

ECONOMICS
Paper 1 (Multiple Choice)



Page 1	Mark Scheme	Syllabus	Paper
	IGCSE EXAMINATIONS – NOVEMBER 2003	0455	1

Question Number	Key	Question Number	Key
1	С	21	Α
2	Α	22	С
3	В	23	С
4	С	24	В
5	Α	25	В
6	Α	26	С
7	В	27	D
8	Α	28	С
9	С	29	Α
10	В	30	В
11	D	31	С
12	С	32	В
13	В	33	С
14	D	34	В
15	С	35	Α
16	D	36	В
17	В	37	В
18	Α	38	Α
19	С	39	В
20	В	40	D

TOTAL 40



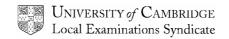
INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 60

SYLLABUS/COMPONENT: 0455/02, 04

ECONOMICS
Paper 2 (Core)
Paper 4 (Extended)



Page 1	Mark Scheme	Syllabus	Paper
	IGCSE EXAMINATIONS – NOVEMBER 2003	0455	2, 4

(a) Up to 2 marks for a definition of investment in terms of additions to the stock of capital goods [2] (b) 1 mark for the idea that it is to do with whether they are adjusted for inflation. 2nd mark for correctly stating that it means the figures are not adjusted for inflation. [2] (c) (i) Up to 2 marks for a definition of growth in terms of GDP. [2] (ii) Up to 4 marks for an explanation that investment leads to an increase in productive capacity thereby leading to increases in real output. [4] (d) Up to 6 marks for explaining the benefits of growth, such as increased incomes, employment, and government revenue and a better use of resources. The question only asks for benefits. [6] (e) Up to 4 marks for discussing the importance of agriculture and diamonds, which have both increased substantially. These are part of primary production. Secondary production has declined. The information says nothing about services. It might seem that the primary sector is the most significant but the information is incomplete because it does not give the absolute figures. [3] 2 (a) Up to 2 marks for an explanation of a subsidy and its effect on price and output. Up to 2 marks for a diagram. (1 for supply shift, one for labels and original curves). [4] (b) Up to 6 marks for a discussion that states that the disease will affect revenues and farmers will not be able to cover their costs and so profits will fall. Extent of the fall will depend on the subsidy. Farmers' costs will also be affected, as they will have to replace the livestock. Candidates could mention the short-term effect and the possible long-term implications. [6] (c) Up to 2 marks for a definition of price elasticity of demand. (1 for idea plus 1 for formula). Up to 2 marks for explaining the range of values and their meaning, or other relevant information, such as determinants or examples. [4] (d) Up to 6 marks for a discussion of the application of price elasticity of demand to farming. Candidates need to suggest what type of elasticity might be appropriate for particular types of farming and the possible effect on revenues from a change in price with that elasticity. They could also mention the difficulty of finding out what the elasticity actually is. [6]

			10001 1/2 1/1010 1/10110 1/1011	
3	(a)		Up to 4 marks for explaining all four factors – land, capital, labour, and enterprise – are involved in the RSPB's action. (Maximum of 2 marks for an unexplained list of factors.)	[4]
	(b)		Up to 6 marks for a discussion of the increase in tourist trade, employment and incomes against the loss of housing or other amenities. Candidates should consider the overall result by balancing the points 'for' and 'against'.	[6]
	(c)		Up to 2 marks for a definition of private cost as costs paid by those undertaking the action plus an example, such as the cost of the land. Up to 2 marks for a definition of social benefit in terms of private plus external benefits to others and an example, such as benefits to visitors.	[4]
	(d)		Up to 6 marks for a discussion of the principle of market failure and a comment on whether the protection of animals and birds falls into one of the categories of market failure.	[6]
4	(a)	(i)	Up to 3 marks for an explanation of levels of skills and the extent of available trained labour.	[3]
		(ii)	Up to 3marks for an explanation of the meaning of diversification across primary, secondary and tertiary industries, compared with the concentration on primary products in developing countries. (For full marks, there must be some reference to tertiary or services.)	[3]
	(b)		Up to 4 marks for explaining that people in developing countries will be poorer on average. However, it does not follow that all people are poor. Candidates could comment on the extent of inequality of income distribution with a comparison to the likely situation in developed countries.	[4]
	(c)		Up to 4 marks for explaining the concentration in agriculture and other primary industries, with some in manufacturing and some in service industries. Many of these jobs will be poorly paid. Could comment on the balance between work in rural areas and the cities.	[4]
	(d)		Up to 6 marks for a discussion of likely changes in birth and death rates and consequent change in the age balance of the population. Candidates could comment on the development of many more service industries, and – in the past – greater reliance on industrialisation in developed economies.	[6]

Mark Scheme

IGCSE EXAMINATIONS – NOVEMBER 2003

Syllabus

0455

Paper

2, 4

Page 2

	Page 3	Mark Scheme	Syllabus	Paper	_
		IGCSE EXAMINATIONS – NOVEMBER 2003	0455	2, 4	
					_
5	(a)	Up to 3 marks for describing tariffs, quotas embargoes. (A list may earn 1 mark provided it measures.)			[3]
	(b)	Up to 7 marks for the immediate effect when would probably affect the visible current actinvisibles, and for discussing the long-term income in poorer countries could rise, with comployment, but here may also be increased in alter the overall position in developing countries tariff barriers existed in the first place, and which candidates could discuss effect on the empindustrialisation and the development and exploit (Full marks possible even if candidate discuss restrictions by developing countries.)	count, rath effects. Insequent enports, while so Dependent are abade old yment sitation of retails.	ner than National effect on ch would ds which andoned. structure, esources.	[7]
	(c)	Up to 10 marks for a discussion of the balance and protected trade and the advantages of spe of efficiency and resource allocation versus protection in terms of employment ge development, a more self-sufficient economy, primports and protection of industry.	ecialisation the advan neration,	in terms tages of regional	[10]
6	(a)	Up to 2 marks for explaining that a retail price in general level of price changes with respect to a for stating that the RPI measures the rate of inflations.	base year.		[2]
	(b)	Up to 8 marks for an explanation of the causes of demand, cost, monetary and imported inflation		in terms	[8]
	(c)	Up to 10 marks for discussing why a gov concerned about the effects of inflation on investment, growth and the balance of payments	spending,		[10]
7	(a)	Up to 4 marks for an explanation of profit maximum the difference between costs and revenues. In not on syllabus but more able students may known rewarded.	Marginal ar	nalysis is	[4]
	(b)	Up to 6 marks for discussing the effect on promentioned. For example candidates could deba of compensation is a deduction from profits, means of attracting more customers that mig Certainly we know that the number of customers so the policy would not seem to be detriment But we do not know how profit levels have changed.	te whether or whethe ht increase has incread at to the controller.	the idea er it is a e profits. ased and	[6]
	(c)	Up to 5 marks for a description of the organisation from partnerships to multi-national to 5 marks for a discussion of their likely signification.	companies		[10]

Mark Scheme

Syllabus

Paper

Page 3



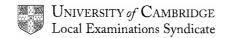
INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 40

SYLLABUS/COMPONENT: 0455/03

ECONOMICS
Paper 3 (Multiple Choice)



Page 1	Mark Scheme	Syllabus	Paper
	IGCSE EXAMINATIONS – NOVEMBER 2003	0455	3

Question Number	Key	Question Number	Key
1	С	21	Α
2	С	22	С
3	В	23	В
4	С	24	В
5	Α	25	В
6	Α	26	С
7	В	27	D
8	Α	28	Α
9	С	29	Α
10	В	30	В
11	D	31	С
12	С	32	С
13	С	33	В
14	D	34	С
15	D	35	Α
16	D	36	В
17	В	37	В
18	С	38	С
19	В	39	В
20	С	40	D

TOTAL 40



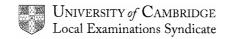
INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 40

SYLLABUS/COMPONENT: 0455/06

ECONOMICS
Paper 6 (Alternative to Coursework)



1	(a)	(i)	Higher returns on their savings	[1]
		(ii)	Candidates should attempt to explain the effect of real value of money. The concept of real value is difficult at this level. 1 for mentioning prices falling and goods becoming cheaper, 2 for attempt at linking real value of income to existing savings. 3 for saying prices were rising but at a slower rate.	[3]
	(b)		Article presents two sides. 2 marks for explanation of each side, final mark for overall conclusion.	[5]
	(c)		Comment on the need for government to provide services and facilities for people who are not working. If it is assumed that many of these will be in the older age ranges then could comment on changing structure of population and the extent to which the lack of financial independence might be an increasing concern. (numbers of retired people might not only increase as a proportion but in absolute terms).	
			(2 for receipts side, 2 for expenditure side, 1 for judgement.)	[5]
	(d)	(i)	Definition which mentions reductions due to direct taxes, and/or other deductions at source. (These may vary between countries). 1 mark if just mention 'tax' deduction.	[2]
		(ii)	Candidates should comment on the types of goods purchased but also on the proportion of income spent and the proportion of income saved. 2 marks for comment on absolute amounts spent, 3 for consideration of proportions spent and saved, 4 for comment on types of goods/services purchased.	[9]
2	(a)		Fall in passenger demand – could give figures mentioned.	[1]
	(b)		Should explain fixed and variable cost. Labour traditionally a variable cost but some labour on long term contracts could be classified as fixed.	[4]
	(c)	(i)	Statistics on fall in demand, sales of aircraft, statement about competitors.	[4]
		(ii)	Could compare statistics with other months and previous years, could consider likely cost savings and effect on profits of sale of aircraft, could discover position of competitors, could consider future bookings already made, could consider how many staff are on short contracts which are due to end.	[6]

Mark Scheme
IGCSE EXAMINATIONS – NOVEMBER 2003

Page 2

Syllabus 0455

Paper 6