UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 2008 question paper

0455 ECONOMICS

0455/02   Paper 2 (Core), maximum raw mark 60

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began.

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 October/November 2008 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

UNIVERSITY *of* CAMBRIDGE
International Examinations

1 **(a)** A diagram which shows the number of males and females (1) within different age groups (1) in the population of a particular country at a given time (1). [3]

(b) The prediction suggests that the number in the lower age range will decline, those in the middle age ranges will increase but those in the higher age ranges will increase slightly for males but not for females – except at the very top. There is a possibility that the overall population will fall. [3]

(c) (i) Diagram for a pyramid with more even shape. 1 for labels/numbering, 1 for recognising there will be more people at the older age ranges and 1 for recognising there will probably be proportionately fewer people in the lower age ranges. [3]

(ii) The difference reflects the changes in the birth and death rates. The birth rate will be lower than an undeveloped country, death rate will be lower and more will live until an older age. This may be due to differences in health care, education, employment structures and social conditions. There may also be differences in migration. [4]

(d) Education will affect people's knowledge of health matters – especially important when compared with Botswana where AIDS is very common. There may be improved education for women which will affect their attitudes to child bearing and also give them employment opportunities. It will depend though on whether there are sufficient resources and developed infrastructure for the girls to go to school. In some countries girls spend hours each day walking to fetch water and do not have the time to then walk to school. There may be more skilled workers and this may involve geographical mobility or migration which will change cultural practices. Many girls are currently removed from school to look after the family especially if there is illness. [7]

Award up to 4 marks for an essentially quantitative and/or micro approach; award 5 marks or above for an essentially qualitative and/or macro approach.

2 **(a)** Explanation of the reasons for saving, spending, balance of necessities, luxuries, short term versus long term, likelihood of using credit. [5]

(b) Discussion of the need to promote economic growth, control inflation, correct adverse changes in the balance of payments, alter the distribution of income, prevent excess inflation. Candidates could briefly debate which of the aims might be more significant. Accept any other valid influences. [5]

3 **(a)** Increase in supply causes prices to fall. Need to increase (shift) demand if price is to remain the same. It also needs to try to recover the huge expenditure on the new port extension. [4]

Candidates do not have to include a diagram to gain maximum marks. If they include a diagram, however, with no explanation, they can gain no more than 2 marks.

(b) Definition referring to changes in output (3). Huge investment in fixed equipment makes it likely that fixed costs will be a higher proportion, certainly in the production. Relative proportion might be more debateable in the distribution. Could give examples of each cost (3). [6]

4 (a) The first is likely to be a public limited company/multi-national (2) and the second a sole trader or partnership (2). Explanation of each type. [4]

Vague comments on business sectors rather than business organisations can gain no more than 1 mark.

(b) Wage and non-wage factors, travelling, timing, career prospects, location, working environment. A list of factors can gain no more than 3 marks. [6]

5 (a) A definition which explains the difference between private sector and public sector investment spending and gives examples of each. 2 marks for private, 2 marks for public. [4]

(b) Explanation of the link to generation of income, employment, growth, increase in the standard of living. [6]