

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

**MARK SCHEME for the October/November 2009 question paper
for the guidance of teachers**

0455 ECONOMICS

0455/02

Paper 2 (Structured Questions), maximum raw mark 80

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, which would have considered the acceptability of alternative answers.

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- 1 (a) Explanation of the link between the birth rate, the death rate and the net rate of migration. [4]
- (b) The supply of new workers would decrease, wages might possibly increase, unless immigration increases or more of the older group go back to work. [6]
- A narrow approach on teachers/schools can get a maximum of 4 marks only.
- (c) Education has wider benefits to the general society and as such may be provided by the public sector. Comment on the general benefits of education. [5]
- NB: the word economics is not in the question, so broader points can be accepted.
- (d) There was less demand in senior schools. Extra expenditure was not such an issue and therefore the government did not have to make a choice between spending extra in the school or spending elsewhere. Not so many educational services were required so there was a smaller opportunity cost between education spending and other expenditure. However, there may be an opportunity cost with what to do with extra spending available for other services assuming total expenditure remains same. There are 2 marks for a correct definition of opportunity cost. [5]
- 2 (a) Diagram: labels (1), shift of demand curve to the left (1), change in equilibrium price and quantity (1). Explanation (1). [4]
- (b) Identification of complement connected with cruise ships (2). Discussion of employment prospects with examples and application (4). [6]
- (c) Discussion of whether all tourism will be affected or whether just part, what proportion, whether there are alternative ways tourists might visit the area other than by plane, whether there are employment opportunities elsewhere which those who work in the tourist industry can do, whether the employment in tourism is mainly seasonal anyway. Could discuss the effect on incomes and expenditure. [10]
- A maximum of 5 marks only for undeveloped assertions.
- 3 (a) Length of training, possible outcome from training, likely job prospects now against job prospects later, ability, interest, whether course is free or has to be paid for. [5]
- A maximum of 3 marks only if only job or college is considered.
- (b) Discussion of what is meant by specialisation, whether it is just monotonous routine or specialisation but at a higher level. Interest, income and likely job prospects are factors to consider. [5]
- A maximum of 3 marks only for a one-sided answer.
- (c) Description of possible changes from start of employment to retirement or resignation. [4]
- (d) Need to specify which groups and consider level of spending and also type of spending. [6]

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- 4 (a) Definition of fixed/variable cost. Recognition that milk costs vary with output. Variable cost. [3]

NB: candidates can get all 3 marks if there is no reference to fixed costs.

- (b) Candidates should mention determinants of elasticity and consider chocolate in the light of these – necessity, proportion of expenditure, substitutes – and come to a conclusion. They could also mention the different types of chocolate with different prices which might not all have the same elasticity. [7]

A maximum of 5 marks only if no conclusion.

- (c) We know profit levels, expenditure on one ingredient and that it has shareholders. Large company, issues shares. Probably, therefore, has high production levels and either employs a large number of people or has a high capital investment. Public limited company/multinational. [4]

A maximum of 2 marks only for private limited company/limited company if the reasoning is not fully developed.

- (d) Need to mention the link between costs/revenue and profits. Also then need to know the proportion of cost that is spent on milk, the level of other costs, whether the high price was temporary and whether Cadbury could raise the price for its products. Conclusion should be drawn. [6]

A maximum of 4 marks only if no conclusion.

- 5 (a) Description of economy with private and public sectors, allocation of resources partly by market, partly by government, explanation of how market sector works. [4]

- (b) Explanation of any three macro-economic aims. 2 for each. [6]

A maximum of 3 marks only if just a list of macro-economic aims.

- (c) Explanation of a budget – income, expenditure for year – for government activities, enterprises, public sector subsidies. [4]

- (d) Discussion of different types of tax, revenue from government enterprises and tariffs, government borrowing, selling government businesses. [6]

A maximum of 4 marks only for just one approach.

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- 6 (a) Description of different parts of the current account of the balance of payments. [4]
- (b) Discussion about advantages of increased choice, better use of resources, ability to earn income, increase in economic growth. [6]
- (c) Discussion about the limitation to specialisation versus the gain from protection in terms of employment and incomes and support for home industry and services. [10]

A maximum of 6 marks only if a one-sided answer that deals with just better or worse.

- 7 (a) Description of some general characteristics of a developing country. [5]
- (b) Discussion of benefits of using resources to generate income against the possible depletion in the long term. Consideration of whether the resources are renewable or not. [5]
- (c) Discussion of various indicators for comparison with comment on the drawbacks of using the standard GNP or GDP indicator. [10]

A maximum of 6 marks only if there is no reference to methods of comparing living standards between countries, e.g. real GDP per capita/head or Human Development Index.