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CAMBRIDGE
INTERNATIONAL EXAMINATIONS

June 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 40

SYLLABUS/COMPONENT: 0455/01

ECONOMICS
Paper 1 (Multiple Choice)

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

TOTAL 40

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CAMBRIDGE
INTERNATIONAL EXAMINATIONS

June 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 60

SYLLABUS/COMPONENT: 0455/02

ECONOMICS
Paper 2 (Core)

UNIVERSITY of CAMBRIDGE
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1 (a) Up to 4 marks for a definition that mentions the roles of price, demand, and supply, a general lack of government intervention.

[4]

(b) Up to 2 marks each for an explanation of a complement and a substitute together with an example. Complements might be new homes, furniture and appliances. Substitutes might be homes rented from the state or owned by the occupier.

[4]

(c) Up to 4 marks for any four acceptable factors, which might include income, journey to work, skills required, hours of work, fringe benefits, location of job and career prospects.

[4]

(d) Up to 3 marks for explaining the likely effect of the change in housing provision on a worker's choice of occupation. Workers are now more able to choose jobs away from the place where they live, they may be prepared to travel to find a more acceptable job in terms of hours, income and location. They also need not to be tied to the job for a long time because of the commitment to the accommodation. Different career options may be open to them.

[3]

(e) Up to 5 marks for discussing whether those on reasonable incomes are likely to benefit from being able to choose better housing in more pleasant areas by taking advantage of the tax relief and loan offers. Those on lower incomes will not be able to benefit from this. Some groups who were not eligible for their own accommodation in the past will also benefit. Reward answers that contain a good discussion.

[5]

2 (a) Up to 5 marks for describing factors such as prices, incomes, tastes, advertising and the prices of complementary/substitute products.

[5]

(b) Up to 5 marks for a discussion of the likely spending patterns of poorer and richer groups. Also, for a discussion of the proportion of income spent on food, clothing, housing, leisure activities, transport and consumer durables.

[5]

3 (a) Up to 3 marks for a definition of the term mentioning the amounts of capital used compared to the amounts of the other factors used.

[3]

(b) Up to 7 marks for a discussion of types of organisation, the extent of the market, the type of production, the availability of resources, the ease of substituting factors and the relative costs of production.

[7]

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4 (a) Up to 4 marks for explaining that more money spent on training might increase productivity, make workers more efficient, make better use of resources and reduce costs.

[4]

(b) Up to 6 marks for a discussion of the role of the government in providing education and training, the possible area of market failure and the role of the government in providing general education rather than specific education relating to particular businesses.

[6]

5 (a) 1 mark each for 'visible' and 'export' or 'trade in goods' and 'current account'.

[2]

(b) Up to 8 marks for a discussion of the relative merits of specialisation and diversification. Specialisation would give increased efficiency but also greater vulnerability; there would be no chance to protect industries or regions; there would be more likelihood of sudden changes in international prices affecting large areas of the economy.

[8]

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CAMBRIDGE
INTERNATIONAL EXAMINATIONS

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INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 40

SYLLABUS/COMPONENT: 0455/03

ECONOMICS
Paper 3 (Multiple Choice)

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

TOTAL 40

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CAMBRIDGE
INTERNATIONAL EXAMINATIONS

June 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 80

SYLLABUS/COMPONENT: 0455/04

ECONOMICS
Paper 4 (Structured Questions)

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1 (a) Up to 4 marks for a definition that mentions the roles of price, demand, and supply, a general lack of government intervention.

[4]

(b) Up to 2 marks each for an explanation of a complement and a substitute together with an example. Complements might be new homes, furniture and appliances. Substitutes might be homes rented from the state or owned by the occupier.

[4]

(c) Up to 4 marks for any four acceptable factors, which might include income, journey to work, skills required, hours of work, fringe benefits, location of job and career prospects.

[4]

(d) Up to 3 marks for explaining the likely effect of the change in housing provision on a worker's choice of occupation. Workers are now more able to choose jobs away from the place where they live, they may be prepared to travel to find a more acceptable job in terms of hours, income and location. They also need not to be tied to the job for a long time because of the commitment to the accommodation. Different career options may be open to them.

[3]

(e) Up to 5 marks for discussing whether those on reasonable incomes are likely to benefit from being able to choose better housing in more pleasant areas by taking advantage of the tax relief and loan offers. Those on lower incomes will not be able to benefit from this. Some groups who were not eligible for their own accommodation in the past will also benefit. Reward answers that contain a good discussion.

[5]

2 (a) Up to 5 marks for describing factors such as prices, incomes, tastes, advertising and the prices of complementary/substitute products.

[5]

(b) Up to 5 marks for a discussion of the likely spending patterns of poorer and richer groups. Also, for a discussion of the proportion of income spent on food, clothing, housing, leisure activities, transport and consumer durables.

[5]

(c) Up to 5 marks for an explanation of price elasticity of demand and a description of differing changes in demand for a given price change depending on the value of the elasticity.

[5]

(d) Up to 5 marks for a comment on type of items mentioned, for discussing whether all items are considered similar luxuries and therefore whether the price elasticity of demand might be the same, and for a discussion of differing elasticities for items such as 'designer' clothing and clothing without named labels.

[5]

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3 (a) Up to 3 marks for a definition of the term mentioning the amounts of capital used compared to the amounts of the other factors used.

[3]

(b) Up to 7 marks for a discussion of types of organisation, the extent of the market, the type of production, the availability of resources, the ease of substituting factors and the relative costs of production.

[7]

(c) 1 mark each for listing any three advantages of producing overseas, which might include cheaper labour, lower transport costs, government incentives in the host country, saving on costs of inputs or on the rent of land, closeness to the market for the product and tax incentives.

[3]

(d) Up to 7 marks for a discussion of the effect on GNP, which could mention the effect of employment and hence spending, the effect on the growth of ancillary industries, the effect on balance of payments, and the effect on government policy, as the government may be able to divert expenditure to other projects if unemployment declines and there may be associated growth in those areas. Reward candidates who give a good discussion.

[7]

4 (a) Up to 4 marks for explaining that more money spent on training might increase productivity, make workers more efficient, make better use of resources and reduce costs.

[4]

(b) Up to 6 marks for a discussion of the role of the government in providing education and training, the possible area of market failure and the role of the government in providing general education rather than specific education relating to particular businesses.

[6]

(c) Up to 4 marks for an explanation of how a merger might lead to a different use of resources to produce the best possible outcome. Candidates will probably discuss this in terms of the cheapest cost per unit of output.

[4]

(d) Up to 6 marks for explaining whether large businesses might have a possible reduction in average costs but might not necessarily produce a lower price, and for discussing the benefits of lower costs against a lack of competition, possible higher profits and higher prices, lower service and less choice.

[6]

5 (a) 1 mark each for ‘visible’ and ‘export’ or ‘trade in goods’ and ‘current account’.

[2]

(b) Up to 8 marks for a discussion of the relative merits of specialisation and diversification. Specialisation would give increased efficiency but also greater vulnerability; there would be no chance to protect industries or regions; there

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would be more likelihood of sudden changes in international prices affecting large areas of the economy.

[8]

(c) Up to 4 marks for explaining the difference between value and quantity. An increase in value could be achieved with a lower quantity if the price rose and demand was inelastic.

[4]

(d) Up to 6 marks for a discussion of the possibility of limiting exports to keep prices high. This depends upon competition in the same market, whether there might be collusion or agreement with other producers and whether other producers can be monitored to keep to such agreements.

[6]

6 (a) Up to 3 marks for a description of private sector and public sector expenditure with relevant examples.

[3]

(b) Up to 3 marks for explaining how public expenditure falls as the economy relies more on the market system. The government has less influence over production, employment and distribution in a market economy. Examples in each area could be given.

[3]

(c) Up to 8 marks for explaining how government expenditure can be paid for by taxes and duties, revenue from state owned operations and borrowing.

[8]

(d) Up to 2 marks for a definition of opportunity cost in terms of the value of the next best alternative that is sacrificed when a choice is made. Up to 4 marks for a discussion of the effects of directing expenditure to a particular area at the expense of another. Candidates could use macro examples, such as reducing unemployment and reducing taxes, or micro examples such as expenditures on a hospital, a road or an airport.

[6]

7 (a) Up to 6 marks for an explanation of the types of facilities, income levels, employment and services available in each economy. Reward candidates who recognise that the general descriptions applied to these economies are descriptions of the average person, which conceal a range of wealth and income differences.

[6]

(b) Up to 6 marks for explaining that it depends on whether the resources are exploited and conserved, whether the income is distributed, to whom it is distributed and whether the exploitation is by the local people or by a multinational company.

[6]

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(c) Up to 8 marks for a discussion of the effects of government policy on the redistribution of wealth and income through taxation, regulation and monetary policies together with the provision of services and facilities at subsidised rates.

[8]

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CAMBRIDGE
INTERNATIONAL EXAMINATIONS

June 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 40

SYLLABUS/COMPONENT: 0455/06

ECONOMICS
Paper 6 (Alternative to Coursework)

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1 (a) (i) Any 2 characteristics related to employment, income, population, infrastructure, health, education, housing, trade.

[2]

(ii) 840 types of fish, 400,000 workers, exported 250,000 tons, earnings $633m.

[3]

(iii) visible export, current account.

[2]

(b) (i) Spanish and Portuguese could fish in Moroccan waters for fee.

[1]

(ii) Fishing is important to Morocco. The agreement has depleted the source of income for 400,000 workers. If it continues their jobs would be at risk and the economy would suffer.

[3]

(c) (i) Increase in supply. 1 for labels, 1 for shift, 1 for equilibrium, 2 for explanation.

[5]

(ii) Discover the effect on prices, on sales, on profits, on employment, on effect on subsidiary occupations. Comparison required with the situation when the agreement was in force.

[6]

(d) Evidence for: stocks of fish were reduced by the agreement, employment has been at risk (and, implied but not stated, incomes have been reduced). Portuguese and Spanish were helped by the EU.

Evidence against: a fee was paid for the agreement. (No details of the amount or whether it was sufficient to compensate for loss of fish.) Situation is now recovering and fishermen are benefitting, consumers have a wider choice.

Need to form overall conclusion.

[5]

2 (a) Sustained general increase in price level.

[2]

(b) Explanation of selection of base year, of weights, of items to be included, of choice of trade outlets to obtain the information, of consumption patterns. Comment on collection of data of household expenditure.

[7]

(c) Discussion of the figures. Could point out the overall rate is high, could select particular items, could comment on the rates of inflation for basic necessities, for food, for household goods. Candidates could discuss the effect of import inflation on the balance of payments and international competitiveness. Some overall comment should be made.

[6]

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

	maximum mark available	minimum mark required for grade:			
		A	C	E	F
Component 1	40	-	24	16	14
Component 2	60	-	30	17	13
Component 3	40	35	26	17	-
Component 4	80	53	39	27	-
Component 5	80	64	46	32	24
Component 6	40	29	18	12	9

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.