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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the November 2004 question papers

0455 ECONOMICS

0455/06 Paper 6 (Alternative to Coursework), maximum mark 40

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which Examiners were initially instructed to award marks. It does 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 discussion or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the November 2004 question papers for most IGCSE and GCE Advanced Level syllabuses.

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Grade thresholds taken for Syllabus 0455 (Economics) in the November 2004 examination.

	maximum mark available	minimum mark required for grade:			
		A	C	E	F
Component 6	40	28	20	14	12

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.

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November 2004

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 40

SYLLABUS/COMPONENT: 0455/06

ECONOMICS
(Alternative to Coursework)

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1 (a) Threat of war with Iraq **(1 MARK)**

Reduction in supply from Venezuela **(1 MARK)**

(TOTAL MARK 2)

(b) Explanation of co-operation in terms of industrial production **(2 MARKS)**

Explanation of stable market **(2 MARKS)**

(TOTAL MARK 4)

(c) (i) If it is assumed that Russia will sell the oil then national income will rise, employment will increase. There will be a positive effect on the balance of payments. Might comment on short term v long term use of resources. Two points well developed can gain 5 marks or 1 mark gained per relevant point.

(TOTAL MARK 5)

(ii) Russia is a competitor; increase in supply by them would have effect on revenue to OPEC. OPEC already planning to produce more oil, which would depress prices. Demand does not have brand loyalty, may not increase and prices may fall. Russia is not a member of OPEC. This would affect profits of OPEC countries, may need to take retaliatory action. Two points well developed can gain 5 marks or 1 mark gained per relevant point.

(TOTAL MARK 5)

(iii) Answer should mention effect on international trade, on possible positive effect on balance of payments of cheap oil imports, possible resulting changes in expenditure on other goods and services and changes in national income of importing country. Lower manufacturing costs and consequent effect on economic growth and employment. Two points well developed can gain 5 marks or 1 mark gained per relevant point.

(TOTAL MARK 5)

2 (a) Gross Domestic Product (or statement about level of production)

(1 MARK)

Meaning of per capita **(1 MARK)**

(TOTAL MARK 2)

(b) (i) Large company or equivalent example **(1 MARK)**

With production/provision of services in more than one country

(1 MARK)

(TOTAL MARK 2)

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(ii) Comment on effect of multi-national companies sending profits, income back to home country **(1 MARK)**

Possible disadvantageous effects on balance of payments and national growth **(1 MARK)**

Might cause local unemployment **(1 MARK)**

Might lead to exploitation of national resources **(1 MARK)**

Possible negative effects on environment **(1 MARK)**

(MAX TOTAL MARK 3)

(c) Explanation of effect of foreign capital on infrastructure, competitiveness, efficiency, China's standing at international conferences, China's hold over foreign governments

(TOTAL MARK 4)

(d) Should use indicators in the article about the improvement in facilities, infrastructure, to discuss the likely increase in employment and income that might result. Per Capita income has increased and this brings with it benefits but economic growth also has disadvantages. Candidates could explain the conflict between using and conserving resources and the detrimental effects of growth. These are often more long term, so for those who are in receipt of the increase in income and employment they are likely to view the change in GDP per capita as an advantage. Candidates who discuss one side of the argument only will be limited to a maximum of 6 marks.

(TOTAL MARK 8)

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