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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 2008 question paper

0455 ECONOMICS

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

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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.

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1 (a) Candidates need to give a definition of a multi-national which mentions production in more than one country. The evidence appears to be that the company is small, there is no evidence of production in another country. They need to form a conclusion. [3]

(b) It could be uncertain as price may fall with higher production. Change in price depends on demand. There could also be a consideration of what might happen in the short term against the long term. There needs to be something on costs for 4 marks. [4]

(c) (i) Colours for the boxes and chocolate raw material comes from the same source. [1]

(ii) In the first product (X) there will be a decrease in demand, a fall in price and a contraction of supply.
In the second product (Y) there will be a decrease in supply, a rise in price and a fall in the quantity demanded.
Labels 1 mark, shift in demand 1 mark, shift in supply 1 mark, change in <u>both</u> equilibriums, 1 mark. [4]

(d) (i) Description of a co-operative in terms of ownership, management, distribution of profits. They need not necessarily be small in size although they often are. [3]

(ii) Provides good quality coffee, personal interest, high standards, does not compromise environment, pays good wages, social benefits. For example, new schools, employment, shared profits, promotes economic growth. [5]

(e) Need to know, for example, whether they are cost efficient, whether they waste resources, what happens to the profits, what level of profits they make, whether the wage rates are reasonable, whether they are subject to exploitation by large dominant buyers of their products, whether they provide choice for the consumer. A maximum of 3 marks for a list. [7]

2 (a) True, China has the largest increase in GDP and the highest increase in industrial production. But this is only for one year. However, Turkey has negative industrial production, yet its GDP is up 7%, while the Czech Rep does have a 15.1% increase in industrial production but the increase in its GDP is not as high as China and not even as high as Singapore, with only a 1.3% increase in industrial production. [4]

(b) Prices have increased by 1.8% in Singapore but only 1% in Taiwan so real income in Singapore has increased less. Industrial production is not relevant as section a) indicated, neither necessarily is the trade balance. [2]

(c) Candidates need to consider the general measurement of the standard of living based on GDP per capita and other indicators such as the Human Development Index and social factors. [7]

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