

Mark Scheme (Results) November 2009

IGCSE

IGCSE Economics (4350) Paper 1F

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November 2009

Publications Code UG022309

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Question Number	Answer	Mark
1(a)(i)	1 mark for perfectly inelastic supply	(1)

Question Number	Answer	Mark
1(a)(ii)	Example 1 mark e.g. rice, oil(accept agricultural goods/minerals)	(1)

Question Number	Answer	Mark
1(a)(iii)	Explanation 2 marks e.g. growing period (1 mark) means can't increase supply (1 mark). Limited reserves (1 mark) so no more can be supplied (1 mark). Also accept reference to short run for 1 mark.	(2)

Question Number	Answer	Mark
1(a)(iv)	Correct definition or formula, 2 marks. Vague responses, 1 mark	(2)

Question Number	Answer	Mark
1(a)(v)	Product B	(1)

Question Number	Answer	Mark
1(a)(vi)	Must use the data for full marks. E.g. Elastic because as price rises TR falls (1 mark) and vice versa Price 8 TR = 160 Price 10 TR=100 (2 marks) Or calculation of elasticity: $+100/-20=-5$ (2 marks)	(3)

Question Number		Indicative content
1(a)(vii)		
Level	Mark	Descriptor
Level 1	1-2	Each factor affecting elasticity of demand of rice and/or chocolate e.g. rice = necessity chocolate = luxury
Level 2	3-4	Factors identified and developed. Must have a factor for rice and a factor for chocolate for 4 marks.
Level 3	5	Must have evaluative statement as well as factors identified and developed including a factor for rice and a factor for chocolate. E.g. Rice can be considered a necessity, when price rises people's demand falls only by a small amount. Whereas chocolate is a luxury that people can live without so as price rises the demand will fall a great deal. Some might argue that both have substitutes (potatoes for rice) (biscuits for chocolate) and both might be elastic but I think that rice will be more inelastic because it is more essential than chocolate.

Question Number	Answer	Mark
1(b)(i)	Mixed economy	(1)

Question Number	Answer	Mark
1(b)(ii)	Answer can refer to aims, finance, ownership or control - Public sector. Characteristic identified, 1 mark, development, 1 mark e.g. the public sector is owned by the state (1 mark) provides service to the public. (1 mark)	(2)
1(b)(iii)	Answer can refer to aims, finance, ownership or control - Private sector. Characteristic identified, 1 mark, development, 1 mark e.g. The aim is to make a profit so some services which are not profitable will not be provided.	(2)

Question Number	Answer	Mark
2(a)	160 €	(1)

Question Number	Answer	Mark
2(b)(i)	4€ = 1 mark 1 mark for calculation 160/40	(2)

Question Number	Answer	Mark
2(b)(ii)	60€	(1)

Question Number	Answer	Mark
2(b)(iii)	Only fixed costs need to be paid, 1 mark. Development, 2 marks e.g. No pizzas being made on Monday (1 mark) therefore no variable costs (1 mark)	(3)

Question Number	Answer	Mark
2(b)(iv)	1. Fixed cost, 1 mark e.g. rent, electricity. 2. Variable cost, 1 mark e.g. ingredients for pizzas, fuel for ovens. Some overlap can occur e.g. electricity and wages could be both - only give 1 mark if repeated for both costs unless explained.	(1) (1)

Question Number	Answer	Mark
2(c)(i)	As output increases (1 mark) average costs fall (1 mark)	(2)

Question Number	Indicative content
2(c)(ii)	

Level	Mark	Descriptor
Level 1	1-2	Each benefit and/or disadvantage identified, 1 mark. E.g. lower average costs. Also accept types of economies of scale e.g. financial economies. Reward other relevant benefits/disadvantages of growth, e.g. loss of control, bureaucracy.
Level 2	3-4	Disadvantages and/or benefits explained. Must have both disadvantage and benefit explained for 4 marks.
Level 3	5	Must have evaluative statement for full marks e.g. the main benefit of economies of scale is the reduced unit cost (1 mark) due to economies like bulk buying (1 mark). There are disadvantages. If the firm grows too large it may become too bureaucratic (1 mark) and may lose touch with the preferences of its customers (1 mark). Overall, most firms benefit from growth and economies of scale and this is shown in their increased profits.

Question Number	Answer	Mark
2(c)(iii)	Advantage of competition to firm, 1 mark e.g. increased efficiency.	(1)

Question Number	Answer	Mark
2(c)(iv)	Disadvantage of competition to firm, 1 mark e.g. less market share. lower profit.	(1)

Question Number	Answer	Mark
2(c)(v)	Advantage of competition to consumers, 1 mark e.g. lower prices, better quality.	(1)

Question Number	Answer	Mark
2(c)(vi)	Disadvantage of competition to consumers, 1 mark e.g. too much advertising	(1)

Question Number	Answer	Mark
3(a)(i)	It has increased, 1 mark. 1 mark for referring to data e.g. 61p to about 67p	(2)

Question Number	Answer	Mark
3(a)(ii)	Fiscal	(1)

Question Number	Answer	Mark
3(a)(iii)	1 mark for reason, 1 mark for development. e.g. to raise revenue to spend on education. Reduce car use and therefore reduce pollution 2+2	(4)

Question Number	Answer	Mark
3(a)(iv)	Objective identified, 1 mark Accept, balance of payments, inflation, unemployment, economic growth and environment.	(1)

Question Number	Indicative content	
3(a)(v)		
Level	Mark	Descriptor
Level 1	1-2	Each benefit or disadvantage identified, 1 mark. E.g. can reduce pollution, increase inflation.
Level 2	3-4	Benefits and/or disadvantages explained. Must have both benefit and disadvantage explained for 4 marks.
Level 3	5	Must have evaluative statement for full marks e.g. Taxing petrol can reduce pollution (1 mark) as the price will increase so people may find alternative forms of transport (1 mark). Taxes on petrol will increase a firm's transport costs (1 mark) and so lead to inflation (1 mark). As cars pollute the environment and petrol is a scarce resource then an economy will benefit from taxing petrol (1 mark).

Question Number	Answer	Mark
3(b)(i)	A = demand B = Industry's C = falls	(3)

Question Number	Answer	Mark
3(b)(ii)	Education and training will give workers new skills (1 mark) and this will enable them to do other jobs (1 mark)	(2)

Question Number	Answer	Mark
3(b)(iii)	Reason identified, 1 mark, explanation, 1 mark. E.g. the workers may be geographically immobile (1 mark) so can't move to new jobs (1 mark).	(2)

Question Number	Answer	Mark
4(a)(i)	Trading bloc	(1)

Question Number	Answer	Mark
4(a)(ii)	Reason identified, 1 mark, development, 1 mark. E.g. no tariffs (1 mark) so traded goods are cheaper/ increases demand (1 mark)	(2)

Question Number	Answer	Mark
4(a)(iii)	Reason identified, 1 mark, development, 1 mark. E.g. external tariff (1 mark) so traded goods are more expensive/reduces demand (1 mark)	(2)

Question Number	Answer	Mark
4(a)(iv)	63.5	(1)

Question Number	Answer	Mark
4(a)(v)	Visible: goods (1 mark) e.g. bread Invisible: services (1 mark) e.g. banking (1 mark)	(4)

Question Number	Answer	Mark
4(b)	Each method identified, 1 mark, development, 1 mark. E.g. the WTO can help settle trade disputes which can disrupt and lower trade. Encourage reduction of protectionist methods (e.g. tariffs) 2+2	(4)

Question Number	Answer	Mark
4(c)(i)	It has depreciated	(1)

Question Number		Indicative content
4(c)(ii)		
Level	Mark	Descriptor
Level 1	1-2	Each effect on balance of payments current account, 1 mark e.g. imports decrease, exports increase.
Level 2	3	Each effect identified, 1 mark, development 1 mark.
Level 3	4-5	Must have reason explained why it may not always lead to improvement for full marks e.g. Depreciation of the currency will lead to imports being more expensive (1 mark) and exports cheaper (1 mark). This will lead to an improvement in the current account as more the demand for imports fall (1mark) and the demand for exports rise (1 mark). If the demand for imports is inelastic and/or demand for exports inelastic then the changes may not be of benefit to the current account. (1 mark) Accept reference to elasticities or factors affecting elasticity of demand for imports and exports for both evaluation marks.

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