

Mark Scheme (Results)

Summer 2010

IGCSE

IGCSE ECONOMICS (4350) Paper 1F

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Question Number	Answer	Mark
1(a)(i)	New demand curve to the left of D, 1 mark.	(1)

Question Number	Answer	Mark
1(a)(ii)	New price 1 mark, new quantity 1 mark.	(2)

Question Number	Answer	Mark
1(a)(iii)	Factor identified, 1 mark. Explanation, 1 mark. e.g. population (1 mark), if there are fewer people the demand will fall. (1 mark).	(2)

Question Number	Answer	Mark
1(a)(iv)	Opportunity cost	(1)

Question Number	Answer	Mark
1(b)(i)	2 marks for correct definition or formula. E.g. Responsiveness of quantity demanded to a change in price. 1 mark for vague definition.	(2)

Question Number	Answer	Mark
1(b)(ii)	Reason, 1 mark. Explanation, 1 mark. E.g. cigarettes are habit forming (1 mark) so as price changes demand changes by only a small amount (1 mark).	(2)

Question Number	Answer	Mark
1(b)(iii)	1 mark for supply curve shifting to the left 1 mark for new price 1 mark for reduction in quantity demanded.	(3)

Question Number	Answer	Mark
1(b)(iv)	Explanation, 2 marks. E.g. the tax will increase costs (1 mark). This will shift supply and increase price reducing demand (1 mark).	(2)

Question Number		Indicative content
1(c)		
Level	Mark	Descriptor
Level 3	5	Must have evaluative judgement. The demand for cigarettes is more important than supply of workers because if demand falls then workers won't be need so wages will fall regardless of supply.
Level 2	3-4	Must consider more than one factor. Development up to 2 marks e.g. if the demand for cigarettes rises (1 mark) then there will be an increase in the demand for workers and this will lead to increase wages (1 mark). If there are no workers available (1 mark) then this will mean wages will have to rise until the employers can find machines to do the work (1 mark)/or train new workers.
Level 1	1-2	Factors identified up to 2 marks. E.g. demand for cigarettes, minimum wage rate, supply of workers.

Question Number	Answer	Mark
2(a)(i)	State, 1 mark Private, 1 mark	(2)

Question Number	Answer	Mark
2(a)(ii)	Secondary, 1 mark Tertiary, 1 mark	(2)

Question Number	Answer	Mark
2(a)(iii)	100	(1)

Question Number		Indicative content
2(b)		
Level	Mark	Descriptor
Level 3	5	Evaluative conclusion, 1 mark. E.g. <i>If the firm/industry privatised is provides an essential good or service e.g. electricity then the consumer will not benefit as if the price goes up(1 mark) he/she will have to pay the higher price which might be charged by the private firm wishing to make high profits (1 mark). Sometimes competition (1 mark) can lead to greater efficiency and variety (1 mark) in the market but in cases like electricity it may lead to wasteful competition so privatisation will not benefit consumer (1 mark).</i>
Level 2	3-4	Development 2 marks. Must have both advantages and disadvantages . E.g. <i>the price may be lower for the consumer (1 mark) due to more firms in the market/greater competition (1 mark). The profit motive of the private sector (1 mark) may lead to higher prices for the consumer (1 mark).</i>
Level 1	1-2	Each advantage/disadvantage identified, 1 mark up to 2 marks. Lower price/higher price (can only have 1 mark unless both explained in level 2).

Question Number	Answer	Mark
2(c)(i)	Unemployment	(1)

Question Number	Answer	Mark
2(c)(ii)	Each incentive identified, 1 mark e.g. loans, subsidies, grants, tax holidays. Development, 1 mark. E.g. loans enable firms to buy premises, machines, subsidies reduce costs, grants don't have to be paid back, tax holidays allow firms to invest in the business.	(1)

Question Number	Answer	Mark
2(c)(iii)	Problem identified 1 mark. E.g. pollution, congestion.	(1)

Question Number	Answer	Mark
2(c)(iv)	Each policy identified, 1 mark e.g. tax, legislation, permits. Development, 1 mark e.g. taxes on pollution (1 mark) will increase costs (1 mark) so firms will try to reduce pollution. Laws (1 mark) can be used to stop certain types of pollution e.g. water pollution. The firm might be fined for breaking the law (1 mark).	(4)

Question Number	Answer	Mark
3(a)(i)	Armenia	(1)

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

Question Number	Answer	Mark
3(a)(iii)	Method identified, 1 mark. Explanation up to 3 marks. E.g. decrease rate of interest (1 mark). This will lead to cheaper loans (1 mark), consumers will demand more (1 mark) so firms will invest more (1 mark).	(4)

Question Number	Answer	Mark
3(b)(i)	Each relevant point, 1 mark up to 2 marks. Reference to data, 2 marks. E.g. the rate of inflation in Germany is higher than in Armenia from 2007-2009 (1 mark). In 2007/08 it is 1% higher and in 2009 only 0.6% higher (1 mark). The rate rises 2007/08 in both countries and falls in 2009 to its lowest level (1 mark) 2% in Germany and 1.4% in	(4)

	Armenia (1 mark). Need some comparison for 4 marks.	
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Question Number	Answer	Mark
3(b)(ii)	Inflation = 4% in 2008 /Calculation 4% of 100 = 4 (1 mark) Basket will cost 104 euros in 2008 (1 mark)	(2)

Question Number	Answer	Mark
3(b)(iii)	Prices are rising (1 mark) at a lower rate (1 mark)	(2)

Question Number	Answer	Mark
3(b)(iv)	Cost push inflation	(1)

Question Number		Indicative content
3(b)(v)		
Level	Mark	Descriptor
Level 3	5	Need reasoned conclusion for this level. Statement is correct because inflation reduces their incomes in real terms. Also credit reference to "creditors can increase interest rates so don't suffer as much" and "fixed incomes may suffer more than creditors".
Level 2	3-4	Comparison required for this level. E.g. debtors "win" as their repayments have gone down in real terms. Workers not on fixed incomes can get pay rises. Up to 3 marks for one sided responses i.e. either fixed income or creditors.
Level 1	1-2	Each reason identified, 1 mark up to 2 marks. e.g. creditors - amount repaid is worth less, fixed income = incomes worth less - can't buy as much.

Question Number	Answer	Mark
4(a)(i)	A large company operating in a number of countries.	(1)

Question Number	Answer	Mark
4(a)(ii)	Each reason, 1 mark. E.g. lower labour costs, lower rent, closer to markets.	(2)

Question Number	Answer	Mark
4(a)(iii)	1. Effect on level of employment 2 marks. Example 1 mark. E.g. Employment will rise as the firm takes on more workers for its firm within the country e.g. Nissan in Sunderland UK. Also accept level will fall as domestic firms go out of business. 2. Effect on international trade 2 marks. Example,	(3+3)

	1 mark. E.g. It will benefit international trade as the firm exports more and its goods don't have to be imported e.g. Ford in India, the cars are exported to other Asian countries.	
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Question Number	Answer	Mark
4(b)(i)	-\$47m	(1)

Question Number	Answer	Mark
4(b)(ii)	-\$40m	(1)

Question Number	Answer	Mark
4(b)(iii)	Example 1 mark. E.g. car, television, food.	(1)

Question Number	Answer	Mark
4(b)(iv)	Example 1 mark e.g. insurance, banking, teacher.	(1)

Question Number	Answer	Mark
4(c)(i)	A group of countries which join together (1 mark) and have free trade between them (1 mark)	(2)

Question Number		Indicative content
4(c)(ii)		
Level	Mark	Descriptor
Level 3	5	Must have reasoned conclusion for this level. E.g. It will be beneficial if the country has low costs and can take advantage of free trade to increase its exports. (1 mark)
Level 2	3-4	Development of effects up to 2 marks. Must have both benefits and disadvantages for this level for 4 marks. E.g. Membership will increase trade between member countries (1 mark). This will give people variety and choice (1 mark). If the country can't compete with other member countries (1 mark) then its imports might be greater than exports (1 mark).
Level 1	1-2	Each effect of joining trading bloc, 1 mark up to 2 marks.

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