

Mark Scheme (Results)

November 2010

IGCSE

IGCSE ECONOMICS (4350) Paper 1F

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Question Number	Answer	Mark
1(a)(i)	<i>As price rises quantity demand falls</i> (1 mark) Reference to data 1 mark <i>Price rises 1.5 Euros to 2 Euros demand falls 28 kg to 26 kg.</i>	(2)

Question Number	Answer	Mark
1(a)(ii)	Explanation which refers to total amount spent (total revenue)(2 marks). <i>Inelastic: As price rises total revenue rises</i> (2 marks). Also accept <i>as price rises there is a less than proportionate (also accept responsive) change in quantity demanded.</i> (2 marks). Reference to data - 2 marks Total amount spent in 2007 = 1.5 Euros x 28 = 42 Euros Total amount spent in 2008 = 2 Euros x 26 = 52 Euros	(4)

Question Number	Answer	Mark
1(a)(iii)	It is a necessity	(1)

Question Number		Indicative content
1(b)(i)		
Level	Mark	Descriptor
Level 3	5	Reasoned conclusion of most important factor 1 mark. <i>Farmers might plant more wheat to get the subsidies but if the weather is bad then the crop will be ruined so the weather is far more important factor.</i> (1 mark)
Level 2	3-4	Development of factors identified in Level 1 up to 2 marks. <i>The supply of wheat can be affected by the weather</i> (1 mark) <i>If the weather is bad then the wheat crop may be ruined</i> (1 mark). <i>If the government gives farmers subsidies</i> (1 mark) <i>this will encourage them to produce more</i> (1 mark).
Level 1	1-2	Factors identified which affect the supply of wheat up to 2 marks e.g. weather, disease, subsidies, changes in technology.

Question Number	Answer	Mark
1(b)(ii)	A	(1)

Question Number	Answer	Mark
1(b)(iii)	Accept reference to no change in supply with price change (1 mark). Reason (1 mark). <i>The supply of wheat can't change in 1 year/2007 as it takes a long time to grow</i> (1 mark) <i>so as price changes there will be no change in supply</i> (1 mark)	(2)

Question Number	Answer	Mark
1(c)(i)	Definition 2 marks <i>the responsiveness of demand to changes in income.</i> Accept formula for 2 marks Vague/incomplete definitions 1 mark. E.g. as income rises so there will be a change in demand Do not accept responses which suggest that income responds to a change in demand.	(2)

Question Number	Answer	Mark
1(c)(ii)	<i>As income rises so the demand for pasta rises</i> (1 mark) Reference to Figure 1c (1mark) e.g. <i>income rises by 100 Euros and demand rises by 2kg.</i>	(2)

Question Number	Answer	Mark
1(c)(iii)	Inferior	(1)

Question Number	Answer	Mark
2(a)(i)	Paper = Variable cost (1 mark) Loan repayment = Fixed cost (1 mark) Rent = Fixed cost (1 mark) Ink cartridges = Variable cost (1 mark)	(4)

Question Number	Answer	Mark
2(a)(ii)	20,000 x 10cents (1 mark) = 200,000 cents/\$2000 (1 mark)	(2)

Question Number	Answer	Mark
2(a)(iii)	\$1100	(1)

Question Number	Answer	Mark
2(a)(iv)	\$900 (credit wrong total if consistent with (a)(ii) & (a)(iii))	(1)

Question Number	Answer	Mark
2(a)(v)	Capital = Printer (1 mark) Labour = Sam/the student (1 mark)	(2)

Question Number	Answer	Mark
2(b)(i)	Definition 2 marks, example, 1 mark. As output increases average costs fall e.g. bulk buying.	(1)

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Question Number		Indicative content
2(b)(ii)		
Level	Mark	Descriptor
Level 3	5	<p>Arguments developed 2 marks but must have for and against for this level.</p> <p>Add justified conclusion, 1 mark, e.g. <i>if price is all that matters then consumers will benefit but as it is not an expensive product, consumers might like the personal touch so will lose out</i> (1 mark).</p> <p>Also accept Photoplus might have a local monopoly so prices may rise.</p>
Level 2	3-4	<p><i>Photoplus is a larger firm so prices may be lower</i> (1 mark) <i>due to economies of scale like bulk buying of paper</i> (1 mark). <i>Photoplus is a large company and the staff may not care as much as Paul</i> (1 mark) <i>so they may have lost the personal touch that a small firm gives consumers</i> (1 mark).</p>
Level 1	1-2	Each arguments (for or against) identified, 1 mark up to 2.

Question Number	Answer	Mark
2(b)(iii)	Each characteristic identified, 1 mark. E.g. aim to make a profit, owned by individuals/shareholders. Also accept not owned by government.	(2)

Question Number	Answer	Mark
3(a)(i)	Real (1 mark), Domestic/ National (1 mark)	(2)

Question Number	Answer	Mark
3(a)(ii)	It was falling	(1)

Question Number	Answer	Mark
3(a)(iii)	Fall in demand (1 mark) in an industry (1 mark)	(2)

Question Number	Answer	Mark
3(a)(iv)	Example: Jute in Bangladesh	(1)

Question Number	Answer	Mark
3(a)(v)	Cyclical/ demand deficient/ mass	(1)

Question Number	Answer	Mark

3(a)(vi)	Characteristic, 1 mark. E.g. falling standard of living, bankruptcy of businesses	(1)
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Question Number	Answer	Mark
3(b)(i)	Decrease	(1)

Question Number	Answer	Mark
3(b)(ii)	Cheaper	(1)

Question Number	Answer	Mark
3(b)(iii)	Borrow	(1)

Question Number	Answer	Mark
3(b)(iv)	Demand	(1)

Question Number	Answer	Mark
3(c)(i)	Tax on income and wealth e.g. income tax	(2)

Question Number	Answer	Mark
3(c)(ii)	Method of finance 1 mark. E.g. sponsorship, borrowing, indirect taxation.	(1)

Question Number		Indicative content
3(c)(iii)		
Level	Mark	Descriptor
Level 3	5	<p>Justified conclusion needed for 5 marks. Must mention both methods and plausible grounds for preference.</p> <p><i>Alternative approach: Direct taxation cannot be avoided (1 mark). If a person earns income then it is taxed (1 mark) whereas indirect taxes (method identified in (ii)) can be avoided (1 mark) by people not buying the goods which are taxed (1 mark). This means the government will be able to calculate how much money can be raised for the 2012 Olympics if they use direct taxation rather than indirect taxes (1 mark).</i></p> <p><i>Or sponsorship may be better because there is no cost to the taxpayer.</i></p>
Level 2	3-4	<p>Development of arguments. Must have advantages and disadvantages. Can have advantage of one and disadvantage of the other method, e.g. <i>direct tax can be progressive and fairer but can have disincentive effects. Accept viewpoint of taxpayer or government. Reward parallel treatment of alternative method chosen.</i></p>
Level 1	1-2	<p>Method of finance 1 mark. E.g. sponsorship, borrowing, indirect taxation.</p>

		Advantages/disadvantages identified of direct taxation or method identified in (c)(ii) 1 mark Maximum 2 marks
Question Number	Answer	Mark
4(a)(i)	20,400 rupees	(1)

Question Number	Answer	Mark
4(a)(ii)	18,000 rupees	(1)

Question Number	Answer	Mark
4(a)(iii)	Invisible export	(1)

Question Number	Answer	Mark
4(a)(iv)	Sri Lankan rupee. Also accept Sri Lanka or rupee.	(1)

Question Number	Answer	Mark
4(a)(v)	1 mark for evidence of understanding of appreciation. Demand for exports will fall (1 mark) as the price has risen (1 mark). Any link to export earnings or PED, 1 mark.	(4)

Question Number	Answer	Mark
4(b)(i)	Reason identified, 1 mark e.g. improve standard of living, improve infrastructure, economic growth. Explanation 1 mark e.g. by borrowing a country can increase the economic growth of its country (1 mark) by investing in new industries (1 mark).	(2)

Question Number	Answer	Mark
4(b)(ii)	Source = 1 mark. E.g. multinational companies, other countries, aid.	(1)

Question Number	Answer	Mark
4(b)(iii)	Method identified, 1 mark. Explanation 1 mark. E.g. Subsidise export industries (1 mark) so that they can sell more at a cheaper price (1 mark).	(2)

Question Number	Answer	Mark
4(b)(iv)	Method identified, 1 mark. Explanation 1 mark. Put tariffs on imports (1 mark) so that demand will fall (1 mark).	(2)

Question Number		Indicative content
4(b)(v)		
Level	Mark	Descriptor
Level 3	5	Need reasoned conclusion for this level. E.g. International debt can be a problem for developing countries when they can't repay it (1 mark). The interest added to the debt makes the debt bigger (1 mark) and the exchange rate can also work against the country (1 mark). If the country has spent the money in increasing economic growth and exports then it may be able to repay the debt and therefore it will be a benefit not a problem. (1 mark)
Level 2	3-4	Development of arguments up to 2 marks. Debt gets out of control and takes a growing share of GNP/GDP, countries end up borrowing more just to make the repayments. Growth could increase GNP and make repayments easier.
Level 1	1-2	Each argument or problem identified for/against 1 mark. One sided answers will be at this level. E.g. rate of interest is added to the loan, debt gets out of control. Borrowing can overcome crises, improve standard of living.

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