

Mark Scheme (Results) Summer 2008

GCE

IGCSE Economics (4350) Paper 2H

4350 2H Mark Scheme Summer 2008

| Question Number | Answer | Mark |
|-----------------|---|------|
| 1(a)(i) | 1 mark for original price P1. 1 mark for original quantity Q1. | (2) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 1(a)(ii) | 1 mark for shift to left of demand curve. | (1) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 1(a)(iii) | 1 mark for new equilibrium price, P2 and 1 mark for new quantity, Q2, corresponding to a shift to the left of the demand curve. | (2) |

| Question Number | Answer | Mark |
|-----------------|---------|------|
| 1(b)(i) | Elastic | (1) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 1(b)(ii) | Elastic demand curve 1 mark (the p and q change will show this) Price fall and quantity rise 1 mark 1 mark for explaining that as price falls TR rises. 1 mark for "change in price brings more than responsive change in quantity demanded" or similar. If answer to 1(b)(i) 'inelastic' then accept 'inelastic demand curve' in 1(b)(ii) | (4) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 1(c)(i) | Each factor identified, 1 mark. E.g. time, stocks, spare capacity. | (2) |

| Question Number | | Indicative content |
|-----------------|------|--|
| 1(c)(ii) | | |
| Level | Mark | Descriptor |
| Level 1 | 1-2 | Explanation of one factor up to 2 marks. |
| Level 2 | 3-4 | Explanation of both factors up to 4 marks. |
| Level 3 | 5 | Explanation of both factors up to 4 marks with some reasoned conclusion of most important. E.g. If a firm has stocks of goods (1 mark) then it can respond to price changes and put more goods onto the market (1 mark). However this can only happen for a short period of time (1 mark). Time (1 mark) is the most important factor as in the short run a firm can alter supply by stocks or variable factors but in the long run all factors can change (1 mark). Any relevant factors can be considered and marks should be awarded for reasoned explanations e.g. it may be that in some circumstances time is not such an important factor. |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 1(d)(i) | Transport provided by the state/government, 1 mark, 1 mark for example. Accept any feasible example. | (2) |

| Question Number | Answer | Mark |
|-----------------|----------------|------|
| 1(d)(ii) | Mixed economy. | (1) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 1(d)(iii) | Diagram - up to 3 marks: 1 mark for movement of S to right. 1 mark for new lower equilibrium price 1 mark for increase in quantity. Explanation: 1 mark for subsidies reduce costs. 1 mark for firm passes on reduced costs to consumers. 1 mark for reference to limitation to the working of subsidies: incidence/elasticity. Maximum 2 marks for explanation | (5) |

| Question Number | Answer | Mark |
|-----------------|---------|------|
| 2(a)(i) | Primary | (1) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 2(a)(ii) | Example, 1 mark e.g. farmer, miner. If (a)(i) incorrect don't penalise twice in this part. | (1) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 2(a)(iii) | Output per worker (2 marks). 1 mark for 'amount produced by workforce' | (2) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 2(a)(iv) | Each way identified, 1 e.g. division of labour, computers/technology. Development, 1 mark. E.g. division of labour increases skills and computers increase the speed of many clerical tasks. Accept motivation methods e.g. better working conditions. | (4) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 2(b)(i) | Each externality identified, 1 mark. E.g. air pollution, traffic jams, noise. Do not accept 'traffic'. | (2) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 2(b)(ii) | Method identified, 1 mark. E.g. increase in other taxes - petrol, road tax or methods to reduce emissions. Don't accept 'tax' unless specifically explained in 2(b)(ii) | (1) |

| Question Number | | Indicative content |
|-----------------|------|---|
| 2(b)(iii) | | Accept any relevant method |
| Level | Mark | Descriptor |
| Level 1 | 1-2 | Brief explanation of each method (2 marks). e.g. The daily charge of £5 would increase costs (1 mark), increasing road tax would affect all lorries not just those going into London (1 mark) |
| Level 2 | 3-4 | Effect of each method (2 marks) e.g. firms would try to reduce visits to London (1 mark), journeys into London might stay the same (1 mark). |
| Level 3 | 5 | Reasoned decision, (1 mark). E.g. The daily charge of £5 would increase costs (1 mark) and so firms would try to reduce visits to London (1 mark). The other method (increasing road tax) would affect all lorries not just those going into London (1 mark) so journeys into London might stay the same (1 mark). Therefore the charge will be better as it is aimed at a specific problem (1 mark). journeys into London might stay the same (1 mark). Just one considered maximum 3 marks. |

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 2(c)(i) | 500 | (1) |

| Question Number | Answer | Mark |
|-----------------|--------|------|
| 2(c)(ii) | £2 | (1) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 2(c)(iii) | Aim of firm in private sector; profit. Aim of firm in public sector; public welfare. | (2) |

| Question Number | Indicative content | |
|-----------------|--------------------|---|
| 2(c)(iv) | | |
| Level | Mark | Descriptor |
| Level 1 | 1-3 | If only benefits or costs up to 2 marks, 1 mark for definition |
| Level 2 | 4 | Must have both a benefit and a cost explained. |
| Level 3 | 5 | Must have both a benefit and a cost explained and a reasoned judgement. E.g. privatisation can make an industry more efficient (1 mark) as it is no longer supported by the government (1 mark). However, if it remains a monopoly (1 mark) then it may damage efficiency as now the government has no control over it (1 mark). Should have some evaluative statement for maximum marks. |

| Question Number | Answer | Mark |
|-----------------|-----------------|------|
| 3(a)(i) | Budget deficit. | (1) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 3(a)(ii) | Expenditure greater than revenue, 1 mark. Reference to figures in data, 1 mark. If answer in (a)(i) incorrect but explanation in (a)(ii) matches it then award 1 mark | (2) |

| Question Number | Answer | Mark |
|-----------------|---------|------|
| 3(a)(iii) | Fiscal. | (1) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 3(b)(i) | Progressive: must show % taken in tax increasing as income increases e.g. Income: \$5000 Tax: \$500 %tax rate: 10% Income: \$10000 Tax: \$2000 %tax rate: 20% Up to 2 marks for example. Can be 2+1, or 1+2 | (3) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 3(b)(ii) | Regressive: must show % taken in tax decreasing as income increases e.g. Income: \$5000 Tax: \$1000 %tax rate: 20% Income: \$10000 Tax: \$1000 %tax rate: 10% Up to 2 marks for example. Can be 2+1, or 1+2 | (3) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 3(b)(iii) | Advantage identified, 1 mark explanation, 1mark. E.g. consumers have more to spend and this will reduce unemployment. Disadvantage identified, 1 mark explanation, 1mark. E.g. increase in demand might lead to inflation. | (4) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 3(b)(iv) | Method identified 1 mark e.g. selling off assets, fines, profits of state industries, rents | (1) |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 3(c)(i) | Objective identified 1 mark. E.g. inflation, balance of payments, economic growth, increase in standard of living, protect environment | (1) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 3(c)(ii) | Structural: E.g. Unemployment due to a decline in the demand of an industry (1 mark). E.g. coal mining (1 mark). 1 mark for decline in demand for skills. Seasonal: E.g. Unemployment due to jobs available at different times of year (1 mark) E.g. apple pickers (1 mark). | (4) |

| Question Number | | Indicative content |
|-----------------|------|--|
| 3(c)(iii) | | |
| Level | Mark | Descriptor |
| Level 1 | 1 | Definition/examples of supply side policy. E.g. increasing mobility of labour. |
| Level 2 | 2-3 | Explanation of how policy works/advantages of policy. Max 3 for supply side policies to reduce general unemployment. |
| Level 3 | 4-5 | Must include advantages and disadvantages (limitations). Supply side policies try to increase the mobility of labour (1 mark) through retraining (1 mark). They give workers new skills (1 mark) but workers may not be able to find jobs in their home area (1 mark) and it may take months for new skills to be acquired (1 mark). |

| Question Number | Answer | Mark |
|-----------------|--|------|
| 4(a)(i) | Visible Exports - Visible imports. 1 mark for exports - Imports. Must have "goods" or "visibles" for second mark. Must have some indication of difference in imports and exports. | (2) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 4(a)(ii) | \$49.9bn. \$ sign or 'bn' not required | (1) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 4(a)(iii) | -\$2.8bn. Requires -ve sign, or '(in deficit'). \$ sign or 'bn' not required. | (1) |

| Question Number | Answer | Mark |
|-----------------|---------------------------|------|
| 4(b)(i) | Hats(B) = Visible exports | (1) |

| Question Number | Answer | Mark |
|-----------------|-------------------------------------|------|
| 4(b)(ii) | Businessman (C) = Invisible imports | (1) |

| Question Number | Answer | Mark |
|-----------------|---------------------------------|------|
| 4(b)(iii) | Tourists(D) = Invisible exports | (1) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 4(c)(i) | Each reason 1 mark. E.g. protect employment, infant industries. | (2) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 4(c)(ii) | Each method identified, 1 mark. E.g. tariffs, quotas, subsidies | (2) |

| Question Number | | Indicative content |
|-----------------|------|--|
| 4(c)(iii) | | |
| Level | Mark | Descriptor |
| Level 1 | 1 | Explanation of method chosen. |
| Level 2 | 2 | Explanation of method with some development showing how it decreases imports. |
| Level 3 | 3-4 | Explanation of method and some development showing how it decreases imports and extent of success. E.g. Tariffs (1 mark) are a tax which will increase the price of imports and so reduce demand (1 mark). Their success will depend on the elasticity of demand of the good (1 mark). If the good is a necessity then an increase in price will have little effect on demand (1 mark). |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 4(d)(i) | Group of countries (1 mark) which join together to promote free trade between themselves (1 mark) or example of free trade area | (2) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 4(d)(ii) | Each effect, 1 mark. Development 1 mark e.g. countries outside the bloc might find it difficult to export to the bloc (1 mark) because of the external tariff (1 mark) and imports may increase as goods from bloc countries may become more competitive. | (4) |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 4(d)(iii) | Each effect, 1 mark. Development 1 mark e.g. countries inside the bloc will have larger market (1 mark) so exports to bloc countries will increase. (1 mark). Firms will face increased competition (1 mark) so will become more efficient.(1 mark) | (4) |