UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the May/June 2009 question paper

for the guidance of teachers

0455 ECONOMICS

0455/03   Paper 3 (Analysis and Critical Evaluation),
                      maximum raw mark 40

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

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CIE is publishing the mark schemes for the May/June 2009 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

1 (a) 1 mark for natural product.
1 mark for cultural identity.
1 mark for high quality.
1 mark for safe.
Maximum of 3 marks.
(Note: no marks for 'tremendous marketing power' or 'concern about the use of chemicals.')
[3]

(b) Answer requires two diagrams.
In both markets the supply would shift to the left to show a decrease.
Diagram labels (D, S, Price/P, Quantity/Q or product's name) (1) – can be awarded even if only one diagram drawn.
Shift of supply curve on each diagram (2).
Explanation (2)
(Maximum of 1 mark if explanation is restricted to one market only.)
If no diagram can still gain a maximum of 2 marks.
Note: nothing for a diagram where the demand and supply curves are inverted.
(Ignore shifts in demand curve – do not penalise.) [5]

(c) A rise in exports may increase:
- incomes
- employment
- economic growth
- the standard of living
- balance of payments surplus/reduces deficit
- the value of the exchange rate
- government income.

1 mark per effect identified.
1 mark per explanation of effect identified.
(There are various ways of gaining 5 marks e.g. 5 points identified or 3 points identified of which at least two are explained.)
(Note: on this particular question a list of points would be acceptable.) [5]

(d) 1 mark for a payment from the government/official body.
1 mark for a subsidy will lower costs of production.
1 mark for lower costs will increase supply.
1 mark for any appropriate application e.g. to increase employment, improve the environment, support an infant industry, prevent a firm going bankrupt.
Note: maximum of 2 marks. [2]

(e) Productive efficiency and allocative efficiency are not expected at this level.
Candidates could write about the general idea of making good use of resources, low cost and making use of economies of scale.
They may refer to:
- a comparison of the costs of larger and smaller farms
- costs of smaller firms
- the level of profits
- the amount of production
- the level of employment
- the amount of wastage
- the amount of capital
- the relationship between inputs and outputs
- productivity
- skills/training.

Maximum of 4 marks if no explicit reference to costs/economies of scale.   [7]

2 (a) 1 mark for identification of letters: Gross Domestic Product.
1 mark for explanation of per capita.
1 mark for a link to living standards.
1 mark for reference to time period.
1 mark for total output produced in a country.
(Nothing for discussing ways GDP is measured i.e. output, income and expenditure methods.)
Maximum of 3 marks.   [3]

(b) 1 mark for China.
(Note: no mark for identifying two countries e.g. China and Thailand.)   [1]

(c) 1 mark for no/only to some extent.
1 mark for China has the highest growth rate but not highest fall in poverty.
1 mark for Vietnam has the highest fall in poverty but not the highest growth rate.
1 mark for valid reference to a country other than China or Vietnam that comments on whether it supports the view or not. (e.g. Thailand's GDP rose more than the Philippines and its reduction in poverty has been much greater than in the Philippines; Vietnam and Cambodia's increase in GDP are similar but reduction in poverty is much more significant in Vietnam.)
1 mark for recognising different time periods are shown (GDP per capita chart covers 1990 and 2005 whereas the poverty chart is 1990 and 2003.)
Maximum of 4 marks.   [4]

(d) 1 mark for both are increasing.
1 mark for industrial/secondary sector is growing more rapidly than agriculture/primary or manufacturing industry's higher growth.
1 mark for at least one example from each sector.
Examples from each sector should be given – primary – farming/agriculture, rice, coffee, tea, pepper. Secondary – shoes, electronics, cars, manufacturing, construction of roads, homes/hotels/conference centres, power stations, railways.
(Note: examples have to be drawn from the extract.)   [3]

(e) 1 mark for stopping/reducing the import of cheap shoes from Vietnam/wanting imports/not wanting to be too dependent on imports.
    1 mark for wanting to protect domestic industries.
    1 mark for wanting to protect employment.
    1 mark for seeking to improve the balance of payments position.
    1 mark for retaliation.
    1 mark for to prevent dumping.
    1 mark to raise revenue.
    Maximum of 3 marks. [3]

(f) 1 mark for no.
    1 mark for reference to the role of the private sector in Vietnam.
    1 mark for reference to the role of the public sector in Vietnam.
    1 mark for it is a mixed economy/not a pure market economy.
    1 mark for it is moving more towards a market economy.
    Maximum of 4 marks. [4]