UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 2006 question paper

0455 ECONOMICS

0455/04

Paper 4, maximum raw mark 80

This mark scheme is published as an aid to teachers and students, 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.

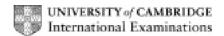
All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

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

The grade thresholds for various grades are published in the report on the examination for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses.

CIE will not enter into discussions or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the October/November 2006 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.



	•	-g	IGCSE - OCT/NOV 2006	0455	4		
1	(a)	boost to e by encour introducin improved any other 1 mark ea	effects (do not expect this term)		[4]		
	(b)	increased required t Identificat	of the idea of specialisation and opening markets worldwide, d efficiency, more competition, wider choice, lower prices. Not to know about specialisation at international level but not about to 3 marks. Explanation up to 3 marks. Explanation up to 3 marks. ates only deal with the first sentence, maximum of 4 marks.	te: core candidates ar	е		
	(c)	manufact	I be unemployment if clothing manufacture ceases (1), but thicure of pharmaceuticals (1), boost exports (1), the great advanction was much cheaper than other countries (1). Straight co	ntage that B has, was tl	nat		
(d) One ir in clot			stry is very labour intensive, the other is not. 50,000 currently g.	y in medicines, 1.8m cu	ırrently		
		Occupation	onal immobility of labour. e.g. lack of skills.				
			onal companies may be wary of locating in Bangladesh, due ve do not expect candidates to demonstrate a detailed knowle		[6]		
2	(a)	Equilibrium: 1 Demand = Supply; 1 no tendency to change; 1 diagram: up to 3 marks. Disequilibrium: 1 Demand does not equal Supply; 1 excess Supply; 1 excess Demand; 1 diagram to 3 marks. (Note – candidates do not have to include a diagram.)			gram; [4]		
	(b)		d demand because, for example, of an increase in incomes. 2 m 1, shift 1); 2 explanation. Maximum of 4 marks.	2 diagram (labels and			
		Increased supply because, for example, cost reduction. 2 diagram (labels and equilibrium 1, s 2 explanation. Maximum of 4 marks. (Note – if candidates include 2 diagrams, credit the labelling once only.)					
	(c)		nition either in terms of formula or in words; 3 for suggested facts, proportion of income. (May get all 3 for one point if sufficient		ty of [5]		
	(d)	therefore but sales 2 conclus	ge of price elasticity would enable the company to anticipate to on its revenue and profit if it changed its price; e.g. if it raised revenue and profit would rise if demand were inelastic. 3 expision. naximum of 3 marks if no reference to holiday towns.)	d its price, sales would	fall,		
3	(a)		nt of any four factors. e.g. Working conditions, holiday entitler ions, travel time, career prospects, fringe benefits.	ment, lack of appropriat	te [4]		
	(b)		on of the sectors. 3 marks. Description of the changes that the primary, secondary and tertiary sectors. 3 marks	might occur in the balar	nce [6]		
	(c)		on of the meaning of the term – employees, similar trade/senconditions of employees.	vice, aim of improving	[3]		
	(d)		naximum of 5 marks for a descriptive account of the relative s 2 marks can be awarded for either the theoretical context or a ons.		s. [7]		

© UCLES 2006

Mark Scheme

Syllabus

Paper

Page 2

		1005E - 001/110V 2000 0433		
4	(a)	Explanation of construction of retail price index, Basket, base, weight.	[6]	
	(b)	Candidates should choose any two government aims, listed in syllabus and give a brief explanation of the meaning of these. Full employment, economic growth, redistribution of income, balance of payments stability. 1 identification, 1 explanation in each case.		
	(c)	Candidates could explain cost-push inflation or discuss it as a direct consumer price increase.		
	(d)	Increased direct taxes, increased interest rates, reduce government expenditure etc. Up to 4 m for one action thoroughly discussed.		
5	(a)	Explanation of meaning of resources (up to 2 marks), and the conservation of those resources rather than their use. (up to 2 marks.)	[4]	
	(b)	Beneficiaries could be the developers, the people who will use the development – it might be shopping precinct, new commercial premises or a housing estate. Employment should increneighbouring businesses might benefit, transport providers should benefit. Who would be the beneficiaries up to 3 marks, why they would benefit and particular situations up to 3 marks.		
	(c)	Explanation of regulations, licences, taxes. (Note – not all three are required; one or two, if well, could gain all 3 marks.)		
	(d)	Answer could mention externalities from the development, visual intrusion, noise, pollution, destruction of homes, communities, or possible loss of profits to existing businesses from new competition.		
6	(a)	3 marks for each pair. (Examples of each pair, 1 mark.)	[6]	
	(b)	Comment on the need to raise revenue and the uses to which the government puts the revenue Taxes can also be used to redistribute the income/wealth. Correction of market failure, promot of macro aims. 1 for identification and up to 2 marks for development per point. Maximum 4 marks for list of points.		
	(c)	ffect on prices, growth, employment, exports, imports, migration, incentives, government revernd spending, saving and investment. Identification alone up to 4 marks.		
7	(a)	Fixed 1, Variable 1, Average 1, Total 1.	[4]	
	(b)	Discussion of effect on costs, fixed will increase, if labour is classed as variable it will decrease, uncertain what will happen to total but could assume that the average total cost will decrease because of efficiency. Classification of costs 2 marks, consideration of efficiency of factors 2 marks conclusion 2 marks.		
	(c)	Explanation of different types of integration, horizontal (1), vertical forward (1), vertical backwards conglomerate (1); discussion of possible benefits in terms of cost saving, profit increases, gain in market (6).		

Mark Scheme

IGCSE - OCT/NOV 2006

Syllabus

0455

Paper

4

Page 3