UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 2006 question paper

0455 ECONOMICS

0455/02   Paper 2 (Core), maximum raw mark 60

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.

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UNIVERSITY *of* **CAMBRIDGE**
International Examinations

1 (a) employment
multiplier effects (do not expect this term)
boost to exports
by encouraging development of new skills
introducing new technologies
improved working conditions
any other valid points, e.g. improvement in infrastructure.
1 mark each, maximum (4).   [4]
There is no mark for a definition of a multi-national company.

(b) Analysis of the idea of specialisation and opening markets worldwide, production at lower costs, increased efficiency, more competition, wider choice, lower prices. Note: core candidates are required to know about specialisation at international level but not about comparative advantage.
Identification up to 3 marks. Explanation up to 3 marks.   [6]
If candidates only deal with the first sentence, maximum of 4 marks.

(c) There will be unemployment if clothing manufacture ceases (1), but this could be replaced by manufacture of pharmaceuticals (1), boost exports (1), the great advantage that B has, was that its production was much cheaper than other countries (1). Straight copying: 2 marks maximum.   [4]

(d) One industry is very labour intensive, the other is not. 50,000 currently in medicines, 1.8m currently in clothing.

Occupational immobility of labour. e.g. lack of skills.

Multi-national companies may be wary of locating in Bangladesh, due to possible instability.
(Note – we do not expect candidates to demonstrate a detailed knowledge of Bangladesh.)   [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; up to 3 marks.   [4]
(Note – candidates do not have to include a diagram.)

(b) Increased demand because, for example, of an increase in incomes. 2 diagram (labels and equilibrium 1, shift 1); 2 explanation. Maximum of 4 marks.

Increased supply because, for example, cost reduction. 2 diagram (labels and equilibrium 1, shift 1), 2 explanation. Maximum of 4 marks.   [6]
(Note – if candidates include 2 diagrams, credit the labelling once only.)

3 (a) Statement of any four factors. e.g. Working conditions, holiday entitlement, lack of appropriate qualifications, travel time, career prospects, fringe benefits.   [4]

(b) Explanation of the sectors. 3 marks. Description of the changes that might occur in the balance between the primary, secondary and tertiary sectors. 3 marks.   [6]

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.   [4]

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 a shopping precinct, new commercial premises or a housing estate. Employment should increase, neighbouring 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.   [6]