

Mark Scheme (Results) Summer 2008

GCE

IGCSE Economics (4350) Paper 1F

4350 1F 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.	(2)

Question Number	Answer	Mark
1(b)(i)	Accurate definition = 2 marks. Responsiveness of demand to a change in price. Accept formula for 2 marks. 1 mark for incomplete or partial definition.	(2)

Question Number	Answer	Mark
1(b)(ii)	\$480	(1)

Question Number	Answer	Mark
1(b)(iii)	\$500	(1)

Question Number	Answer	Mark
1(b)(iv)	Elastic	(1)

Question Number	Answer	Mark
1(b)(v)	Factor identified, 1 mark e.g. luxury/necessity, substitutes. Explanation, 1 mark e.g. necessity - change in price people still demand good.	(2)

Question Number	Answer	Mark
1(c)(i)	Transport provided by the state, 1 mark, 1 mark for example. Accept any feasible example.	(2)

Question Number	Answer	Mark
1(c)(ii)	Mixed economy.	(1)

Question Number	Answer	Mark
1(c)(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. Max 5 marks.	(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)	Tertiary.	(1)

Question Number	Answer	Mark
2(a)(iv)	Example, 1 mark e.g. clerk, teacher. If (a)(i) incorrect don't penalise twice in this part.	(1)

Question Number	Answer	Mark
2(a)(v)	Output (1 mark) per worker (1 mark)	(2)

Question Number	Answer	Mark
2(a)(vi)	Each way identified, 1 mark e.g. division of labour, mechanisation, motivation. Each explanation, 1 mark e.g. each worker becomes more skilled at his/her task, machines work at a consistent rate, happy workers produce more!	(4)

Question Number	Answer	Mark
2(b)(i)	Each externality identified, 1 mark. E.g. air pollution, traffic jams.	(2)

Question Number	Answer	Mark
2(b)(ii)	Tax = increase in cost (1 mark). Decrease profits (1 mark).	(2)

Question Number	Answer	Mark
2(b)(iii)	Method identified, 1 mark. E.g. increase in other taxes - petrol, road tax or methods to reduce emissions.	(1)

Question Number	Indicative content	
2(b)(iv)		
Level	Mark	Descriptor
Level 1	1-2	Accept any method even if not given in (b)(iii). 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).

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.	(2)

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

Question Number	Answer	Mark
3(b)(i)	Direct: taxes on income and wealth (1mark) Example (1 mark) e.g. income tax.	(2)

Question Number	Answer	Mark
3(b)(ii)	Indirect: Taxes on expenditure (1 mark) Example (1 mark) e.g. VAT.	(2)

Question Number	Answer	Mark
3(b)(iii)	Advantage identified (1 mark), explanation (1 mark). E.g. decreases demand (1 mark) for demerit goods (1 mark). Accept increases government spending and an example of this.	(2)

Question Number	Answer	Mark
3(b)(iv)	Disadvantage identified (1 mark), explanation (1 mark). E.g. increase in price (1 mark) may lead to inflation (1 mark).	(2)

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)	Definition 1 mark, example 1 mark. E.g. Unemployment due to a decline in the demand of an industry. E.g. coal mining.	(2)

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.
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 (1mark) 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.	(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)	Cars = balance of trade	(1)

Question Number	Answer	Mark
4(b)(ii)	Insurance = balance of invisibles	(1)

Question Number	Answer	Mark
4(b)(iii)	Banking = balance of invisibles	(1)

Question Number	Answer	Mark
4(c)(i)	Group of countries (1 mark) which join together to promote free trade between themselves (1 mark) Accept example of trading bloc for 1 mark e.g. EU.	(2)

Question Number	Answer	Mark
4(c)(ii)	Argument identified for - 1 mark, Explanation 1 mark. E.g. increase in market size - exports can increase.	(2)

Question Number	Answer	Mark
4(c)(iii)	Argument identified against - 1 mark, Explanation 1 mark. E.g. more competition, imports increase.	(2)

Question Number	Answer	Mark
4(d)(i)	Reason identified 1 mark e.g. unemployment from cheap imports.	(1)

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

Question Number		Indicative content
4(d)(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).

