

CAMBRIDGE
INTERNATIONAL EXAMINATIONS

June 2003

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 60

SYLLABUS/COMPONENT: 0455/02

ECONOMICS
Paper 2 (Core)



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- 1 (a)** Up to 4 marks for a definition that mentions the roles of price, demand, and supply, a general lack of government intervention. [4]
- (b)** Up to 2 marks each for an explanation of a complement and a substitute together with an example. Complements might be new homes, furniture and appliances. Substitutes might be homes rented from the state or owned by the occupier. [4]
- (c)** Up to 4 marks for any four acceptable factors, which might include income, journey to work, skills required, hours of work, fringe benefits, location of job and career prospects. [4]
- (d)** Up to 3 marks for explaining the likely effect of the change in housing provision on a worker's choice of occupation. Workers are now more able to choose jobs away from the place where they live, they may be prepared to travel to find a more acceptable job in terms of hours, income and location. They also need not to be tied to the job for a long time because of the commitment to the accommodation. Different career options may be open to them. [3]
- (e)** Up to 5 marks for discussing whether those on reasonable incomes are likely to benefit from being able to choose better housing in more pleasant areas by taking advantage of the tax relief and loan offers. Those on lower incomes will not be able to benefit from this. Some groups who were not eligible for their own accommodation in the past will also benefit. Reward answers that contain a good discussion. [5]
- 2 (a)** Up to 5 marks for describing factors such as prices, incomes, tastes, advertising and the prices of complementary/substitute products. [5]
- (b)** Up to 5 marks for a discussion of the likely spending patterns of poorer and richer groups. Also, for a discussion of the proportion of income spent on food, clothing, housing, leisure activities, transport and consumer durables. [5]
- 3 (a)** Up to 3 marks for a definition of the term mentioning the amounts of capital used compared to the amounts of the other factors used. [3]
- (b)** Up to 7 marks for a discussion of types of organisation, the extent of the market, the type of production, the availability of resources, the ease of substituting factors and the relative costs of production. [7]

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- 4 (a)** Up to 4 marks for explaining that more money spent on training might increase productivity, make workers more efficient, make better use of resources and reduce costs. [4]
- (b)** Up to 6 marks for a discussion of the role of the government in providing education and training, the possible area of market failure and the role of the government in providing general education rather than specific education relating to particular businesses. [6]
- 5 (a)** 1 mark each for 'visible' and 'export' or 'trade in goods' and 'current account'. [2]
- (b)** Up to 8 marks for a discussion of the relative merits of specialisation and diversification. Specialisation would give increased efficiency but also greater vulnerability; there would be no chance to protect industries or regions; there would be more likelihood of sudden changes in international prices affecting large areas of the economy. [8]