

June 2004

INTERNATIONAL GCSE

MARK SCHEME

MAXIMUM MARK: 60

SYLLABUS/COMPONENT: 0455/02

ECONOMICS
Paper 2 (Core)



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	ECONOMICS – JUNE 2004	0455	2

- 1 (a)** 1 mark each for long working hours and physically demanding work. [2]
- (b) Up to 2 marks for an explanation of the amount of labour used compared with the amount of other factors, particularly capital. [2]
- (c) Up to 4 marks for a discussion. The evidence is not extensive. Child mortality, which was ten times the national average, is the only real evidence. One third suffering from disease implies the situation is worse, but there is no comparative figure. Now there are small health centres but it is not known how far the improvement has gone. [4]
- (d) Up to 6 marks for an explanation of why governments provide services. The syllabus does not mention market failure so accept answers that deal with aspects of market failure such as externalities, monopolies or public and merit goods but which are not expressed in these terms.
Maximum of 3 marks for any one point that is well explained.
Maximum of 3 marks for a list of points that are not well explained. [6]
- (e)(i)** Up to 3 marks for explaining that a healthy workforce is more productive and has fewer absences from work. e.g. they will be more alert, more efficient, and will produce goods of a better quality. [3]
- (ii)** Up to 3 marks for discussing the benefits to the employer, such as higher profits and greater efficiency as compared to costs of providing the wider benefits of health care for workers' families, the community and vast cost of providing hospital care. [3]
- 2 (a)** 1 mark each for land, labour, capital and enterprise.
If candidates refer to passage, give 4 for land, labour and enterprise. [4]
- (b)** Up to 6 marks for explaining that the community might benefit from an income from the sale of tea, an increase in jobs created, a rise in the community's standard of living and a more pleasant environment in the area. [6]

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- 3 (a)** Up to 4 marks for explaining that the increase in profits is large and so should benefit the company. Managers and shareholders may benefit and consumers may get better quality products, while the government may receive increased revenue from taxes.
Can give 4 for two benefits if they are well explained. [4]
- (b)** Up to 6 marks for a discussion of seeking higher profits through increasing revenue, reducing costs or both. Revenue may be increased by increased sales or changes in prices. Costs may have been decreased by a change in the variable cost. [6]
- 4 (a)** Up to 3 marks for an explanation of an index that measures changes in prices over time for a representative sample of goods. [3]
- (b)** Up to 7 marks for an explanation of how the index is calculated involving sampling of goods, sampling of population, the use of weights based on proportions of expenditure, a base year, an index number and comparisons from base year to another. [7]
- 5 (a)** Up to 2 marks for explaining that imports of goods are greater than exports of goods. Exports / imports (1), goods (1). 1 mark for current account. [3]
- (b)** Up to 7 marks for discussing whether a current account deficit matters as it usually means decreased earnings potential for the economy. It might not matter if there is a surplus on services or if there are earnings on the capital account or if the deficit is only expected to be a short term one or if the deficit is small. However, this is the largest deficit on record. [7]