

**CAMBRIDGE**  
INTERNATIONAL EXAMINATIONS

**JUNE 2002**

**INTERNATIONAL GCSE**

**MARK SCHEME**

**MAXIMUM MARK : 60**

**SYLLABUS/COMPONENT : 0455/2**

**ECONOMICS  
(CORE)**



UNIVERSITY of CAMBRIDGE  
Local Examinations Syndicate

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- 1(a)** 1 mark each for any three from number of employees, sales turnover, value of assets, market share, % of GDP or large profits. [3]
- (b)** Up to 4 marks for discussing relevant information such as the size of the workforce – 100,000, the value of sales - £1.4 bn., or the share of the European market – 25%. Candidates should draw a conclusion from the information used. [4]
- (c)** Up to 3 marks for explaining concentration on a particular product or in a particular area or for explaining division of labour. [3]
- (d)** Up to 2 marks for explaining specialisation by area. Candidates could mention the number of studios in the limited 30-mile area.  
1 mark only for stating that the design of computer games is an example of specialisation. [2]
- (e)** Up to 8 marks for discussing economies of scale and the effects on costs and profits. [8]
- 2(a)** Up to 4 marks for explaining how demand and supply interact to produce equilibrium. [4]
- (b)** Up to 3 marks for explaining that the fall in income shifts the D curve to the left, so price falls. If repeated on many goods, prices in general may fall. High unemployment may mean a decrease in supply of a good – but not if capital replaces labour.  
Up to 3 marks for relevant diagrams to support the explanation. [6]

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- 3(a)** 1 mark each for birth rates, death rates and net migration.  
1 mark only for describing other factors that might affect the birth rate or the death rate, such as improved health, education or contraception, without birth rate or death rate. [3]
- (b)** Up to 7 marks for contrasting the differences in relative birth rates and death rates and relative proportions of young and old people in each type of economy, including typical pyramid diagrams. [7]
- 4(a)** Up to 4 marks for explaining fixed and variable costs in relation to output in the short run perhaps with examples. [4]
- (b)** Up to 6 marks for discussing how flight cancellations might have affected fixed and variable costs. For example, variable costs of aircrew overtime and aircraft maintenance might be reduced while fixed costs of aircrew salaries or solving technical problems would not be reduced. [6]
- 5(a)** 1 mark each for any two of increased incomes, increased output, higher standards of living, a better quality of life or reduced benefit payments. [2]
- (b)** Up to 2 marks for defining inflation as a persistent increase in the general level of prices. Up to 6 marks for describing the construction of a consumer price index including expenditure surveys, a base year, a basket of goods, price relatives and weightings. [8]