

# Mark Scheme (Results) Summer 2008

GCE

## IGCSE Economics (4350) Paper 03

4350 03 Mark Scheme Summer 2008

Question Number	Indicative content	Mark
1(a)	<p>Give 2 marks for a clear statement such as 'increase in real GDP' or 'increase in real output (of goods and services), etc.</p> <p>Give 1 mark for an answer that has some idea e.g. 'increase in GDP', increase in living standards, increase in economic wealth, etc.</p>	(2)

Question Number	Indicative content	Mark
1(b)	<p>Give 1 mark for stating that growth rates in Germany and the UK are lower than in other countries.</p> <p>Give 1 more mark for German and UK figures.</p> <p>Give 1 mark for some relative comment on this e.g. 'substantially lower'.</p> <p>Give 1 mark for using figures to compare rates e.g. 'growth in Germany and the UK is less than 2% whereas in most other countries it is at least 5%'.</p> <p>Give 1 mark for some indication that countries such as Azerbaijan and Angola have very high rates c2x the next highest (China)</p> <p>Give 1 mark for any other comparison of country(s) with Germany and the UK</p> <p>Give 1 mark for a comment on Germany &amp; UK being developed countries who tend to have lower rates while the rest are all developing.</p> <p>Give 1 mark for a descriptive account i.e. writing out of the figures 1 extra mark can be awarded for good development</p> <p>No direct use of data max 3 Only UK and Germany max 2 Max 4 marks.</p>	(4)

Question Number	Indicative content	Mark
2	<p>Candidates may refer to:</p> <ul style="list-style-type: none"> <li>• Large agricultural sector/c66% of population in agriculture</li> <li>• Population cannot be absorbed by agriculture</li> <li>• Climate/weather - cyclones and floods are mentioned</li> <li>• Inefficient state owned enterprises</li> <li>• Inadequate port facilities</li> <li>• Delays in exploiting natural resources</li> <li>• Insufficient power</li> <li>• Slow implementation of economic reforms due to opposition</li> </ul> <p>Give 1 mark for each reason identified(K shown) - max 2 Give 1 mark for some development of this [application] (D shown) - max 2 Give 1 mark for in-depth explanation [analysis] (A shown)- max 2. If no source B max 4 Example: 'insufficient power [K] means that power hungry industries cannot develop very rapidly [D] so that unemployment persists leading to poverty [A]'.</p>	(6)

Question Number	Indicative content	Mark
3	<p>Candidates may refer to:</p> <ul style="list-style-type: none"> <li>• Change in climate</li> <li>• Over-consumption of natural resources</li> <li>• Deforestation</li> <li>• Soil erosion</li> <li>• Infertile soil</li> </ul> <p>Give 1 mark for knowledge of Source C, as above.  Give up to 3 marks for explanation/development of this knowledge.  Within this 1 more mark can be awarded for using the material in Source C without further development (K shown).</p> <p>No reference to source C max.2.</p> <p>Examples: 'Economic Growth can cause environmental damage such as climate change and soil erosion [K]. These make farming more difficult [1] leading to fewer crops, poverty and starvation [1].'</p> <p>'The need for economic growth causes people to cut down trees [K] leading to infertile soil and poor farming [K].' (This is an example of 1 + 1 more mark for using the source material without further development)</p>	(4)

Question Number		Indicative content
4		<p>Candidates may refer to:</p> <p>Source B:</p> <ul style="list-style-type: none"> <li>pointing out that structural factors are important as well as climate</li> <li>inadequate port facilities, insufficient power supplies, lack of exploitation of natural resources could all be caused by lack of investment</li> </ul> <p>Source C:</p> <ul style="list-style-type: none"> <li>investment often results in environmental damage</li> <li>investment is needed to implement environmental protection</li> </ul> <p>Source D</p> <ul style="list-style-type: none"> <li>Bank of England had seen investment as very important</li> <li>Investment follows low taxes, cheap labour, low levels of regulation</li> <li>Consumption may be an alternative to investment</li> </ul> <p>Source E</p> <ul style="list-style-type: none"> <li>Trade liberalisation as a source of growth</li> </ul> <p>Source F</p> <ul style="list-style-type: none"> <li>Investment in infrastructure/social overhead capital</li> </ul>
Level	Mark	Descriptor
Level 1	[1-2 marks]	Candidates offer some relevant knowledge and application, e.g. 'Investment can lead to higher economic growth', or 'Investment is important because it leads to more schools and hospitals being built'. Answers are likely to be very descriptive.
Level 2	[3-4 marks]	Candidates are able to offer analysis. Answers that do not address 'most important' will be at this level i.e. they have just offered reasons, e.g. 'investment is important because it can lead to sufficient power supplies and the exploitation of natural resources. It can, however, result in environmental damage'. Answers that offer positive/negative of the same point are likely to be at this level as will those that ignore investment. At the bottom there may be extensive reference to the sources, but explanation is very limited.
Level 3	[5-6 marks]	Candidates go beyond simple analysis to discuss points relating to investment being most important, but do not offer a conclusion. Answers will contain two or more different reasons. Discussion answers that are entirely one-sided or make little reference/use of the sources will be at this level, e.g. 'Investment is important because it provides capital to improve the infrastructure of my country, but this can lead to environmental damage such as pollution. More important, however, is the training of labour with the right education and skills so that they can work in new industries such as services and can use the investment to benefit my country'

Level 4	[7-8 marks]	<p>Candidates can offer a conclusion with clear reasons. At the top this will be a supported conclusion, but at the bottom the conclusion will be very limited. They must address the issue of 'most important' and explain the link between investment and economic growth. The following is an indication of what could be expected in a better answer: 'As can be seen in Source D, the Bank of England has seen investment as vital for economic growth. This is supported in Source F where investment results in more schools and hospitals leading to better educated workers and better health thus increasing productivity. On the other hand, several sources point to the fact that businesses look for good infrastructure and cheap labour together with low taxes so that it may be important to have these in place before investment. Bangladesh shows, however, that without investment the infrastructure will not be ready e.g. poor port facilities and insufficient power supplies. Therefore, it is clear that investment is probably the most important, but not the only, factor in economic growth'.</p>
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Question Number	Indicative content	
5	<p>Candidates are likely to refer to:</p> <p>Source E:</p> <ul style="list-style-type: none"> <li>• \$700 billion gain from trade liberalisation - \$450 billion for developing countries</li> <li>• trade has helped millions out of poverty</li> <li>• trade liberalisation can lead to unemployment</li> </ul> <p>Source C</p> <ul style="list-style-type: none"> <li>• growing crops for export can lead to soil erosion</li> <li>• economic growth leads to over-exploitation e.g. deforestation</li> </ul> <p>Source D</p> <ul style="list-style-type: none"> <li>• trade makes business investment more mobile</li> </ul> <p>Source B</p> <ul style="list-style-type: none"> <li>• It could be argued that Bangladesh is an example of where trade emphasises dependency of one sector of the economy</li> </ul> <p>Source A</p> <p>It could be argued that trade in oil has facilitated Azerbaijan's growth</p>	
Level	Mark	Descriptor
Level 1	[1-2 marks]	Candidates offer some relevant knowledge and application, e.g. 'international trade will lead to more imports and exports' or 'international trade means more exports and thus higher growth'. Answers are likely to be very descriptive.
Level 2	[3-4 marks]	Candidates are able to offer analysis. Answers that do not address 'good method' will be at this level i.e. they have just offered reasons, e.g. 'international trade leads to economic growth because more exports results in more employment and higher income. It can, however, result in environmental damage'. At the bottom there may be extensive reference to the sources (Source E), but explanation is very limited.

Level 3	[5-6 marks]	<p>Candidates go beyond simple analysis to discuss points relating to international trade being most important, but do not offer a conclusion. Answers will contain two or more different reasons. Discussion answers that consider 'extent' or 'good method', but not both or make little reference/use of the sources will be at this level e.g. 'trade allows my country to specialise in those goods it has an advantage in thus leading to increased output, sales and revenue. The OECD state that developing countries have made gains of \$450bn. This shows it is a good way to promote economic growth. There are, however, some negative effects as trade can lead to countries like Bangladesh relying too heavily on one sector'.</p>
Level 4	[7-8 marks]	<p>Candidates can offer a conclusion with clear reasons. At the top this will be a supported conclusion, but at the bottom the conclusion will be very limited. They must address the issue of 'the extent ... good method' in linking trade with growth. The following is an indication of what could be expected in a better answer: 'My country's trade has increased by 200% in the last twenty years. This has allowed us to export more goods and import machinery for our factories thus leading to economic growth. As Source E states there are large gains from trade and this leads to a reduction in poverty'.</p>

Question Number	Indicative content
6	<p>Candidates are likely to refer to both the sources and to their knowledge of their country.</p> <p>Source A</p> <ul style="list-style-type: none"> <li>• If their country is shown they may make direct reference or they may compare their country to one or more of those shown</li> </ul> <p>Source B</p> <ul style="list-style-type: none"> <li>• They may point to the fact that 5% growth has not solved Bangladesh's problems. This may lead them to assume that rapid growth is necessary or would not be the solution.</li> </ul> <p>Source C</p> <ul style="list-style-type: none"> <li>• Economic growth causes environmental problems and is therefore not necessarily good for a country</li> </ul> <p>Source D</p> <ul style="list-style-type: none"> <li>• Candidates may pick up on the idea that without the correct structure economic growth may not be successful.</li> </ul> <p>Source E</p> <ul style="list-style-type: none"> <li>• Economic growth through trade leads to large gains</li> </ul> <p>Source F</p> <p>Benefits include:</p> <ul style="list-style-type: none"> <li>• Creates new jobs</li> <li>• Higher standard of living resulting from higher real incomes</li> <li>• Increased investment available for hospitals, schools, roads etc.</li> <li>• More tax revenue for governments</li> <li>• Rising profits of companies can lead to more investment in business</li> </ul> <p>Rising wealth may reduce poverty</p> <p>Costs include:</p> <ul style="list-style-type: none"> <li>• Environmental damage caused by pollution</li> <li>• Growth may lead to rising inequality in society</li> <li>• Over- exploitation of scarce resources</li> <li>• Risk of demand-pull inflation</li> <li>• Unemployment of workers in 'old industries'</li> </ul>



Level	Mark	Descriptor
Level 1	[1-2 marks]	Candidates offer some relevant knowledge and application, e.g. 'Rapid economic growth is good because it leads to more jobs and higher living standards'. Answers are likely to be very descriptive.
Level 2	[3-4 marks]	Candidates are able to offer analysis. Answers that do not refer to 'your country' will be at this level i.e. they have just offered reasons, e.g. 'Rapid economic growth creates new jobs, better education and health services and raises the standard of living of people. It would therefore benefit my country. On the other hand it can lead to environmental problems such as soil erosion and pollution'.
Level 3	[5-6 marks]	Candidates go beyond simple analysis to discuss points relating to whether 'rapid economic growth would be good', but do not offer a conclusion. Answers will contain two or more different reasons and will make some reference to 'your country'. Discussion answers that are entirely one-sided or make little reference/use of the sources will be at this level, e.g. 'rapid economic growth is bad for my country because it leads to pollution from increased traffic and industrial waste caused by the over-exploitation of scarce resources leading to my country starting to run out of essential minerals. This means that people employed in these industries are becoming unemployed and cannot find new jobs leading to social unrest and increased poverty and crime'.
Level 4	[7-8 marks]	Candidates can offer a conclusion with clear reasons. At the top this will be a supported conclusion, but at the bottom the conclusion will be very limited. They must address the issue of 'good for your country'. Expect clear reference to a country with both use of the sources and their own knowledge. The following is an indication of what could be expected in a better answer: 'My country needs rapid economic growth because we are poor with lots of people in poverty. Increased trade is one possible way of achieving this although, like Bangladesh, we have too many people involved in subsistence agriculture. If we are to grow we need to find crops that can be sold on the world market, but without damaging the environment. Economic growth would enable us to develop better education and health services and improve the productivity. To do this we need to attract foreign investment into our businesses. If we don't grow by more than 5% we are likely to fall further behind similar countries, as shown in Source A. I consider, therefore, that rapid economic growth is essential for our country despite possible environmental problems'.

