

# Mark Scheme (Results) November 2009

IGCSE

## IGCSE Economics (4350) Paper 03

Edexcel is one of the leading examining and awarding bodies in the UK and throughout the world. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers.

Through a network of UK and overseas offices, Edexcel's centres receive the support they need to help them deliver their education and training programmes to learners.

For further information please call our Customer Services on + 44 1204 770 696, or visit our website at [www.edexcel.com](http://www.edexcel.com).

If you have any subject specific questions about the content of this Mark Scheme that require the help of a subject specialist, you may find our **Ask The Expert** email service helpful.

Ask The Expert can be accessed online at the following link:

<http://www.edexcel.com/Aboutus/contact-us/>

November 2009

Publications Code UG022313

All the material in this publication is copyright

© Edexcel Ltd 2009

Question Number	Answer	Mark
1(a)	<p>Candidates may use the following information from Source A:</p> <ul style="list-style-type: none"> <li>Irish exports are c55% high tech while Ukraine's are only c3%</li> <li>Irish exports are c85% high/medium-high tech while Ukraine's are only c18%</li> <li>Ukraine relies heavily on medium-low tech c62% [Ireland 5%]</li> <li>Ukraine's exports are c82% medium-low/low tech while Irish are only 15%</li> <li>Ukraine's exports are c20% low tech while Irish are only 12%</li> <li>Ireland has the highest percentage of high technology exports while Ukraine has the highest percentage of Medium-Low technology exports [or vice versa]</li> </ul> <p>Give 1 mark for each point up to a maximum of 4. Max 2 if no figures or comparison.</p>	(4)

Question Number	Answer	Mark
1(b)	'Better technology needs to be used to increase quality and to reduce costs; while more competition, and technology, will not only increase efficiency and quality, but will encourage, also, the better education and training of workers making them more able to use the technology.'	(6)
Level	Mark	Descriptor
Level 1	1-2	Candidates will show knowledge e.g. use of Source B. Answers that ignore Source B will be at this level.
Level 2	3-4	Candidates can apply 'better technology' to the question and will start to explain how this can help to improve a country's competitive position making use of Source B. It is likely that answers at this level do not go beyond the source.
Level 3	5-6	Candidates will explain/analyse how technology can help to improve a country's competitive position making use of Source B. 'Better technology can not only improve the quality of products, but also reduce the cost of production. This means that better quality goods can be sold at lower prices thus making them more competitive on both accounts.'

Question Number	Answer	Mark
2	<p><b>Source D</b></p> <ul style="list-style-type: none"> <li>Ghana has cut the time it takes to register property from six months to one, while at the same time reducing the business start-up time to 42 days</li> <li>Kenya is aiming to eliminate or simplify at least 1000 of the country's 1300 licences needed to start a business</li> <li>Kenya - property registration is also faster due to the introduction of competition among land valuers.</li> <li>Democratic Republic of Congo. It takes 13 procedures and 155 days</li> </ul>	

	<ul style="list-style-type: none"> <li>- costs five times the annual income per capita</li> <li>• The situation is even worse for women: they need the consent of a husband. And if you are a single woman, a judge decides whether you can become a businesswoman. The result: only 18 per cent of small businesses are run by women in the DRC</li> <li>• Rwanda, which has no such regulations, women run more than 41% of small businesses.</li> </ul> <p>‘Encouraging business start ups is very important for Ghana. If we do not do this then unemployment will remain high because people are not able to find work with firms and cannot begin their own business. Only in this way are we likely to produce our own entrepreneurs who will employ more people. It will be effective because people are motivated by profit. By starting their business they will also employ more people in the future many of whom might otherwise have remained unemployed. Its effectiveness will depend on other government measures such as greater competition in the market so new businesses are not kept out by monopolies. While it is not the only measure that would be effective it is one that our government should try.’</p>	(8)
--	--	-----

Level	Mark	Descriptor
Level 1	1-2	Candidates can offer some knowledge e.g. reiterate the sources; and application to the question. These answers are likely to be very brief.
Level 2	3-4	Candidates are able to offer some economic analysis. Answers that make reasonable use of the sources or use economic ideas clearly are likely to be at the top of the level. Answers that consist largely or wholly of economic theory re employment/unemployment with minimal reference to the question will be at the bottom.
Level 3	5-6	Candidates start to discuss whether or not making it easier to start a business would be an effective measure, but the reasoning is limited. The use of the sources is likely to be very restricted.
Level 4	7-8	Candidates will discuss whether or not making it easier to start a business would be an effective measure. Judgement will be supported by the points made and there will be good use of the sources. Answers that consider this measure in relation to other methods such as competition are likely to be at this level.

Question Number	Answer	Mark
3(a)	<p>Transfer of state-owned assets to the private sector. [2]</p> <p>An example alone is worth one mark.</p> <p>Vague statement such as ‘public to private’ is worth one mark.</p>	(2)

Question Number	Answer	Mark
3(b)	<p><b>Source E</b></p> <ul style="list-style-type: none"> <li>• Vast array of choices</li> <li>• Lower prices</li> <li>• More courteous consumer care</li> </ul>	(6)

Level	Mark	Descriptor
-------	------	------------

Level 1	1-2	Candidates describe 1 or more consequences. 'Privatising the telephone service will increase competition reducing prices. It will also lead to a wider variety of services.'
Level 2	3-4	Candidates are able to explain two or more consequences offering sensible analysis. 'Privatising the telephone service will increase competition reducing prices as more firms mean that prices must fall to attract demand. It will also lead to a wider variety of services as this is a way in which the firms can stay ahead of the competition.' At the bottom will be answers where only 1 point is explained.

Question Number	Answer	Mark
4	<p>For:</p> <ul style="list-style-type: none"> <li>• Increase efficiency and quality</li> <li>• Encourage the better education and training of workers</li> <li>• Promote increased efficiency, economic growth and employment for the benefit of all</li> <li>• Benefit of companies, customers and the economy</li> <li>• Encourage business start ups - greater range of products, more competition, more innovation</li> <li>• Avoids shoddy goods</li> <li>• Vast array of choices, lower prices and more courteous customer care</li> </ul> <p>Against</p> <ul style="list-style-type: none"> <li>• favour low price, low quality goods over better quality, but more expensive products</li> <li>• lead to unemployment as firms go out of business as they cannot compete successfully</li> <li>• lead to inefficient use of resources by creating large external costs - worse environment</li> <li>• result in a country's economy falling into the hands of foreign companies leading to higher prices etc</li> <li>• result in monopolies and oligopolies being formed as small businesses are forced out</li> </ul> <p>Reference to a specific country is not required, but any reasonable attempt to make such references which are relevant should be rewarded.</p>	(8)
Level	Mark	Descriptor
Level 1	1-2	Candidates can offer some knowledge e.g. reiterate the sources; and application to the question. These answers are likely to be very brief.

Level 2	3-4	Candidates are able to offer some economic analysis. Answers that make reasonable use of the sources, e.g. both positive and negative, or use economic ideas clearly or refer directly to their country are likely to be at the top of the level. Answers that consist largely or wholly of economic theory re competition with minimal reference to the question will be at the bottom.
Level 3	5-6	Candidates start to discuss whether their country should encourage competition, but may not refer to both positive and negative points or the reference to one is very limited. At the bottom the range of points is very limited or reference to actual policies may be lacking.
Level 4	7-8	Candidates will discuss whether their country should encourage competition. Answers will refer to both positive and negative points. There will be a clearly supported conclusion and good range of points.

Question Number	Answer	Mark
5	<ul style="list-style-type: none"> <li>• Improve technology [B]</li> <li>• Improve education and training [B]</li> <li>• Introduce effective competition laws [C]</li> <li>• Prevent monopolies distorting the market [C]</li> <li>• Simplify laws allowing business start ups [D]</li> <li>• Make it easier for women to start businesses [D]</li> <li>• Privatised or deregulate business [E]</li> <li>• Prevent domestic business falling into foreign hands [F]</li> </ul> <p>In addition expect candidates to make reference to what their country is doing.</p> <p>'A government could improve the technology of its own country so as to compete in world markets with goods from more developed countries. As these goods will be of higher value they are likely to lead to more demand and economic growth. This is a very good measure for a government to take. A second measure would be to simplify laws allowing more business starts. While this would increase competition in the country, it is not clear that the small new firms will make the country more competitive in the global economy. It is, therefore, not such a good measure as the first one.'</p>	(8)

Level	Mark	Descriptor
Level 1	1-2	Candidates can offer some knowledge e.g. reiterate the sources; and application to the question. These answers are likely to be very brief.
Level 2	3-4	Candidates are able to offer some economic analysis. Answers that analyse two measures will be at the top.

Level 3	5-6	Candidates start to examine two measures a country could use, but references to effectiveness will lack clarity or the reasons will be very limited. Reference to their country may be non-existent or very brief/confused.
Level 4	7-8	Candidates will examine two measures. Answers will refer to their effectiveness in promoting competitiveness giving clear reasons and/or will come to a supported conclusion for the top mark. Candidates may refer to a specific country, but this is not essential.

Further copies of this publication are available from  
International Regional Offices at [www.edexcel.com/international](http://www.edexcel.com/international)

For more information on Edexcel qualifications, please visit [www.edexcel.com](http://www.edexcel.com)  
Alternatively, you can contact Customer Services at [www.edexcel.com/ask](http://www.edexcel.com/ask) or on + 44 1204 770 696

Edexcel Limited. Registered in England and Wales no.4496750  
Registered Office: One90 High Holborn, London, WC1V 7BH