

Mark Scheme (Results) Summer 2010

IGCSE

IGCSE ECONOMICS (4350) Paper 03

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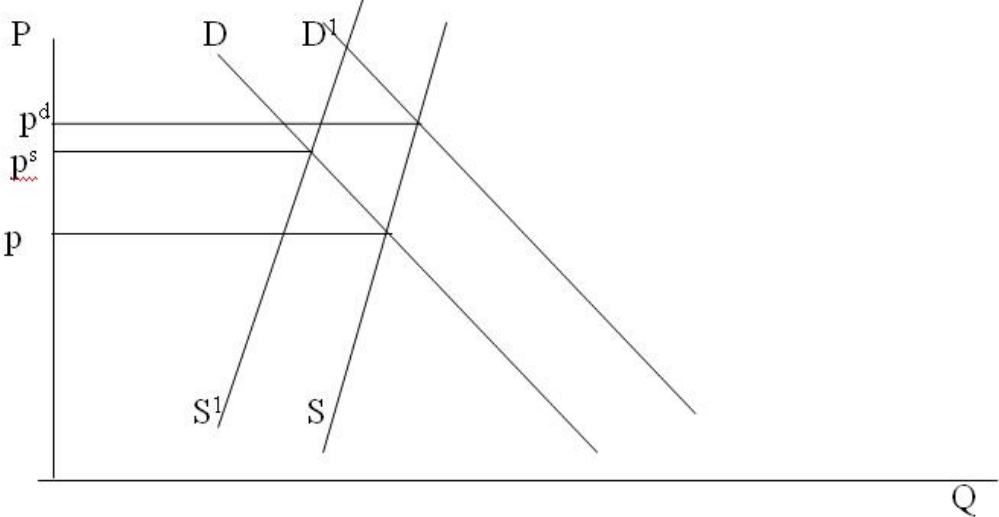
Question Number	Answer	Mark
1(a)	Thailand	(1)

Question Number	Answer	Mark
1(b)	Pakistan	(1)

Question Number	Answer	Mark
1(c)	Malaysia	(1)

Question Number	Answer	Mark
1(d)	<p>Candidates may mention:</p> <ul style="list-style-type: none"> • To provide choice/variety • Because they cannot grow all types of food • To earn money • Because they have a surplus of some crops • Because they have a shortage of other crops • Specialisation <p>NB the Law of Comparative Advantage is not required for full marks. Candidates may, however, be rewarded for using it correctly.</p>	(4)

Level	Mark	Descriptor
Level 2	3-4	Candidates refer to both exports and imports and offer explanation for both. Candidates who explain one and refer to the other will be at the bottom of the level. A good general economics approach will also be at this level.
Level 1	1-2	Candidates can explain one of exports or imports, but ignore the other one. Alternatively they can state factors but not explain them.

Question Number	Answer	Mark
2	<p data-bbox="453 320 1428 421">Candidates may either shift the demand curve to the right [D to D¹] and/or the supply curve to the left [S to S¹] and/or shift demand more than supply</p>  <p data-bbox="363 1066 659 1095">Give marks as below:</p> <ul data-bbox="424 1102 1458 1308" style="list-style-type: none"> • A correctly drawn and labelled demand line - 1 mark • A correctly drawn and labelled supply line - 1 mark • A shift in the demand to the right and/or shift of the supply curve to the left, labelled - 1 mark • Original price correctly shown and labelled - 1 mark [p on the diagram] • New price correctly shown and labelled - 1 mark [either p^s or p^d] 	

Question Number	Answer	Mark
3(a)	<p>Candidates may mention:</p> <ul style="list-style-type: none"> • growing global demand particularly from large, emerging economies of China and India where incomes have risen quickly • growing global demand for products like meat e.g. consumption of meat in China has more than doubled since 1990 • high oil prices have made it profitable to grow crops for biofuel production rather than food • high oil prices also make it more expensive to operate farm machinery and to transport agricultural products. • high oil prices lead to a rise in the cost of petroleum-based fertiliser. • unpredictable weather e.g. drought in Australia, one of the world's largest wheat producers, and floods in West Africa and Mozambique, has cut agricultural production. • expectations of higher food prices encourage speculation in commodity markets which lead to further price increases. • years of under-investment in agriculture in poorer countries • unfair trade rules and farming policies that benefit rich countries <p>Give 1 mark for writing out the point from the source. [show as K]</p> <p>Give 1 more mark for a brief development. [show as Ap]</p> <p>Give the final mark for a full explanation. [show as An]</p> <p>2x3 marks.</p> <p>If an explanation is given that is not from Source C award a max of 2 marks for a good explanation.</p> <p>'Food crops have been used to make biofuel [K]. This means there are fewer crops for food [Ap]. This results in supply being less than demand thus pushing up prices [An].'</p>	(6)

Question Number	Answer	Mark
3(b)	<p>Source B</p> <ul style="list-style-type: none"> • parents taking their children out of school; • farmers being forced to migrate to cities to live in slums. • Eating less and lower quality food. • Also effects on women • Higher living standards for farmers <p>Source D</p> <ul style="list-style-type: none"> • More money for farmers <p>Source E</p> <ul style="list-style-type: none"> • increase in poverty • inability of women to feed their children • rise in crime rates • farmers incomes and standards of living will rise • fewer people will be driven from the land into urban poverty • greater demand for locally grown food. <p>Candidates might also make reference to Source A or extract 'bits' from different Sources to point out that some imply that governments will spend and others may not spend money on farming.</p> <p>'The diagram shows that the rise [P to P¹] has come about due to a fall in supply from S to S¹. Many people will not be able to afford food at these high prices so women will eat less to feed their children and suffer from health problems. Others will fall into poverty or crime. The higher prices could, however, give farmers more money and prevent the migration to urban areas though Source B contradicts Source E. Overall, in my country which already suffers from high levels of poverty, I would expect many people to be worse off than before.'</p>	(6)
Level	Mark	Descriptor
Level 3	5-6	Candidates are able to make good use of sources and/or their diagram to examine the possible effects of a rise in food prices on people. They will clearly consider the fact that a rise can have different effects and will come to a supported conclusion as to the most likely effect on their country of such a rise.
Level 2	3-4	Candidates are able to make some use of the sources and/or their diagram to examine the possible effects of a rise in food [prices on the people and may refer to the fact that a rise can have different effects and/or may refer to their

		country.
Level 1	1-2	Candidates will offer some analysis of the sources and/or the diagram in relation to a rise in food prices on people. At the top candidates will refer to at least one source and their diagram.

Question Number	Answer	Mark
4	<p>Source D</p> <p>Rich countries should</p> <ul style="list-style-type: none"> • Give more money to poor countries to help reduce the shock of high food prices. • Review their targets for biofuels, which compete against food and animal feed crops. • Provide cash for governments and aid agencies to buy food locally rather than providing food aid. <p>Poor countries should:</p> <ul style="list-style-type: none"> • allow price signals to reach small-scale farmers so they have an incentive to respond to market forces • invest in agriculture and infrastructure to help put small farmers in a better position to benefit from higher prices. • improve services like research and development and veterinary services <p>Many economists believe that the real solution for developing countries lies in improving agricultural productivity:</p> <p>Although Source D is the obvious one to use, candidates could refer to:</p> <p>Source B</p> <ul style="list-style-type: none"> • governments is to help farmers take advantage of higher prices to increase productivity and their living standards while protecting the poor. • Provide more money for the poor [implied] <p>Source C</p> <ul style="list-style-type: none"> • Reduce meat consumption [implied] • Stop growing crops for biofuels • Invest more in farming <p>Source F</p> <p>Mention either free trade or protection</p>	

		<p>'My country has spent little on farming and most of its investment has been in industry. What it must do now is invest more in farming including better infrastructure. This, however will take time, so in the short term it needs to protect those who cannot afford high prices by either preventing price rises or by subsidising food producers to keep prices down or restricting food exports so more is available for our people. My government has failed before to prevent food prices rising so that seems a poor policy to choose. Subsidising food producers may just money in their pockets, but lead to little extra food. The best policy is to restrict exports and divert the food to our own people. The only problem is that exported food is often different from what our people eat, but it is food and with lower prices demand for it would rise. As many economist believe in the long run only governments must help farmers to increase productivity so more food is permanently available.'</p>	(8)
Level	Mark	Descriptor	
Level 4	7-8	Candidates will clearly justify which policy/s would be best for their country. The justification will be supported by good economic reasons that may be based on the sources, but should make good reference to their country.	
Level 3	5-6	Candidates start to give reasons as to which policy/s would be good for their country. Reference to their country is likely to be very limited, and at the bottom it is not clear as to which country they mean.	
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 or refer directly to their country are likely to be at the top of the level.	
Level 1	1-2	Candidates can offer some knowledge e.g. reiterate the sources or state some other policies; and application to the question. These answers are likely to be very brief.	

Question Number	Answer	Mark
5	<p>Source E</p> <p>Protection:</p> <ul style="list-style-type: none"> • governments must be allowed to implement policies that strengthen domestic food and agricultural systems • protection should be introduced against subsidised foods from developed countries which undercut local producers • global competition rules need to be introduced to prevent multinational companies from abusing their market power. <p>Free Traders:</p> <ul style="list-style-type: none"> • the high growth rates of some developing economies has been the result of globalisation • freer access to markets in developed countries can help promote Africa’s trading prospects and reduce poverty • governments in developing countries should concentrate on supply-side policies instead of raising barriers to trade. <p>Candidates could make use of the other sources in their answers.</p> <p>‘Although many countries are likely to opt for protection because it saves local jobs, gives food security and may prevent poverty from increasing I think that free trade is likely to bring greater benefit to my country. In the last ten years our exports have grown by 40% while our GDP has risen by 50% largely due to the reduction in protectionist measures in our country and our major trading partners. This has resulted in people having more choice at lower prices. To go back to protection would be to possibly lose these gains. Free Trade needs improving through a stronger WTO, but my government needs to invest more in farming and rural areas rather than impose tariffs which will only raise food prices further.’</p>	(8)
Level	Mark	Descriptor
Level 4	7-8	Candidates will offer clear discussion and will come to a supported conclusion. Answers that make good reference to their country will be at the top as will those that indicate that the decision is not clear

		cut.
Level 3	5-6	Candidates start to offer a discussion and to reach a conclusion which will not be well supported. Reference to their country is likely to be very limited, and at the bottom it is not clear as to which country they mean.
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 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 free trade/protection will be at the bottom.
Level 1	1-2	Candidates can offer some knowledge e.g. name, define some policies; and application to the question. These answers are likely to be very brief.

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