

Mark Scheme (Results)

November 2010

IGCSE

IGCSE ECONOMICS (4350) Paper 03

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

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

Question Number	Answer	Mark
1(c)	<ul style="list-style-type: none"> Overall growth in Russia is higher (1 mark) <p>Then 1 more mark from:</p> <ul style="list-style-type: none"> Russia had the greatest fall on 2008-9, c7% against 3% In 2008 Russian growth was much higher, c6% v c1% Negative growth in Russia was less than USA -1 v -2% Growth in USA was higher in 2010 than Russia 1.5 v 1% <p>Vague description without any specific points is worth zero</p>	(1)

Question Number	Answer	Mark
1(d)	<p>Give 1 mark for the fact that they are forecasts or words to that effect</p> <p>Give 1 more mark if this point is developed</p> <p>Give 1 mark for an explanation of what a forecast means where this is not linked clearly to the figures</p> <p>Give 1 mark for world conditions may change</p> <p>Give 1 more mark if this point is developed</p> <p>Allow any other valid idea. Max 2 marks</p>	(2)

Question Number	Answer	Mark
2(a)	<p>Source D</p> <ul style="list-style-type: none"> structural changes in the economies including the growth of the service sector demand from China better economic management. Not affected by high oil prices/produce oil Produce most of their own food/export food <p>Candidates could also suggest:</p> <ul style="list-style-type: none"> Government investment Sound financial system/banks <p>Give 1 mark for the point. Give 1 mark for basic development/application Give 1 mark for analysis/development in depth</p>	(2)

	‘My country now has better economic management [1] so that less money is lost to corruption [1]. This means more investment into our own industries and more growth [1].	
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Question Number	Answer	Mark
2(b)	<p>Source B Slowdown in developed economies Unstable financial markets and lack of credit Capital outflows</p> <p>Source C falling export demand lower commodity prices much tighter external financing constraints.</p> <p>Source D sharp falls in stock markets collapse of investment banks higher fuel and food prices.</p> <p>Source E lower levels of economic aid falling exports due to increased competition .</p> <p>Allow idea of primary versus secondary/tertiary.</p> <p>Give 1 mark for the point. Give 1 mark for basic development/application Give 1 mark for analysis/development in depth</p> <p>‘Some countries rely on exports for growth and if these decline [1] then so will GDP [1] whereas others are able to grow through internal expansion [1].’</p>	(3)

Question Number	Answer	Mark
3(a)	<p>Candidates may mention:</p> <ul style="list-style-type: none"> • Falling economic growth [allow idea of economic recession] • Decline in international trade [allow low/declining exports] • Falling consumer demand • Less credit available <p>Allow any valid idea.</p> <p>Give 1 mark for the point. Give 1 mark for basic development/application Give 1 mark for analysis/development in depth</p> <p>‘Unemployment fell due to a fall in consumer demand [1] meaning that less goods were bought/produced [1]</p>	(3)

	leading to fewer people being needed to make the goods. [1]'	
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Question Number	Answer	Mark
3(b)	<p>Candidates may mention:</p> <ul style="list-style-type: none"> • Encourage spending not saving • Encourage borrowing • Encourage investment <p>Allow any valid point.</p> <p>Give 1 mark for the point. Give 1 mark for basic development/application Give 1 mark for analysis/development in depth</p> <p>'Low interest rates will encourage firms to invest [1] because repayments will be cheap [1]. More investment means more jobs so people have more money thus more demand [1].'</p>	(3)

Question Number	Indicative content	
4	<p>Candidates may mention:</p> <ul style="list-style-type: none"> • Increase consumer demand • Tax cuts effectiveness depends on willingness to spend • Depends on which taxes are cut • Reduction of social unrest • More employment • More demand leading to more trade <p>Allow any valid idea.</p> <p>'Increasing government expenditure [G] and cutting taxes [T] will lead to more money in the economy and thus moiré demand for workers and goods. This means that employment will grow and, with it, demand and GDP. This is more likely to happen if G is undertaken as this is a direct input into the economy with money going directly to spending. Cutting T, however, may not lead to people spending as they prefer to save. The overall impact will be greatest if the money is spent on projects where further demand is stimulated as against money leaving the economy. If money leaves to buy imports then the impact will be reduced.'</p>	
Level	Mark	Descriptor
Level 3	5-6	Candidates are able to make good use of both sources and their own economic knowledge to assess the impact taxation on economic growth. They must come to a supported conclusion. Answers at this level will both come to a supported conclusion and show realisation that different tax cuts will have different

		effects.
Level 2	3-4	Candidates are able to make some use of the sources and their own economic knowledge to assess the impact of taxation on economic growth. They will either come to a conclusion or will realise that different tax cuts will have different effects or may contrast tax cuts to spending more. At the bottom the answer will concentrate on the effects of cuts in different taxes.
Level 1	1-2	Candidates will offer some application and analysis of the sources and/or their own economic knowledge. It is likely that answers will offer generalisations rather than specific instances. Those that have a definite focus will be at the top. Answers may be very one-sided.

Question Number	Indicative content	
5	<p>Source E says: 'invest in a few very large scale projects hoping that they will have spillover effects on the macro-economy. The other is to provide investment funds to the many small and medium entrepreneurs leading to growth and development from the bottom-up in order to achieve greater self-reliance'.</p> <p>'I would not recommend investing in a few large projects as it assumes you know which ones are best and that they are successful Too often in my country, X, large projects have either not been finished, or been a disaster like a large HEP dam which has never properly worked or have led to large scale corruption. It would be far better, as in Nepal, to invest at ground level into lots of small projects which directly benefit many people and lead to sustained growth even if this may initially be slower. People will have a personal interest in making these successful.'</p>	
Level	Mark	Descriptor
Level 4	7-8	Candidates will clearly justify which policy 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 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. Answers which are in terms of individual businesses, i.e. do not understand the idea of 'very large scale projects', will be at this level.

Question Number		Indicative content
6		<p>If their country is shown in Source A, or is referred to elsewhere then expect some reference to the Sources. Otherwise look for economic knowledge, understanding and the use of economic ideas.</p> <p>Candidates may take 'well' to refer to any sensible idea/s and not just economic growth e.g. environment, employment, trade, etc</p> <p>'Relatively my country, X, has done well in that we avoided negative growth in 2009 and have achieved rates of around 5% this year. This fails to tell the whole story. Some areas such as tourism and exports of goods have done poorly and many people have been made unemployed. This is because we relied on selling to America and Europe. Sales of raw materials have been good because these largely go to China and India. Agriculture has also done well with increase in exports due to better irrigation systems and a recent fall in our exchange rate making exports cheaper. We have also been helped by the government increasing its expenditure and support for small businesses which has maintained employment in many areas and prevented poverty from being a greater problem. We have not done as well as China, but better than Z.'</p>
Level	Mark	Descriptor
Level 4	7-8	Candidates will clearly justify whatever view they take of their country's performance. The justification will be supported by good economic reasons that may refer to the sources, but should make good reference to their country.
Level 3	5-6	Candidates start to give reasons as to the success or otherwise of 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 clearly understand how one would judge 'doing well' 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 facts or define 'doing well' in some way; and application to the question. These answers are likely to be very brief.

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