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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the May/June 2009 question paper

for the guidance of teachers

9708 ECONOMICS

9708/04 Paper 4 (Data Response and Essays – Supplement), maximum raw mark 70

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes must be read in conjunction with the question papers and the report on the examination.

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UNIVERSITY of CAMBRIDGE
International Examinations

Section A

1 (a) GDP value of output produced within a country during a year. The income was not earned by production in the home country. [2]

(b) Candidates could contrast the possible situation at home with limited job opportunities, concentration on primary products, especially in rural areas, and poor pay, with the situation in developed countries. It would be thought by those who travel that there would be better pay, better prospects, more skilled training and wider variety of jobs available. [5]

(c) There is some reference to individual cases involving education. However to expand that to a national situation the evidence is limited. In one country, China, private initiatives are stated to have had a significant effect. In the other countries the evidence consists of figures for two countries in one year, and a reference to two other countries – and it is not clear in these two countries whether the 'partnership' agreement is the result of private initiatives or the public sector. There are no figures for government expenditure, no comparative figures between other countries or with other years. Also one other country, Mexico, is stated as using government initiatives as well. Overall the evidence is not strong. [5]

(d) Discussion of the use of measures such as GDP and the difficulties of comparisons year by year. Up to 5 marks. Candidates could mention that the strict use of GDP or even GDP per capita has now been augmented by the use of other measures such as the HDI, MEW. Up to 2 marks. Conclusion 1 mark. [8]

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Section B

General Comments for section B:

The essay questions carry a maximum mark of 25. Try not to 'bunch' marks, but use the whole mark range. If there is any doubt in your mind, give the benefit of doubt to the candidate.

The difference in grades should be assessed on the ability of the candidate to demonstrate the various objectives of the examination listed in the syllabus and not purely on the ability to itemise further facts from the content of the syllabus. Marks should be awarded for the ability to demonstrate that aim (b) of the syllabus has been achieved as well as aim (a) – which refers to content knowledge. It is the objective of the examination, as listed in the syllabus, to assess both these aims.

An overall guide for marks for individual questions is given below; these are from a total of 25. They may be applied proportionally of course to parts of questions where the total is less than 25:

Mark 1–9 (Linked to level one in individual question notes).

1–5 where the answer is mostly irrelevant and only contains a few valid points made incidentally in an irrelevant context. There will also be substantial omissions of analysis.

6–9 where the answer shows some knowledge but does not indicate that the meaning of the question has been properly grasped. Basic errors of theory, or an inadequate development of analysis may be evident.

Mark 10–13 (Linked to level two in individual question notes).

10–11 where there is evidence of an ability to identify facts or some ability at graphs and/or a fair ability to apply known laws to new situations.
There should be an accurate although undeveloped explanation of the facts relating to the question together with an explanation of the theory, and evidence of some ability to discriminate and form elementary judgements. Do not expect a clear logical presentation. There will not be much evidence of the ability to recognise unstated assumptions, nor to examine the implications of a hypothesis, nor of the ability to organise ideas into a new unity.

12–13 where the answer has a more thorough relevance to the question but where the theory is incompletely explained.

14–17 (Linked to level 3 in individual question notes).

14–15 where there is a good knowledge of the facts and theory of the question, clear evidence of the ability to use the facts and theory with accurate reference to the question that may have presented the candidate with a novel application.
There should also be evidence, where appropriate, of the ability to examine the implications of the question and an attempt to distinguish between facts and value judgements.
Clear statements, supported by reasoned arguments should be given and there should be some attempt at a conclusion to the question. There should be a reasoned structure to the whole answer. Do not expect too many extra Illustrative points which are not explicitly referred to in the question, do not expect too much critical comment on unstated assumptions

16–17 for an answer showing a well reasoned understanding of the question's requirements and of the relevant theory: the analysis should be sound though the illustration and development may not be very full.

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18–25 (Linked to level 4 in individual question notes).

18–20 where there is a thorough knowledge of the facts and theory with an excellent ability to describe, explain or analyse this in a precise, logical, reasoned manner. There should be an ability to query some of the assumptions in the question and clear evidence of an ability to distinguish between fact and value judgements and to draw some conclusions on the matter being discussed. Conclusions should be formed and expressed within a sound structured answer so that the whole is well presented. New illustrations and apposite examples should be introduced as further evidence of an ability to recognise the principles of the question and their application to relevant current situations.

21–25 for an answer which, given the time constraint, could not be improved significantly: it will have clear analysis, ample illustration and a good attempt at considered evaluation.

Be positive in your marking awarding marks for what is there without being too much influenced by omissions. Marks should not be deleted for inaccuracies.

Corresponding marks for sub-sections.

	1	**2**	**3**	**4**
Total Mark 10	1–3	4–5	6–7	8–10
Total Mark 12	1–4	5–6	7–8	9–12
Total Mark 13	1–4+	5–6+	7–8+	9–13
Total Mark 15	1–5	6–8	9–11	12–15

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2 **(a)** Question mentions different ways economists classify profit. Answer should include a mention of revenue, cost and also of the difference between normal and abnormal profit. The 'free' newspaper is only free to the consumer. It is not free to the advertiser. Any profit is made from the advertising revenue.

L4) For a clear explanation of the difference between revenue and cost and an explanation of the meaning of normal and abnormal profit together with a recognition that the publisher obtains revenue from the advertisers. (9–12)
L3) For an explanation of revenue, cost and normal profit but uncertain comment about the advertising. (7–8)
L2) For a limited attempt but probably without the normal profit distinction. (5–6)
L1) For an answer which has some basic correct facts but includes irrelevancies. There will be errors of theory or omissions of analysis. (1–4)

(b) Candidates could discuss price and non-price competition. They could also mention collusion and price discrimination.

L4) For a sound discussion with good explanation of the both price and non-price competition. (9–13)
L3) For a competent comment but with limited attempt probably at non-price competition and little mention of price discrimination or collusion. (7–8)
L2) For a correct explanation maybe concentrating on short run or long run pricing and little or no attempt at non-price competition. (5–6)
L1) For an answer which has some basic correct facts but includes irrelevancies. Errors of theory or omissions of analysis will be substantial. (1–4)

3 Discussion of determinants of wage rates using either demand and supply or marginal revenue productivity. In the past we have not used the full range of marks for a demand and supply approach only with no mention of marginal revenue productivity.

L4) For a thorough explanation of the analysis of wage determination with a clear link to the explanation of low wages with discussion of institutional factors and/or government policy. (18–25)
(14–17 for demand and supply only with institutional factors and/or government policy)
L3) For a competent explanation but with limited discussion and application. (14–17)
(10–13 for demand and supply)
L2) For a correct but undeveloped explanation with only brief application (10–13)
(6–9 for demand and supply)
L1) For an answer which contains inaccuracies and only a few correct points (1–9)
(1–5 for demand and supply only)

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4 (a) Explanation of criteria for perfect competition and a comparison of those criteria with this company which is a large aircraft company with huge research expenditure, large capital investment and limited competitors.

L4) For a sound explanation of the criteria with clear understanding of the principles involved and a link to the company mentioned. (8–10)
L3) For a competent explanation but with limited consideration of each of the criteria. (6–7)
L2) For a general explanation which does not draw a conclusion. (4–5)
L1) For an answer which has some basic correct facts but includes irrelevancies. Errors of theory or omissions of analysis will be substantial. (1–3)

(b) Candidates should discuss the meaning of 'against the public interest'. They should then relate this to the information. There is some attempt by the company to recognise the damage it causes to the environment but there is no suggestion that it would not seek to maximise profits or market its product to serve its own aims.

L4) For a reasoned discussion and clearly structured answer with conclusion on the meaning and application of the public interest. (12–15)
L3) For a full discussion of the public interest but with only a limited attempt at an application to the company and an undeveloped conclusion. (9–11)
L2) For a limited but acceptable attempt which may not fully consider public interest in terms of profit, output, variety of products and which does not have a conclusion. (6–8)
L1) For an answer which has some basic correct facts but includes irrelevancies. Errors of theory or omissions of analysis will be substantial. (1–5)

5 (a) Explanation of the causes of unemployment.

L4) For a clear explanation with accurate development of four different causes of unemployment.
L4 should not be given simply for mentioning 4 causes. (9–12)
L3) For a clear explanation of two or three causes of unemployment with a limited development at alternative causes. (7–8)
L2) For a limited attempt with little development – possible of more than one cause of unemployment. (5–6)
L1) For an answer which has some basic correct facts but includes irrelevancies. Errors of theory or omissions of analysis will be substantial. (1–4)

(b) Discussion of how changes in interest rates might influence spending, or saving, or investment and therefore might influence the pressure on resources and on inflation.

L4) For a sound discussion with good explanation of the analysis and a clear understanding with a conclusion. (9–13)
L3) For a competent comment but with limited development of the analysis and a weaker conclusion. (7–8)
L2) For a brief explanation and with a weak explanatory link between interest and inflation and with no conclusion. (5–6)
L1) For an answer which has some basic correct facts but includes irrelevancies. Errors of theory or omissions of analysis will be substantial. (1–4)

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6 Candidates are asked to construct an argument. The elements in the argument must consist of (i) a statement of government macro-economic aims, (ii) a consideration of alternative aims mentioned, and (iii) whether governments have to abandon their macro aims in order to achieve the alternative.

L4) For an clear explanation of the macro aims, a clear statement about the assertion in the quote and a discussion of whether this implies the abandoning of other macro aims. A reasoned conclusion will be presented. (18–25)
L3) For a competent explanation which does not fully analyse the argument or clearly see the progression, or lack of progression in the argument. There will be some discussion but the evaluation will not be fully developed or extensive. (14–17)
L2) For an accurate though undeveloped explanation of some of the terms, probably mentioning some of the macro aims but not dealing with the link with the quote, with very limited evaluation and no real conclusion. (10–13)
L1) For an answer which shows some knowledge but does not indicate that the question has been fully grasped. The answer will have some correct facts but include irrelevancies. Errors of theory or omissions of analysis will be substantial. (1–9)

7 **(a)** Explain of how an increase in spending causes a rise in national income through the multiplier process. (No multiplier: max. L2)

L4) For a sound explanation with clear understanding of the principle involved. (8–10)
L3) For a competent explanation but with limited development. (6–7)
L2) For a general explanation probably in descriptive form. (4–5)
L1) For an answer which has some basic correct facts but includes irrelevancies. Errors of theory or omissions of analysis will be substantial. (1–3)

(b) Discussion of the wide effects of infrastructure development and a consideration of the efficient allocation of resources which may involve government regulation if not government investment.

L4) For a reasoned discussion and clearly structured answer with conclusion on both types of efficiency. (12–15)
L3) For a full discussion possibly of one type of efficiency with only a limited attempt at a conclusion. (9–11)
L2) For a limited but acceptable attempt which may not define efficiency, omit one type of efficiency, not have a conclusion, and not have any development of analysis. (6–8)
L1) For an answer which has some basic correct facts but includes irrelevancies. Errors of theory or omissions of analysis will be substantial. (1–5)

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