www.XtremePapers.com

UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Level

MARK SCHEME for the October/November 2007 question paper

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.

All Examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

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

- CIE will not enter into discussions or correspondence in connection with these mark schemes.

CIE is publishing the mark schemes for the October/November 2007 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

UNIVERSITY of CAMBRIDGE
International Examinations

Section A

1 (a) Subsistence agriculture, live on dollar a day, 160 out of 173 on HDI, informal sector, developing tourism, the role of multi-national companies. [4]
Allow marks for initial definition, the development of a point or the explanation of subsidised farming on the economy.

(b) Jobs in companies that supply the tourist trade but that are not classified as tourist businesses themselves. Examples should be given. [3]
1 mark for explanation of indirect.
1 each for two examples.

(c) Unskilled, large supply, big employer enforcing minimum wages, seasonal demand, short term contracts, no unions. [5]

(d) Candidates should draw upon both extracts. The former is more positive and suggests benefits. The latter is written by a union leader and is more from the point of view of the worker. It depends on who is being asked their opinion. Tourists would give a different opinion to those working in the industry, but those living on subsistence agriculture might think that if there was a job in the tourist sector it would be much better than no job. Candidates should explain what exploitation means and come to a conclusion. [8]
Maximum 6 if no conclusion.

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 1 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 2 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.

© UCLES 2007

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.

Mark 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.

Mark 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

© UCLES 2007

Section B

2 **(a)** Candidates should explain marginal utility theory and the allocation of expenditure between products.

L4) For a reasoned and clear explanation of the analysis with a full development of the equilibrium position of the consumer. [9–12]

L3) For a competent comment but with a limited elaboration of the whole analysis. [7–8]

L2) For a brief explanation of utility but no reference to the equilibrium position of allocation between different products. [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) Candidates should discuss the concepts of producer sovereignty and consumer sovereignty but do not need to use those terms.

L4) For an explanation of meaning of both producer and consumer sovereignty and a discussion of how either may affect the allocation of resources and the market price with a reasoned conclusion. [9–13]

L3) For a competent explanation which does not fully analyse both types of sovereignty. There will be some discussion but the evaluation will not be fully developed or extensive. [7–8]

L2) For an accurate though undeveloped explanation concentrating on only one type of sovereignty (probably consumer) with some attempt at analysis but only limited evaluation. [5–6]

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. [1–4]

3 **(a)** Candidates should explain the types of cost and distinguish between total and average cost. They should link these to the statement given and comment on the possibility of economies of scale which reduce average cost.

L4) For a reasoned and clear explanation of the analysis with an accurate development of how average costs might be reduced. [9–12]

L3) For a competent comment but with a limited elaboration of the reduction in average cost. [7–8]

L2) For a brief explanation with only limited reference to economies of scale. [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) Theoretical analysis of the comparison of monopoly pricing and output with a competitive price and output. Candidates could consider the different types of competition, not every competitive market structure is ‘perfect’.

L4) For an clear analysis of both monopoly and competition with a recognition that the competition need not be perfect. Clear explanation of the likely differences in output, price and profit. [9–13]

L3) For a competent explanation which does not fully analyse both types of market and does not give a full picture of the changes in price output and profit. There will be some discussion but the evaluation will not be fully developed or extensive. [7–8]

L2) For an accurate though undeveloped analysis probably considering only perfect competition and monopoly. [5–6]

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. [1–4]

© UCLES 2007

4 **(a)** Explanation of extensive nature of the project, large capital outlay, benefits for the whole economy, externalities, value under-estimated if left to the market, incorrect account taken of effect on other transport providers and on effect on distribution trade and levels of income generally. If the whole answer concentrates on public goods max 4.

L4) For a sound explanation with clear understanding of the principles involved and a reasoned conclusion. [8–10]

L3) For a competent explanation but with limited development and limited conclusion. [6–7]

L2) For a correct explanation but without concluding comment. [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 effect on industry, employment, incomes and explanation of the multiplier process through injections in government spending – or of the problem of paying back loans.

L4) For a good explanation of the analysis of the multiplier with a reasoned discussion of the argument and clearly structured answer which reaches a conclusion. [12–15]

L3) For a fair analysis of the multiplier but undeveloped answer which does not present a well-structured reasoned response. [9–11]

L2) For a limited but acceptable attempt to consider the analysis but with little development and no mention of multiplier. [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 Candidates should suggest different data which might be useful. They could mention the data used for measuring standards of living – GDP, HDI; they could mention data related to government policy – rate of interest changes, inflation, unemployment, balance of payments, crime; they could mention data that companies might be interested in – profits, growth, market share, consumer perception of products sold; they could mention information consumers might be interested in – income levels, assets, house prices, differences in rates of pay between jobs.

L4) For a thorough explanation of the type of data mentioned, a competent coverage of data, and a discussion of usefulness and a reasoned conclusion. [18–25]

L3) For a competent explanation but with a more limited range of data and less developed discussion. [14–17]

L2) For an accurate though undeveloped explanation with some attempt at analysis but only limited evaluation. [10–13]

L1) For an answer which shows some knowledge but does not indicate that the question has been fully grasped, or where the answer contains irrelevancies and errors of theory. [1–9]

© UCLES 2007

6 **(a)** Explanation of the use of resources to generate an increase in GDP.

L4) For a sound explanation with clear understanding of the principles involved and a reasoned conclusion. [8–10]

L3) For a competent explanation but with limited development and limited conclusion. [6–7]

L2) For a correct explanation but without concluding comment. [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 on the meaning of resources, the use of factors of production, the idea of conservation against exploitation and the short term against the long term.
Consideration of using resources if there is comparative advantage in doing so. Balance of private gain, external loss.

L4) For a good explanation of concepts involved with a reasoned discussion of the argument and clearly structured answer which reaches a conclusion. [12–15]

L3) For a competent discussion but undeveloped answer which does not present a well-structured reasoned response. [9–11]

L2) For a limited but acceptable attempt to consider the proposition but with little development. [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]

7 Discussion of different government aims and the possible conflicts, for example, employment against inflation, growth against price stability, income equality against restriction in demand.

L4) For a thorough explanation of the aims, a competent account of different conflicts, a discussion of relative merits and a reasoned conclusion which states which policies are preferred and why. [18–25]

L3) For a competent explanation but with a more limited development. There should still be a conclusion with an attempt to give a reason why certain policies were chosen. [14–17]

L2) For an accurate though undeveloped explanation with some attempt at analysis but only limited evaluation. [10–13]

L1) For an answer which shows some knowledge but does not indicate that the question has been fully grasped, or where the answer contains irrelevancies and errors of theory. [1–9]

© UCLES 2007