

MARK SCHEME for the May/June 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 May/June 2007 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

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Section A

- 1 (a) Identification of letters (1) together with explanation of meaning (2). [3]
- (b) Traditional unpaid work; informal economy; poor use of labour resources expressed as inefficient government, high unemployment, poor education especially of females; poor use of resources in agricultural sector. [2]
- (c) Wages, training, non-wage factors, occupational mobility, geographical mobility, birth rate, migration. [3]
- (d) Movement from agriculture, which has relatively low productivity into industrial employment. Those in employment will have larger incomes, spending will rise, with resulting effect on growth and GDP. However, the workers may be inefficient so the increase in incomes may not be large. Also output, if it were recorded, would be lower in rural areas as labour migrates with negative effect on GDP. Overall uncertain result. [4]
- (e) Evidence for: amount of traditional unpaid work; inequalities in education; % employed in agriculture compared to other known developed countries, % given on those below poverty line, on problems in the economy. All of these fit the description of a developing economy. However, these alone are not sufficient and other information should be provided, for example, on levels of GDP and change in the GDP, on distribution of income, on income levels per head, on information about health provision. There is information about % of GDP from employment in manufacturing and services but there is no comparison given with other countries. [One side of argument 4; + 1 for conclusion.] [8]

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Section B

General comments

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 organize 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.

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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 |

- 2 (a)** (L4) For a reasoned and clear explanation of both types of efficiency, mentioning types of market structure when they could occur. [9–12]
- (L3) For a competent comment but with either a limited elaboration of the whole analysis or a concentration on one type of efficiency and the likelihood of achieving it. [7–8]
- (L2) For a correct explanation and limited development of part of the analysis – probably productive efficiency. [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 explain how increases in competition might affect output decisions and changes in costs. Whether these lead to an approach to productive efficiency once possible opportunities for economies of scale are removed is debateable. It is also debateable whether competition – unless it is perfect - allows allocative efficiency and no account is taken of externalities so social allocative efficiency is not attained.
- (L4) For an explanation of how competition affects each type of efficiency, a discussion of the possible outcome of a market system with a reasoned conclusion. [9–13]
- (L3) For a competent explanation which does not fully analyse both types of efficiency. 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 efficiency (probably productive) 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]

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- 3 (a)** Candidates could explain the equilibrium in the firm and in the industry in perfect product and perfect factor markets.
- (L4) For an explanation of equilibrium in either firm and industry or product and factor market and a comment on the possible outcome of a market system with a reasoned conclusion. [9–12]
- (L3) For a competent explanation which does not fully analyse both types of market structure or both firm and industry but does deal with both demand and supply. There will be some comment but the analysis will not be fully developed or extensive. [7–8]
- (L2) For an accurate though undeveloped explanation concentrating either on demand or supply with some attempt at analysis. [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]
- (b)** Candidates could discuss how the equilibrium would change if there is imperfect competition. Governments may fix wage levels and unions cause imperfections in the factor market and may also help fix wage levels.
- (L4) For a reasoned and clear discussion of the analysis mentioning both macro and micro elements. [9–13]
- (L3) For a competent comment but with either a limited elaboration of the whole analysis or a concentration on either micro or macro with a clear understanding. [7–8]
- (L2) For a correct explanation and limited discussion of part of the analysis – probably micro only. [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]
- 4** Discussion of ways of measuring whether people are 'better off'. Consideration of indicators that might be used both quantitative and qualitative. Discussion of difficulties of comparing even the quantitative indicators in different cultures, climates and economic structures.
- (L4) For a thorough explanation of the terms, a competent coverage of data, 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 and no mention of alternative measures (HDI, MEW). [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]

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- 5 (a)** Explanation of multiplier; explanation of effect of changes in expenditure or taxation – increase and decrease, indirect and direct – also could mention changes in tariffs.
- (L4) For a good explanation with a reasoned comment of different tax changes or expenditure and clearly structured answer. [9–12]
- (L3) For a fair explanation but undeveloped answer covering either changes in tax or expenditure. [7–8]
- (L2) For a limited but acceptable attempt to consider the tax changes or expenditure but with little development. [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 meaning of budget deficit with comment on possible effect on incomes, employment, growth, imports.
- (L4) For a sound discussion with clear understanding of the principles involved and a reasoned conclusion. [9–13]
- (L3) For a competent discussion but with limited development and limited conclusion. [7–8]
- (L2) For a correct explanation but without concluding comment. [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]
- 6 (a)** Explanation of differences in birth rates, death rates, migration, health policies, education, illness and change caused by AIDS.
- (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)** Two parts to the answer. One deals with whether urbanisation necessarily leads to economies, the other deals with whether urbanisation, even if this occurs, necessarily is a solution to poverty. The answer will involve explanations of urbanisation, how economies might occur, how poverty may or may not be alleviated.
- (L4) For a good discussion with a reasoned discussion of the argument and clearly structured answer which reaches a conclusion. [12–15]
- (L3) For a fair 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]

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7 Candidates should discuss the aims of government policy and suggest which might be most important. Reasons should be given for their choice and they should come to a conclusion about the proposition in the question.

(L4) For a thorough explanation of the terms, a competent discussion of the proposition and a reasoned conclusion. [18–25]

(L3) For a competent explanation but with a more limited and less developed discussion and conclusion. [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]