

MARK SCHEME for the May/June 2013 series

0455 ECONOMICS

0455/33

Paper 3 (Analysis and Critical Evaluation),
maximum raw mark 40

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 should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the May/June 2013 series for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level components and some Ordinary Level components.

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- 1 (a) 1 mark for lack of capital.
1 mark for inability to take advantage of economies of scale/high average costs. [2]
- (b) 1 mark each for each of 2 reasons identified i.e. decrease in supply and increase in demand.
1 mark each for each of 2 explanations i.e. supply decreased due to bad weather, demand increased due to increasing global demand for tyres. [4]
- (c) 1 mark for identifying a standard for deferred payment with:
1 mark for explaining that is money is being used to borrow and to repay.
1 mark for identifying a store of value with:
1 mark for explaining that people are saving money.
1 mark for identifying unit of account (measure of value)/medium of exchange with:
1 mark for referring to prices/buying or selling. [4]
- (d) 1 mark for identifying increased competition from larger Chinese plantations.
1 mark for explaining these Chinese plantations may produce rubber more cheaply.
1 mark for identifying the quantity of synthetic rubber may rise.
1 mark for explaining synthetic and natural rubber are substitutes/people may switch from buying natural rubber to buying synthetic rubber.
1 mark for identifying bad weather may continue.
1 mark for explaining lower supply will raise price which will reduce demand. [4]
- (e) Up to 3 marks for identifying factors e.g.
- wage rate
 - holidays
 - promotion chances
 - job security
 - job satisfaction
 - location.

Up to 4 marks for discussing factors e.g. more people will want to work for a large rubber firm if:

- the wage rate is high
- there are long holidays
- promotion chances are good
- there is a high level of job security
- a high level of job satisfaction
- the firm is close to where people live.

Note: up to three marks for any one point identified and discussed.

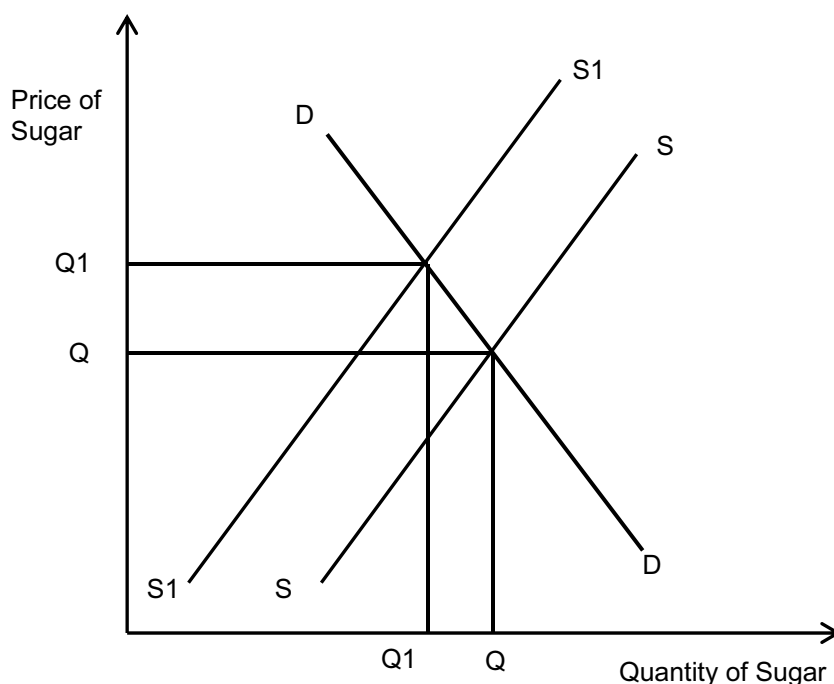
Up to three marks for a list-like approach.

Note: a maximum mark of 6. [6]

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- 2 (a) 2 marks for a ban on imports/exports.
1 mark for a ban. [2]
- (b) 1 mark for coping with an ageing population.
1 mark for reducing the cost of state pensions/raising tax revenue. [2]
- (c) 2 marks for progressive as it takes a higher percentage of the income of the rich.
1 mark for progressive. [2]

(d)



- 1 mark for correct labels – P, Q, D and S.
1 mark for shift of the supply curve to the left.
1 mark for original and new equilibriums.
1 mark for explaining price would rise. [4]

- (e) (i) 2 marks for 5 million.
1 mark for correct working i.e. $0.1 \text{ m}/2\%$. [2]
- (ii) 1 mark for concluding generally no.
1 mark for recognising the economic growth rate falls from 2006 to 2008 but so does unemployment/economic growth rate rises from 2009 to 2010 and so does unemployment.
1 mark for noting that 2008 to 2009 supports the view/over the whole period the economic growth rate fell and the unemployment rate rose.
1 mark for unemployment is so low, it is less likely to be cyclical (demand-deficient) unemployment (more likely to be frictional unemployment). [2]

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(f) Up to 4 marks for why consumers may benefit e.g.

- consumer sovereignty
- low prices
- choice
- high quality
- efficient allocation of resources.

Up to 4 marks for discussing why consumers may not benefit e.g.

- higher prices due to abuse of market power
- higher prices due to removal of state subsidies
- public goods not being provided
- advertising distorting choices
- some consumers lacking purchasing power.

[6]