UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIO

International General Certificate of Secondary Education

MARK SCHEME for the May/June 2010 quest

for the guidance of teachers

0455 ECONOMICS

0455/32 Paper 32 (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 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 2010 question papers for most IGCSE, GCE Advanced Level and Advanced Subsidiary Level syllabuses and some Ordinary Level syllabuses.

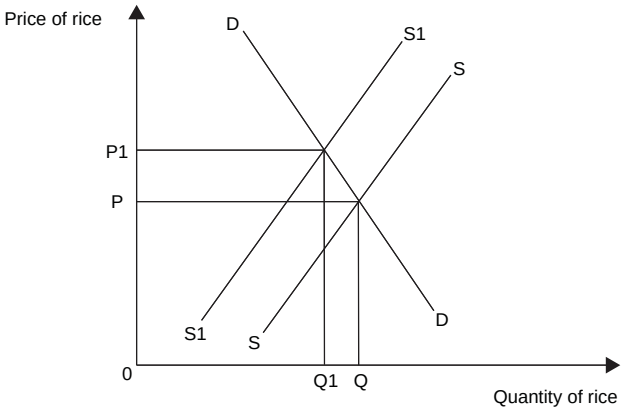
1 (a) (i) Best alternative (also accept next best/second alternative

(ii) 1 mark for any of the following:
Rice as an opportunity cost of growing biofuels.
Exporting rice as an opportunity cost of selling it on the h
Production of other products as an opportunity cost of sp
Note: no mark for example not in extract.

(b) More rice was kept in the Egyptian market (1) whereas l Philippines to import (1).
1 mark for rice grown in Egypt but imported into the Philippines. [2]

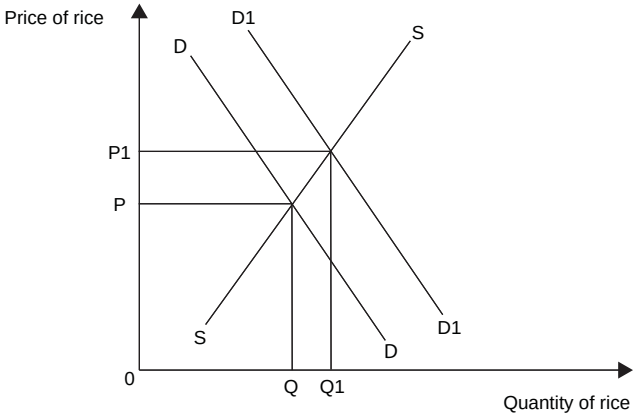
(c)

(i)



1 mark for labels.
1 mark for shift of the supply curve to the left.
1 mark for equilibriums. [3]

(ii)



1 mark for labels.
1 mark for shift of the demand curve to the right.
1 mark for equilibriums. [3]

(d) 1 mark for definition of PED or explanation of PED.
1 mark for inelastic demand.
1 mark for price and revenue/expenditure have both risen.
1 mark for demand must have fallen by a smaller percentage
Note: maximum mark of 3.

(e) 1 mark for supply of rice may increase in the Philippines.
1 mark for higher supply may reduce the price of rice in the P
1 mark for lower price of food particularly benefits the po
proportion of their income on food/greater ability to buy other products/higher spending power. [3]

(f) Up to 2 marks for discussing, in theory, whether more specialisation is beneficial or not (totally irrespective of actual situation in Thailand).
Up to 4 marks for an explanation of the information needed. For example, does Thailand have a cost advantage in producing rice; what world demand will be; how volatile the market is; whether other countries are planning to increase their output; what costs of production will be in the future; risk of import restrictions being imposed; risk of climate change; risk of becoming over-dependent on one major source of income.
Up to 7 marks for judgement of the information. For example, it will be beneficial if Thailand can produce rice more efficiently than other products, as world demand is expected to rise.
Note: maximum of 3 marks if a list is produced. [7]

2 (a) (i) Higher school enrolment ratios should lead to a more educated labour force (1). A more educated labour force should mean lower unemployment and so higher incomes (1) or:
Higher incomes increase demand (1) including demand for education (1). [2]

(ii) Generally yes (1).
Supporting evidence (2). For example, two States, Kerala and/or Punjab, with the highest enrolment ratios have the lowest percentage of population living in poverty (1), Assam has the lowest enrolment ratio and the second highest percentage of population living in poverty (1).
Recognition that Madhya Pradesh does not support the general relationship (1). [4]

(b) (i) Generally yes (1).
Supporting evidence (2).
Exception is the percentage of households having safe drinking water (1). [4]

(ii) Up to 4 marks for explanation of a range of other factors. For example, GDP per head; distribution of income; environmental conditions; doctors per head; adult literacy rate.
Up to 6 marks for judgement of the factors. For example, quality of life is likely to be higher if GDP per head is higher in Kerala; more people may be able to enjoy higher living standards if income is more evenly distributed.
Note: a maximum of 3 marks for a list.
No marks for discussion on information in the extract. [6]