UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

International General Certificate of Secondary Education

MARK SCHEME for the October/November 2011 question paper for the guidance of teachers

0455 ECONOMICS

0455/31 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 must be read in conjunction with the question papers and the report on the examination.

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International Examinations

1 (a) 'Brain gain' is the net immigration of skilled workers (2)/gain of skilled workers (1) from other countries (1). [2]

(b) 1 mark for each of two valid reasons identified, such as:
- incomes at home may rise
- working hours and conditions may improve
- restrictions may be placed on migration to other countries
- family ties.

1 mark for each of two explanations identified, such as:
- a doctor may earn nearly as much in Ghana as in the USA
- working hours may be cut in Ghana and doctors may want to work in, for example, the UK but may not be able to get work visas
- Ghanaian doctors may want to stay with family and relatives. [4]

(c) (i) **Private benefit:** high pay (1).
External benefit: higher output or higher tax revenue (1). [2]

(ii) 1 mark for each of two valid reasons identified, such as:
- subsidising/providing higher education free
- providing information about the benefits of education
- lowering the qualifications needed to enter higher education
- expanding existing universities
- increasing the number of places by building more.

1 mark for each of two explanations identified, such as:
- Subsidising/providing education free would enable the poor to access it.
- People may underestimate the benefits of education.
- Reducing qualifications needed would make it easier for more people to gain entry to universities. [4]

(d) (i) **Country <u>most</u> dependent on remittances:** the Philippines (1) (remittances = 11.1% of GDP). (Also accept: difficult to determine as net figure not shown.) [1]

(ii) **Country <u>least</u> dependent on remittances:** France (1) (0.54% of GDP). (Also accept: difficult to determine as net figure is not shown.) [1]

(e) Up to 3 marks for identifying influencing factors, such as:
- level of vacancies in the country
- whether the workers are skilled or unskilled
- size of the remittances
- effect on foreign direct investment
- whether it encourages children to go to university
- size of population
- effect on dependency ratio.

Up to 3 marks for commenting on the factors, such as:
- may benefit the economy if unemployed
- unskilled workers emigrate who send home a significant proportion of their incomes
- if country initially had a population in excess of the optimum level. [6]

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2 **(a)** 1 mark for each of three motives from:
- to start a business
- to buy mobile phones/TVs
- to pay household bills. [3]

(b) **(i)** Explanation may include:
- 1 mark for lack of income.
- 1 mark for lack of basic necessities.
- 1 mark for having a lower income than others in the country.

Note: a maximum mark of 2. [2]

(ii) 1 mark for identifying a disadvantage, such as:
- lack of education/poor health care or entrepreneurial skills
- having to pay high interest rates
- problem paying household bills
- problem buying basic capital goods
- difficulty saving and problem repaying loans.

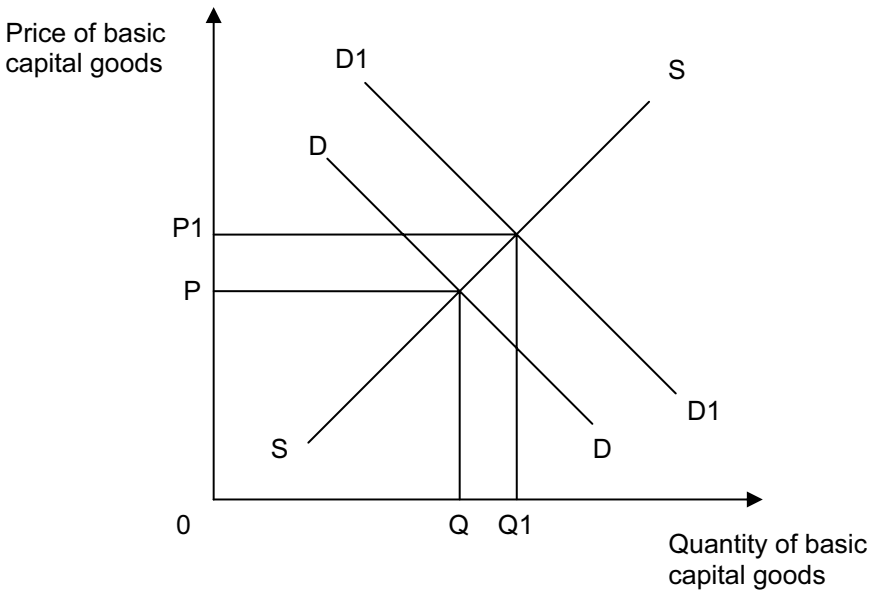
1 mark for explaining a disadvantage, such as, the poor may be unable to afford:
- to send their children to school/attend higher education
- to seek treatment for medical conditions
- to develop new businesses. [2]

(c) **(i)** Reasons may include:
- 1 mark for fear will not be repaid.
- 1 mark for collateral is unlikely to be offered as a guarantee.
- 1 mark for will not earn much interest/administrative costs may be high.

Note: a maximum mark of 2. [2]

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(ii)



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

(d) (i) Entrepreneurial skill is: the skill of taking risks/bearing uncertain risks/setting up a new business (1) and organising/managing other factors of production (1). [2]

(ii) Up to 3 marks for identifying factors, such as:
- level of wages relative to potential profit
- job security
- business risks
- skills possessed
- availability of assistance to start a business.

Up to 3 marks for commenting on factors, such as:
- an individual may be more likely to want to work for someone else if the pay is good
- working conditions are good
- businesses are failing
- the person thinks s/he lacks the necessary skills
- there is little government support in setting up a business. [6]

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