Centre No.						Pape	er Refer	ence			Surname		Initial(s)
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London Examinations IGCSE

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Economics

Paper 2H

Higher Tier

Monday 3 November 2008 – Morning

Time: 2 hours 15 minutes

Materials required for examination	Items included with question papers
Calculator	Nil

Instructions to Candidates

In the boxes above, write your centre number, candidate number, your surname, initial(s) and signature. Check that you have the correct question paper.

Answer ALL the questions. Write your answers in the spaces provided in this question paper. Do not use pencil. Use blue or black ink.

Information for Candidates

The marks for individual questions and the parts of questions are shown in round brackets: e.g. (2). There are 4 questions in this question paper. The total mark for this paper is 100. There are 20 pages in this question paper. Any blank pages are indicated.

Calculators may be used.

Advice to Candidates

Write your answers neatly and in good English.

You are advised to spend the same amount of time on each of the 4 questions.

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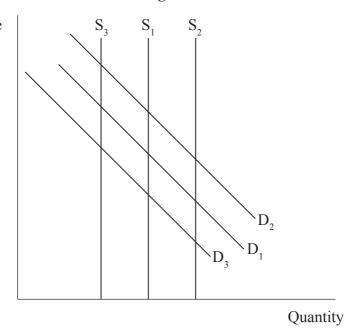
Answer ALL the questions.

Question 1

Figure 1a shows the demand and supply of rice. The original demand curve is D_1 and the original supply curve is S_1 .

Figure 1a

Price



(a) (i) Indicate on the diagram the original price P_1 and original quantity Q_1 .

(2)

Using the diagram, identify the new demand curve $(D_2 \text{ or } D_3)$ or the new supply curve $(S_2 \text{ or } S_3)$ when the following changes take place. (The same answer may be used more than once.)

(ii) Rice farmers are given a government subsidy.

New curve =

(1)

(iii) Medical research shows that rice consumption helps people live longer.

New curve =

(1)



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	Figure 1b	
Annual income \$	Figure 1b Demand for Product A	Demand for Product
Annual income \$		Demand for Product
	Demand for Product A	
10,000 20,000	Demand for Product A 200 500	200 160
10,000 20,000	Demand for Product A 200	200 160
10,000 20,000	Demand for Product A 200 500	200 160
10,000 20,000	Demand for Product A 200 500	200 160
10,000 20,000	Demand for Product A 200 500	200 160
10,000 20,000	Demand for Product A 200 500	200 160
10,000 20,000	Demand for Product A 200 500	200 160
10,000 20,000 What is meant by the term	Demand for Product A 200 500	200 160

(b)

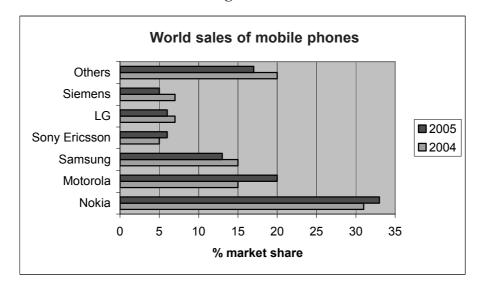
			(2
(iv)) What is the economic Figure 1b?	e term used to describe the	other product shown i
			(1
		Figure 1c	`
	Price \$	Demand for Product C	Demand for Product D
	5	10	10
	6	9	7
(i)	What is meant by the te	erm price elasticity of demand	?
			(2
(ii)		has an inelastic price elasticit nation given in Figure 1c.	
(ii)	answer using the inform		y of demand? Explain you
(ii)	Product	nation given in Figure 1c.	y of demand? Explain you
(ii)	Product	nation given in Figure 1c.	y of demand? Explain yo
(ii)	Product	nation given in Figure 1c.	y of demand? Explain yo

(5)
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(5)
(5)

Question 2

(a)

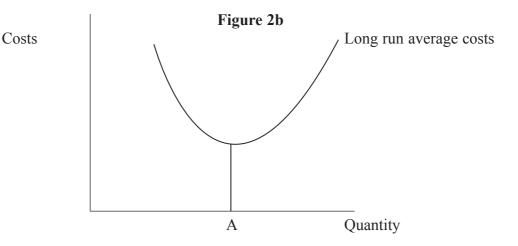
Figure 2a



Usi	ng Figure 2a, name the manufacturer of mobile phones which had	
(i)	the largest share of the market in 2005	
(;;)	the amellest share of the market in 2005	(1)
(11)	the smallest share of the market in 2005	
		••••
		(1)
(iii)	the greatest increase in its market share from 2004 to 2005.	
		 (1)
(iv)	Calculate the increase in the market share of the company identified in (iii).	(1)
(1V)	Calculate the increase in the market share of the company identified in (iii).	
		···· (1)

(v)	With reference to Figure 2a, what is the market structure of this industry? Give reasons for your answer.
	(3)

(b) In 2006, Nokia merged with Siemens. Mergers between firms can bring about economies and diseconomies of large scale production, shown on Figure 2b.



Study Figure 2b. Briefly explain

(i)	one reason for the shape of the curve to the left of A	
	(2)
(ii)	one reason for the shape of the curve to the right of A.	
	(2)

greater than the disadvantages? Give reasons for your answer.
Explain what economists mean by the regional problem in a country.
dentify two ways in which a government can address the regional problem.



(c)

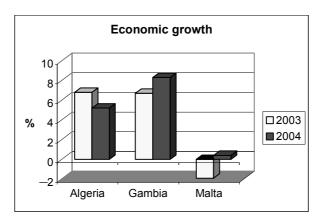
(4)
(Total 25 marks)
,

(1)

Question 3

Figure 3a shows economic growth in Algeria, Gambia and Malta in 2003 and 2004.

Figure 3a



(a)	Insert the missing words to complete the definition of economic growth below.
	Economic growth is measured by the rate of change in
	(i) Gross (ii) Product over a period of time. (2)
	(iii) With reference to the level of economic growth shown in Figure 3a, describe the likely state of the economy of Malta in 2003.
	(3)
	(iv) Which country experienced greatest economic growth in 2004?

Figure 3b	Figure 3c
Figure 3b	
	Current account balance US\$bn: Malta
	Figure 3c Current account balance US\$bn: Malta
	Current account balance US\$bn: Malta 0.2 0.1 0.1 0.2 0.1 0.2 0.1 0.2 0.1 0.2 0.1 0.2 0.1 0.2 0.1 0.2 0.1 0.2 0.1 0.2 0.1 0.2 0.1 0.2 0.2 0.1 0.2 0.2 0.3 0.4 0.5
Rate of inflation: Malta	Current account balance US\$bn: Malta
Rate of inflation: Malta	Current account balance US\$bn: Malta 0.2 0.1 0.1 0.2 0.1 2003 2004 2004
Rate of inflation: Malta 2003 Years Study the information given in Figur	Current account balance US\$bn: Malta O.2 O.1 O.2 O.1 O.2 O.3 O.3 O.4 O.5 O.6 The 3b and 3c above.
Rate of inflation: Malta 2003 Years Study the information given in Figur	Current account balance US\$bn: Malta O.2 O.1 O.2 O.1 O.2 O.3 O.4 O.5 O.6 The 3b and 3c above. The rate of inflation and the current account balance US\$bn: Malta The 3b and 3c above.

(2)

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(ii)	Briefly explain two ways in which rising inflation might influence the current account of the balance of payments.
	(4)
(c) (i)	Identify and briefly explain one monetary measure a government can use to control the rate of inflation.
	(3)

	(5)	(5)	(5)	(5)	(5)	
(5)	(5)	(5)	(5)	(5)	(5)	
(5)	(5)	(5)	(5)	(5)	(5)	
(5)	(5)	(5)	(5)	(5)	(5)	
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(5)	(5)	(5)	(5)	(5)	(5)	
(5)	(5)	(5)	(5)	(5)	(5)	
(5)	(5)	(5)	(5)	(5)	(5)	
(5)	(5)	(5)	(5)	(5)	(5)	
(5)	(5)	(5)	(5)	(5)	(5)	
(5)	(5)	(5)	(5)	(5)	(5)	
(5)	(5)	(5)	(5)	(5)	(5)	
(5) (Total 25 marks)						
(Total 25 marks)						
(10tal 25 marks)	(10tal 25 marks)	(10tal 25 marks)	(10tal 25 marks)	(10tal 25 marks)	(Total 25 marks)	 (5)

Question 4

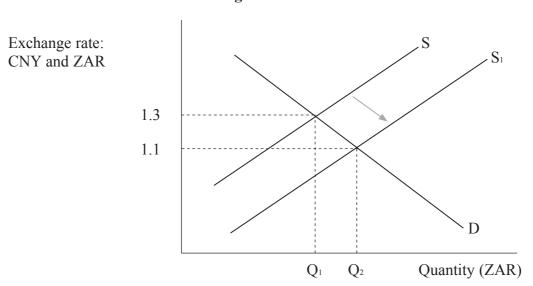
Figure 4a

	Exchange rate
January 2006	1 ZAR = 1.3 CNY
January 2007	1 ZAR = 1.1 CNY

ZAR = South African Rand CNY = Chinese Yuan

Figure 4b shows the demand and supply curves of South African Rands (ZAR) between January 2006 and January 2007.

Figure 4b



(a) Study Figures 4a and 4b.

A South African tourist wishes to exchange 100 South African Rands for Chinese Yuan. State how many Chinese Yuan the tourist would receive in

(i)	January	2006
\ /	J	

(1)

(ii) January 2007.

(1)

	shift in the supply curve.	
		(2)
	Show on the Figure 4b the effect of an increxchange rate of South African Rands.	ease in South African exports on the
		(2)
	Figure 4c	
	South Africa: Current Accoun	nt Balance of Payments
	South African R	` '
	2004 -57.05	2005 -78.43
)	Define the term Current Account Balance of	f Payments.
)	Define the term Current Account Balance of	f Payments.
)	Define the term Current Account Balance o	
i)	What do the data in Figure 4c show has ha Account Balance of Payments between 200	ppened to the South African Current
i)	What do the data in Figure 4c show has ha	ppened to the South African Current
i)	What do the data in Figure 4c show has ha	ppened to the South African Current

(b)

(iv) one method a government could use to decrease imports.	Brie	efly explain
(iv) one method a government could use to decrease imports. (v) To what extent has The World Trade Organisation (WTO) succeeded in promotir free trade?	(iii)	one method a government could use to increase exports
(iv) one method a government could use to decrease imports. (v) To what extent has The World Trade Organisation (WTO) succeeded in promotir free trade?		
(v) To what extent has The World Trade Organisation (WTO) succeeded in promotir free trade?		(2)
(v) To what extent has The World Trade Organisation (WTO) succeeded in promotir free trade?	(iv)	one method a government could use to decrease imports.
(v) To what extent has The World Trade Organisation (WTO) succeeded in promotir free trade?		
free trade?		(2)
	(v)	
		(5



	(6)
	(Total 25 marks)
	TOTAL FOR PAPER: 100 MARKS
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