Centre No.			Paper Reference			Surname	Initial(s)				
Candidate No.			4	3	5	0	/	2	H	Signature	

Paper Reference(s)

4350/2H

London Examinations IGCSE

Exam	iner's use	e only
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Question Number

1

2

4

Economics

Paper 2H

Higher Tier

Friday 5 June 2009 – Morning

Time: 2 hours 15 minutes

Materials required for examination	Items included with question papers
Nil	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.

Some questions must be answered with a cross in a box (\boxtimes) .

If you change your mind about an answer, put a line through the box (\boxtimes) and then mark your new answer with a cross (\boxtimes) .

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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Turn over

Total



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Answer ALL the questions.

Question 1

In 2007, difficult weather conditions in California, USA, caused the orange crop to fall by 70%. The effect of the crop failure on the price of oranges between 2006 and 2007 is shown in the following table and on Figure 1a below.

Year	Price of oranges (\$ per kilo)
2006	0.5
2007	1.5

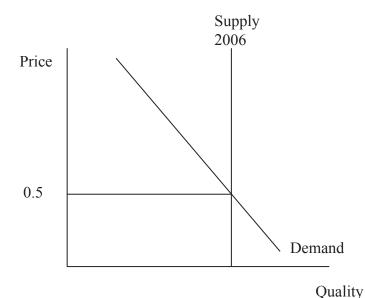


Figure 1a

On Figure 1a

(a) (i) Draw and label the supply curve for oranges in 2007.

(2)

(ii) Show the new equilibrium price and quantity in 2007.

(2)

(iii) If the price elasticity of demand for Californian oranges is elastic, what will happen to the incomes of orange farmers from 2006 to 2007? Place a cross in the correct box.

Incomes will rise

X

Incomes will fall

 \times

Incomes will stay the same

(1)

(b) (i) On Figure 1b show the effects of introducing a national minimum wage rate on the demand and supply of labour.

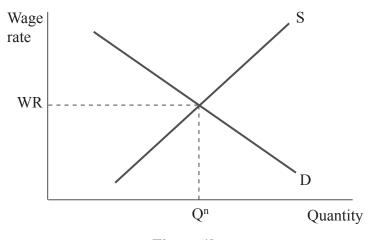


Figure 1b

(4)

(ii)	Many of the workers in orange growing are paid the minimum wage. In your opinion do the benefits of a minimum wage rate outweigh the disadvantages? Give reasons for your answer.
	(5)

reasons for your answer.	
	(5)
	(Total 25 marks)

Question 2

Figure 2a shows the sectors of the economy of Georgia in 2006.

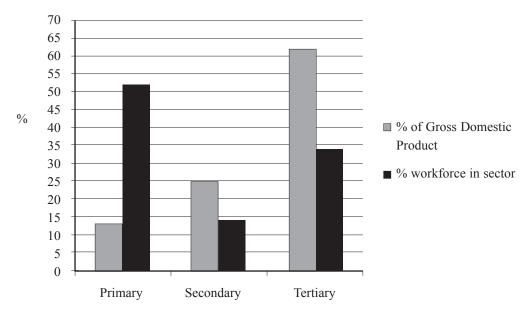


Figure 2a

(a) Use the information in Figure 2a to identify the sector which:

contributed the highest percentage to Gross Domestic Product in 2006.	
(1))
i) employed the highest percentage of the workforce in 2006.	
(1))
ii) With the aid of an example, explain what is meant by the tertiary sector.	
(2))

. ,	What is meant by 'division of labour'?
	(2)
v) '	With reference to the secondary sector, to what extent do the advantages o division of labour outweigh the disadvantages in the secondary sector?
	(5)
	Identify and briefly explain one other factor, apart from division of labour, which could increase labour productivity in the secondary sector.
	(2)

Figure 2b shows the percentage Gross Domestic Product of Georgia in 2002 and 2006.

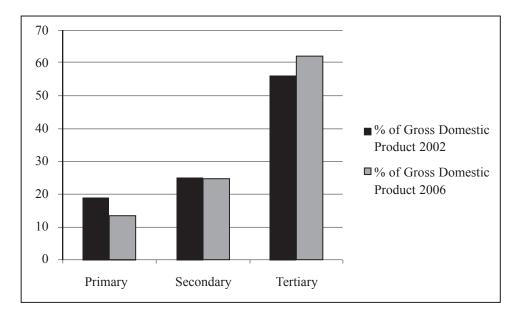


Figure 2b

(b)	Using the economy.	data ii	n Figure	2b,	explain	why	Georgia	can	be	seen	as a	develop	ping
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(c) Figure 2c shows the combined market share of the largest 5 firms in the UK's soft drinks industry.

5 Firm Market Share in UK's Soft Drinks Industry

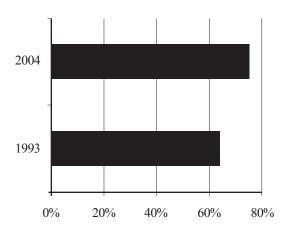


Figure 2c

(i) Place a cross in the correct box to identify the structure of the industry shown in Figure 2c. Explain your answer.

Oligopoly

Monopoly

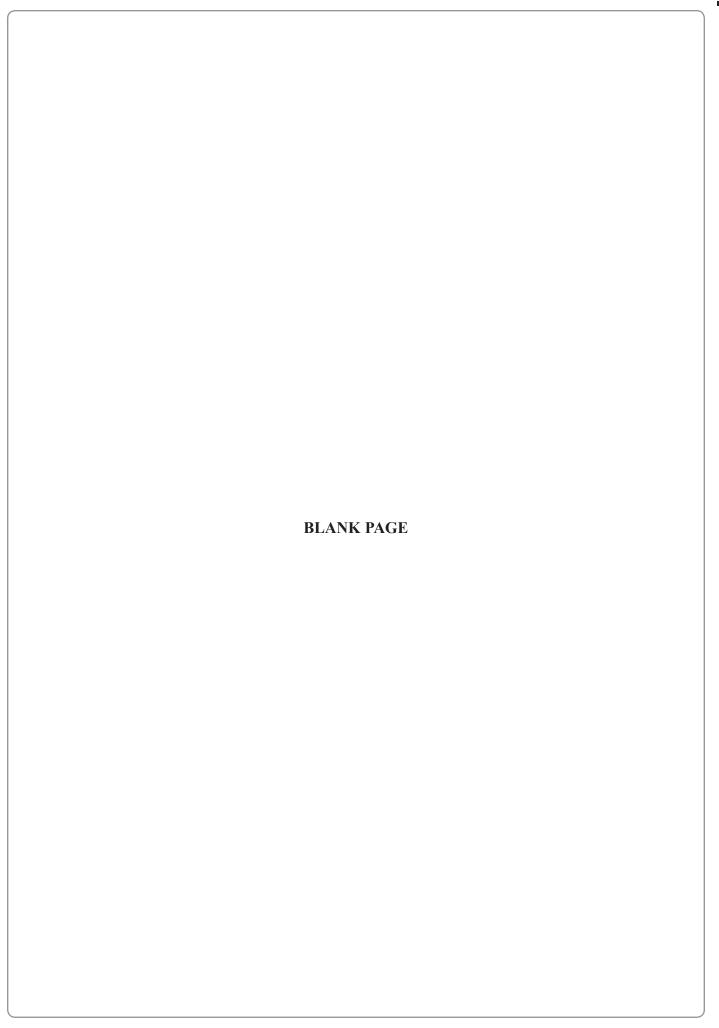
Public

(1)

Explanation:

.....

		Leave blank
(ii)	In your opinion is an industry with a few large producers good for consumers? Give reasons for your answer.	Dialik
	(5)	Q2
	(Total 25 marks)	



Question 3

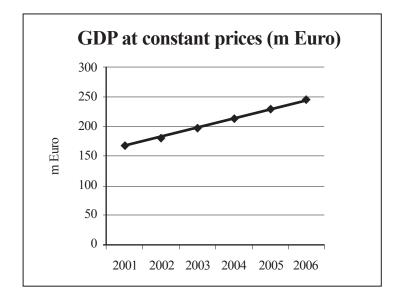


Figure 3a

Figure 3a shows the Gross Domestic Product (GDP) of Greece 2001–2006.

(a) (i)	What is meant by Gross Domestic Product (GDP)?					
	(2					

Figure 3b shows Investment in Greece 2001–2006.

	()
(ii)	With the aid of an example, define investment.

Leave blank

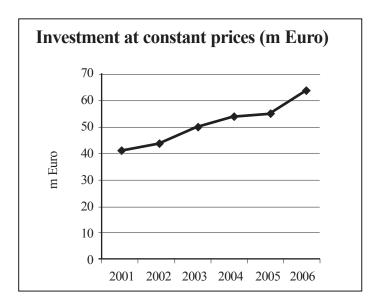


Figure 3b

(iii) Using the data in Figures 3a and 3b, briefly explain the likely relationship between GDP and the level of investment between 2001–2006.
(4)

(iv) Explain how changes in the rate of interest might be used to increase the level o investment in Greece.	f
(4	
(v) Identify and briefly explain one other measure a government could use to increase the level of investment in a country.	e
(2	

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Leave blank	(ii) Examine one measure of fiscal policy a government may use to reduce a deficit on the current account of the balance of payments.
Q3	(5)
	(Total 25 marks)

Leave blank

Question 4

In 2007 the United States government announced a record trade deficit with China of \$233bn. It blamed the deficit on the low exchange rate of the Chinese currency.

- (a) Read the following passage and complete the blank spaces by choosing from the list below. Items in the list may be used more than once:
 - supply
 - value
 - demand
 - currency

Exchange rates show the (i)	of one currency in terms of	
another (ii)	. (2)	
	(-)	
(iii) Place a cross in the correct box to complete the following sentence. The United States government thought that imports from China into the United States were		
Too expensive	\boxtimes	
Too cheap		
Good quality	\boxtimes	
	(1)	
Distinguish between tariffs and	to protect domestic firms from foreign imports. quotas.	
	(4)	



(v)	Examine the advantages and disadvantages of a government protecting dome firms from foreign competition.	estic
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		•••••
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		(5)
	ic of Azerbaijan is the leading FDI (foreign direct investment) destination in bunding the Caspian Sea. In the last decade the total FDI in Azerbaijan exceed on.	
(b) (i)	Place a cross in a box to identify which of the following definitions refers to (foreign direct investment) into a country.	FDI
	Overseas investment into a country by multinational enterprises.	
	The international transfer of public and private funds in the form of loans or grants from donor countries to recipient countries.	
		(1)

(ii) Identify two ways in which a government can encourage FDI into the country.	-
((2)
(iii) Do the advantages of FDI outweigh the disadvantages? Give reasons for you answer.	ur
	•••
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	•••
	•••
	 (6)

	THE DIJECT EXPLAIN THE AUTAMINOR AND THE DISAUTANDADE OF A COUNTY TECHNING INTER
	(c) Briefly explain one advantage and one disadvantage of a country receiving foreign aid.
(4) Q4	
25 marks)	(Total 25 mark
MARKS	TOTAL FOR PAPER: 100 MARK
	END