Centre No.					Pape	er Refer	ence			Surname	Initial(s)
Candidate No.			7	1	2	0	/	0	1	Signature	

Paper Reference(s)

7120

London Examinations GCE

Exam	iner's use	e only
Team L	eader's u	ise only

Question

 \mathbf{A}

1

2

3

4

Section **B**

7

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12

Economics Ordinary Level

Tuesday 12 January 2010 - Morning

Time: 2 hours 30 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.

The paper reference is shown above. Check that you have the correct question paper.

Answer ALL questions in Section A and THREE questions in Section B in the spaces provided in this question paper.

In Section B indicate which questions you are answering by marking the box (🗵).

If you change your mind, put a line through the box (\boxtimes) and then indicate your new question with a cross (\boxtimes) .

Do not use pencil. Use only 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 12 questions in this question paper. The total mark for this paper is 100.

There are 24 pages in this question paper. Any blank pages are indicated.

You will receive credit for use of diagrams and recent examples where relevant and appropriate.

Advice to Candidates

You should spend the first ten minutes studying the paper. Write your answers neatly and in good English.

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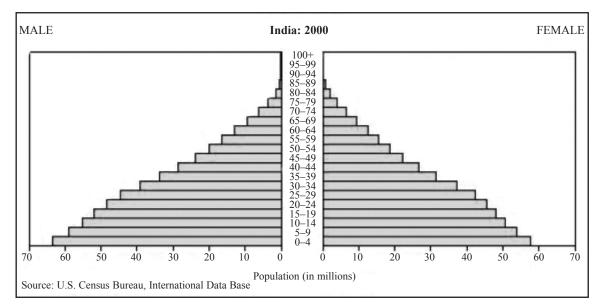
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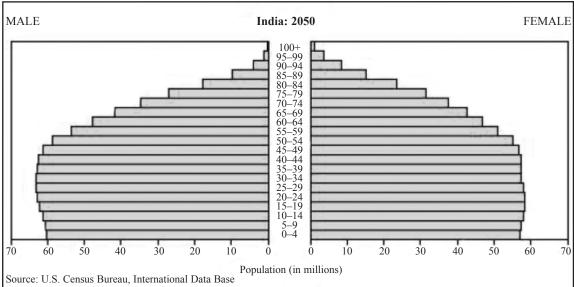


SECTION A Answer ALL of the questions in this section.

(a)	Define the term opportunity cost.						
		(2)					
(b)	Ider	ntify a possible opportunity cost when					
	(i)	a government increases its expenditure on health care,					
		(1)					
	(ii)	a student decides to go to the cinema instead of revising for an examination.					
		(1)					
		(Total 4 marks)					

2. The population pyramids below show the population of India in 2000 and the projected changes by 2050.





Study the population pyramids for 2000 and 2050.

(a)	(i)	With reference to the population pyramids, briefly describe two major changes in the age distribution between 2000 and 2050.
		(4)

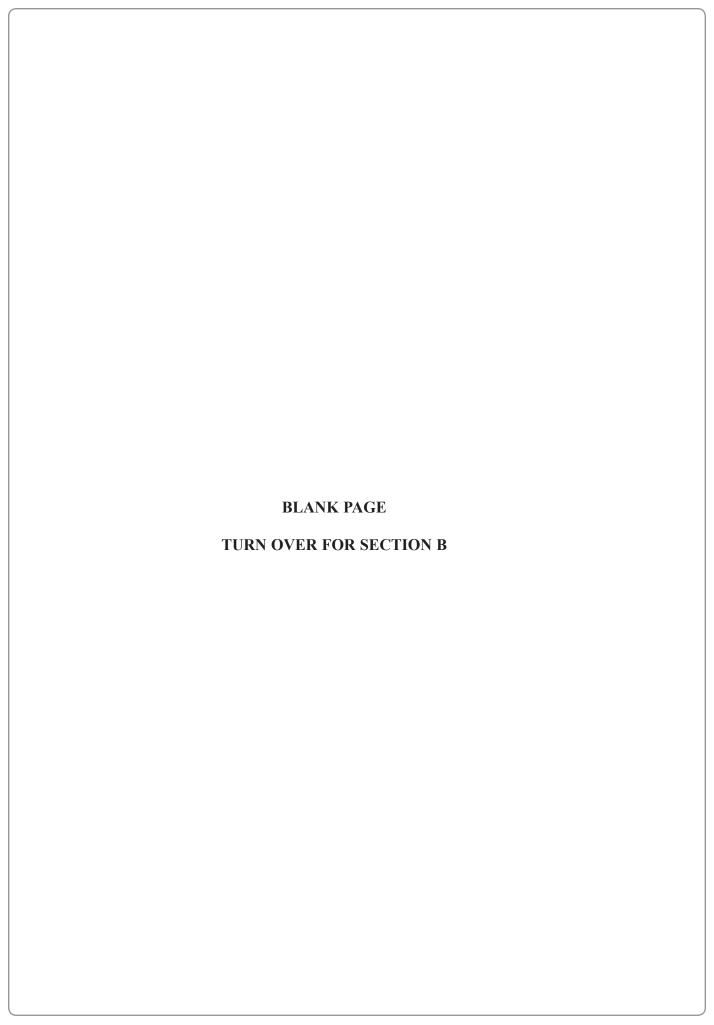
	(2)
(iii)	Define the term 'dependency ratio'.
	(2)
(iv)	What is likely to happen to the dependency ratio in India from 2000 to 2050? Briefly explain your answer.
	(2)
(v)	How is the predicted change in the dependency ratio you have identified in (iv) likely to affect the balance of government spending and taxation? Briefly explain your answer.
	(3)
	(Total 13 marks)



a)	With the aid of examples, briefly explain two benefits of producer co-operatives to small farmers.
	Sman ranners.
	(4)
b)	Identify two ways in which
-)	
	(i) a small farmer can raise finance
	(2)
	(ii) a public limited company can raise finance.
	(2)

(4)
(Total 12 marks)
· · · · · · · · · · · · · · · · · · ·

5.	Briefly explain two functions of the World Trade Organization.	Leave
		Q5
	(Total 4 marks)	
	TOTAL FOR SECTION A: 40 MARKS	





SECTION B

You should answer THREE questions in this section.

Indicate which question you are answering by marking the box (\boxtimes) . If you change your mind, put a line through the box (\boxtimes) and then indicate your new question with a cross (\boxtimes) .

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By 2006, supermarkets in the UK had 72% market share of total grocery sales. Supermarkets are large stores selling high volumes of a wide range of groceries. The Competition Commission reported that between 2000 and 2006, during a period of supermarket expansion, real prices of groceries fell by 7.3%.

sup	erma	arket expansion, real prices of groceries fell by 7.3%.
(a)	(i)	What is meant by 'real prices'?
	(ii)	Briefly explain one reason why the growth of supermarkets may have contributed to the fall in the real prices of groceries between 2000 and 2006.
		(2)
	(iii)	Identify and briefly explain two other possible causes of the fall in the real prices of groceries between 2000 and 2006.
		(4)



(Total 20 marks)

1 2000	
	Tata motors of India, a large multinational, bought Ford's UK-based luxury ites, Jaguar and Land-Rover.
(a) (i)	The UK is part of the European Union. Identify and explain two advantages Tata of having a base in the UK.
(ii)	Examine two disadvantages to the economy of a multinational company operat in a country of your choice.

(6)

(*)	
(1)	What is meant by income elasticity of demand?
	(2)
(ii)	With reference to income elasticity of demand, explain what is likely to happen to the demand for the Nano car and the Jaguar XF as incomes in an economy rise.
	(6)
	(Total 20 marks)
	(Total 20 marks)

Question 8

In 2008, European Union candle manufacturers accused China of selling candles in the European Union below cost price. The European manufacturers want tariffs on Chinese candles to be increased.

(a) (i) What is the economic term for selling a product in a foreign country below cost price?

(1)

(ii) The European Union is a trading bloc. Define the term "trading bloc".

(2)

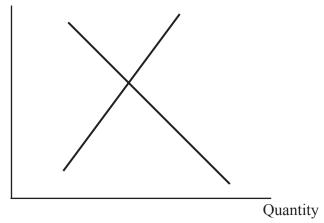
- (b) On Figure 3 below
 - (i) Label the demand and supply curves for candles and the equilibrium price and quantity.

(2)

(ii) Show the effect on price and quantity of the imposition of tariffs on imported candles.

Figure 3

Price



(3)

	(4)
nine the possible effects of protecting a major industry on a country of your	choice.
	(0)
	(8)

(c)

Question	n 9	
		several economic indicators showed that the USA, the world's largest economy, heading towards a recession.
(a)	(i)	What is meant by the term 'recession'?
		(2)
	(ii)	Identify two characteristics of a recession.
		(2)
(b)	Dis (i)	cuss how the following policies can be used to overcome a recession: monetary policy
	(-)	

(6)

(6) Briefly explain two effects a recession in the USA might have on other countries. (4) (Total 20 marks)	(ii)	fiscal policy.
Briefly explain two effects a recession in the USA might have on other countries. (4)		
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(6)

(a)	Giv	re an example of an occupation in each of the following sectors:	
	(i)	primary	
	(ii)	secondary	
	(iii)	tertiary.	
(h)	(i)	In a devialating country with a free market according why are wages in	_
(b)	(i)	In a developing country with a free market economy, why are wages in primary sector likely to be lower than wages in the tertiary sector?	1
(b)	(i)		1

H 3 6 3 9 6 A 0 1 9 2 4

(a)	(i)	How is economic growth measured?	
			(3)
	(ii)	Identify and briefly explain one reason why economic growth is a major object of government policy.	tive
			(2)
			(2)
(b)	Exa	umine the advantages and disadvantages of economic growth resulting from	(2)
(b)		nmine the advantages and disadvantages of economic growth resulting from the development of tourism in the country	(2)
(b)			(2)

(ii)	a policy of privatisation	
(11)	L \ \(\sigma \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	
		(5)
(iii	investing in new technology.	
		(5)
	(Total 20 mar	rks)
		,

(a)	Wh	at is meant by the rate of inflation?
(b)	Exp	plain how each of the following may affect the rate of inflation in a country:
	(i)	an increase in wages with no change in productivity
	(ii)	lower levels of income tax.
	()	

(i)	the balance of payments	
		(5)
		(5)
(ii)	borrowers and lenders	(5)
(ii)	borrowers and lenders	(5)
(ii)	borrowers and lenders	(5)
(ii)	borrowers and lenders	(5)
(ii)	borrowers and lenders	(5)
(ii)	borrowers and lenders	(5)
(ii)	borrowers and lenders	(5)
(ii)	borrowers and lenders	(5)
(ii)	borrowers and lenders	(5)
(ii)	borrowers and lenders	(5)
(ii)	borrowers and lenders	(5)

(iii) people on fixed incomes.	Leave blank
(3)	Q12
(Total 20 marks)	
TOTAL FOR SECTION B: 60 MARKS	
TOTAL FOR PAPER: 100 MARKS	
END	