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| Centre No.    |  |  |  |  |  | Paper Reference |   |   |   |   |   | Surname | Initial(s) |  |
| Candidate No. |  |  |  |  |  | 4               | 3 | 5 | 0 | / | 1 | F       | Signature  |  |

Paper Reference(s)

**4350/1F**

**London Examinations  
IGCSE**

**Economics**

Paper 1F

**Foundation Tier**

Monday 29 October 2007 – Morning

Time: 1 hour 45 minutes

Examiner's use only

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Team Leader's use only

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| Question Number | Leave Blank |
|-----------------|-------------|
| 1               |             |
| 2               |             |
| 3               |             |
| 4               |             |
| Total           |             |

**Materials required for examination**

Calculator

**Items included with question papers**

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 (☒).

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

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 80.

There are 16 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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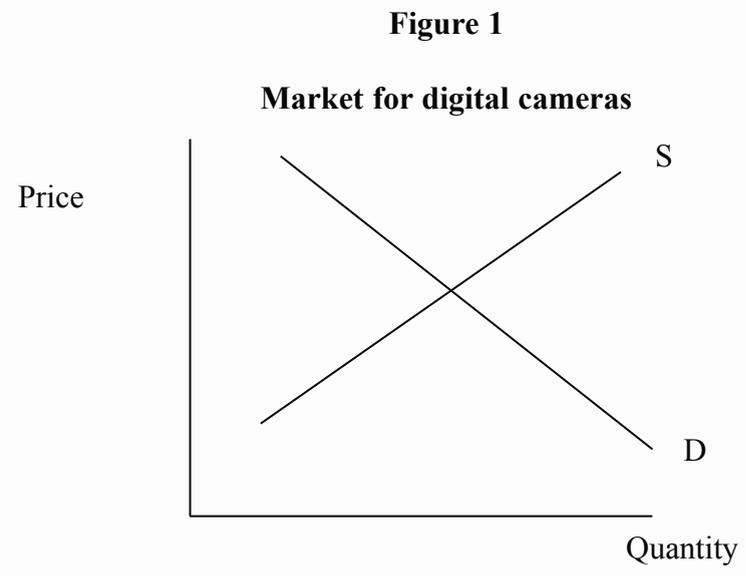
*Turn over*

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Answer ALL the questions.

**Question 1**

Figure 1 shows the demand and supply of digital cameras.



- (a) On Figure 1,
  - (i) show the equilibrium price, P, and quantity, Q. (2)
  - (ii) More consumers decide to replace their traditional cameras with new digital cameras. Draw a new demand curve, D1, to show this change. (1)
  - (iii) Show the new equilibrium price, P1, and quantity, Q1. (2)
- (b) Traditional cameras require film, whereas digital cameras use memory cards to store the photographs. Place a cross in the correct box below to show the relationship between digital cameras and memory cards. (1)
  - Complements
  - Inferior
  - Substitutes



(c) (i) What is price elasticity of demand?

.....  
.....  
.....

**(2)**

(ii) Briefly explain **one** reason why the demand for digital cameras might be price elastic.

.....  
.....  
.....

**(2)**

(iii) How important is price elasticity of demand in the decision making of firms?

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**(4)**



Leave blank

(d) (i) Companies manufacturing cameras use division of labour. With the aid of an example, define the term “division of labour”.

.....  
.....  
.....

(2)

(ii) State **one** advantage and **one** disadvantage of division of labour to workers.

Advantage:.....  
.....

Disadvantage:.....  
.....

(2)

(iii) State **one** advantage and **one** disadvantage of division of labour to firms.

Advantage:.....  
.....

Disadvantage:.....  
.....

(2)

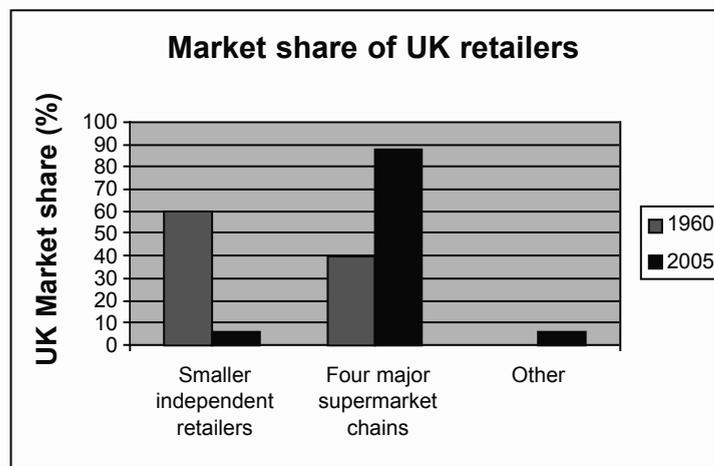
(Total 20 marks)

Q1



Question 2

Figure 1



(a) With reference to the data in Figure 1, describe the changes in the market share between 1960 and 2005 of:

(i) smaller independent retailers;

.....

.....

.....

(2)

(ii) the four major supermarket chains.

.....

.....

.....

(2)

(iii) Briefly explain the cause of these changes.

.....

.....

.....

.....

.....

(2)



(iv) Are benefits to customers from these changes likely to be greater than the disadvantages? Give reasons for your answers.

.....  
.....  
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**(4)**

(b) (i) In 2004 two large supermarkets merged. State **two** advantages of this merger to the firms.

1 .....

.....

.....

.....

2 .....

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.....

.....

**(2)**

(ii) Large supermarkets use non-price competition. Give an example of non-price competition.

.....  
.....

**(1)**

(iii) Non-price competition is often found with which market structure?

.....  
.....

**(1)**



(c) Complete Figure 2 below.

**Figure 2**

| Sector of economy | Example    |
|-------------------|------------|
| Tertiary          | Retailing  |
| (i) .....         | Mining     |
| Secondary         | (ii) ..... |

**(2)**

(iii) Using a country of your choice, identify a sector of the economy which has declined in recent years. Briefly explain **one** reason for the decline in this sector.

Declining sector: .....

.....  
**(1)**

Reason: .....

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.....

**(3)**

**(Total 20 marks)**

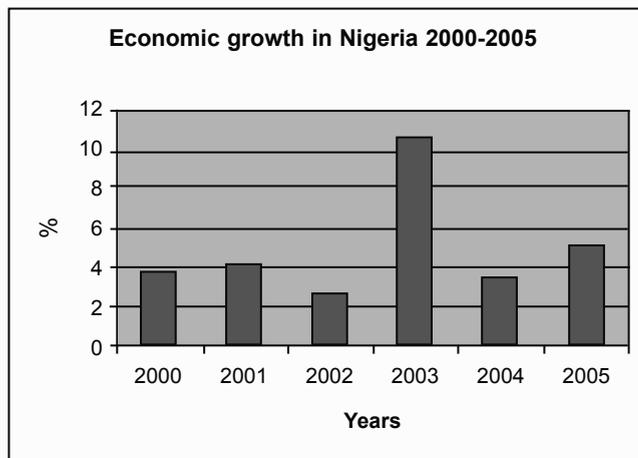
**Q2**

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**Question 3**

**Figure 1**



(a) (i) Using the data in Figure 1, describe what happened to economic growth in Nigeria between 2003 and 2004.

.....  
.....

**(2)**

(ii) State **two** reasons why economic growth is a government objective.

1 .....

.....

2 .....

.....

**(2)**



(b) (i) Briefly explain how the discovery of oil reserves in a country can affect its rate of economic growth.

.....  
.....  
.....  
.....  
.....

(3)

(ii) Place a cross in the correct box to indicate the economic term which means “the levels of education and skill possessed by labour”.

- Enterprise
- Human capital
- Conglomerate

(1)

(iii) Briefly explain **one** disadvantage of economic growth.

.....  
.....  
.....  
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(2)



(iv) Do the advantages of economic growth outweigh the disadvantages? Justify your answer.

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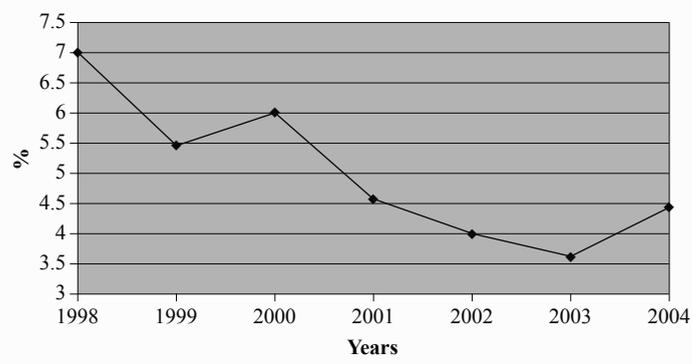
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(4)

Figure 2

Average Bank of England Interest Rate



(c) (i) Using Figure 2, describe what happened to the rate of interest between 1998 and 2004.

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(2)



Leave blank

(ii) Explain how a fall in the rate of interest may affect unemployment.

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(4)

Q3

(Total 20 marks)

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**Question 4**

(a) (i) In 2002 a UK company, Dyson, announced its plans to move the production of its vacuum cleaners from the UK to Malaysia. Identify **two** reasons why manufacturing firms shift production to developing countries.

1 .....

2 .....

**(2)**

(ii) State **two** ways in which the governments of developing countries can encourage foreign firms to move to their countries.

1 .....

2 .....

**(2)**

(iii) Workers in developed countries may lose their jobs when firms relocate to developing countries. Identify **two** measures governments may take to help these workers.

1 .....

2 .....

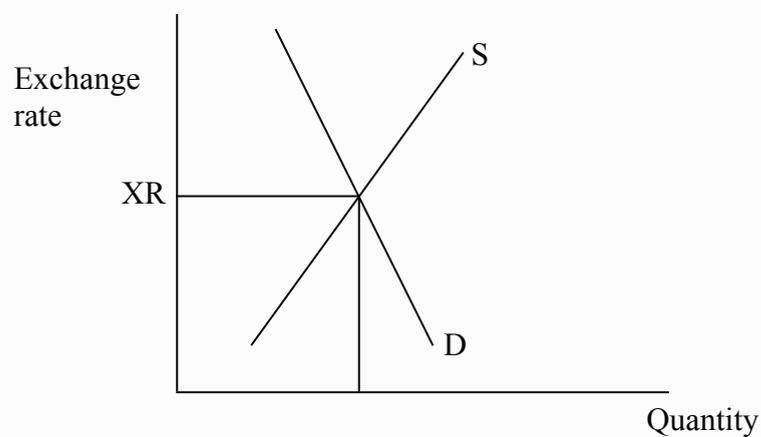
**(2)**





Figure 1

Diagram to show the exchange rate of a country.



(b) (i) Define, with the aid of an example, the term “exchange rate”.

Example: .....

.....

.....

.....

.....

.....

(3)

(ii) On Figure 1 above, show the likely effect on the exchange rate of Malaysia if it receives large inward investment from multinational companies.

(3)

(iii) Briefly explain **one** other factor which affects the exchange rate of a country.

.....

.....

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(2)

Q4

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(Total 20 marks)

TOTAL FOR PAPER: 80 MARKS

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