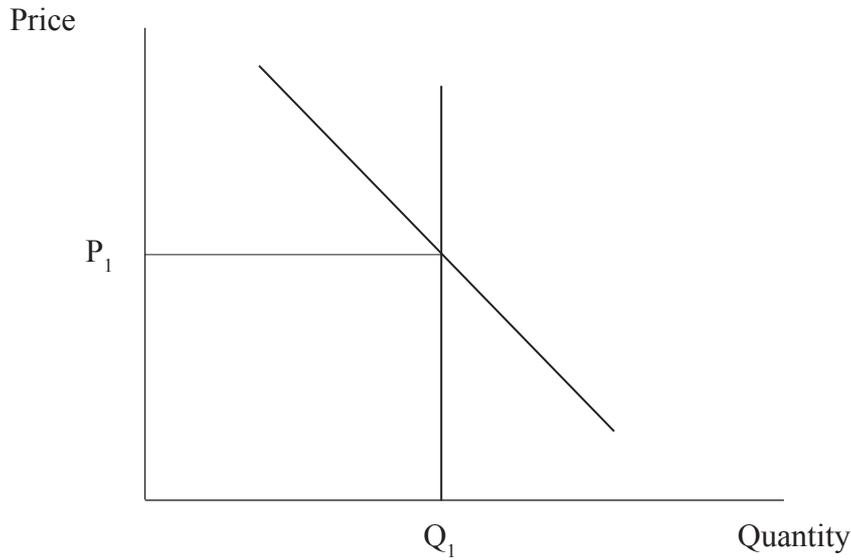


Answer ALL the questions.

Question 1

Figure 1a shows the demand and supply of rice.

Figure 1a



- (a) (i) On Figure 1a label the demand curve D_1 and the supply curve S_1 . (2)

- (ii) Indicate on the diagram the effect of an increase in the demand for rice.
 Draw and label the new curve D_2 . (1)

- (iii) Label the new equilibrium price P_2 and the equilibrium quantity Q_2 . (2)

- (iv) Give **one** reason for the increase in the demand for rice.

 (1)



(iii) Using the data in Figure 1b, explain your answer given in (ii).

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

(iv) What is the economic term used to describe the other product shown in Figure 1b?

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

(c) (i) What is meant by the term *opportunity cost*?

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

(ii) A firm has \$20,000 to spend on either a new lorry or a new computer system. The firm chooses to buy the new computer system. What is the opportunity cost of its decision?

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

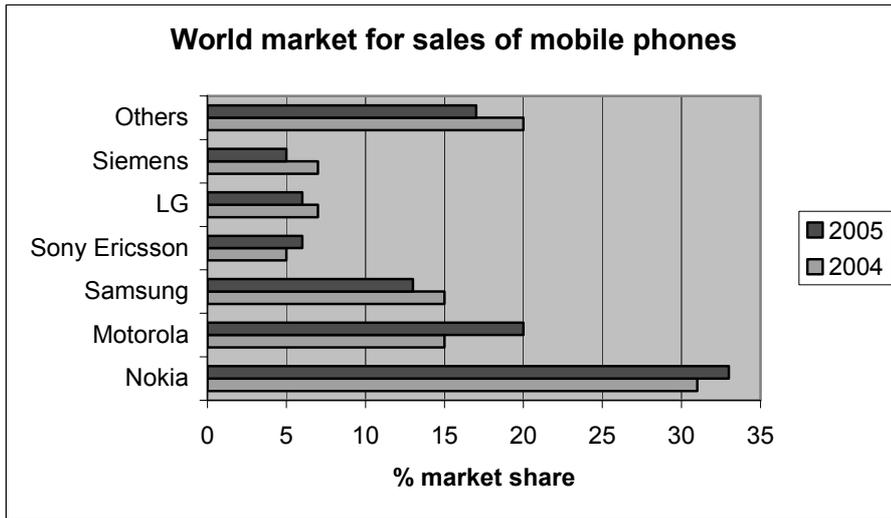
Q1

(Total 20 marks)



Question 2

Figure 2a



(a) Using Figure 2a, name the manufacturer of mobile phones which had

(i) the largest share of the market in 2005

.....

 (1)

(ii) the smallest share of the market in 2005

.....

 (1)

(iii) the greatest increase in its market share from 2004 to 2005.

.....

 (1)

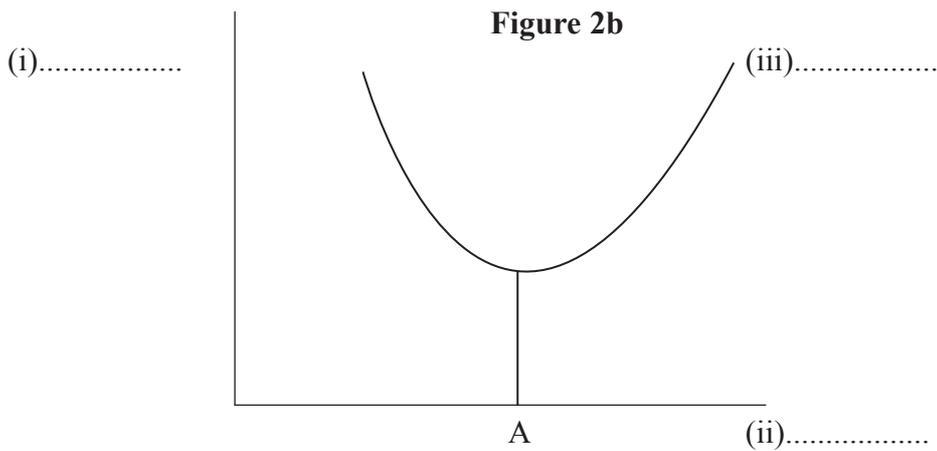
(iv) Calculate the increase in the market share of the company identified in (iii).

.....

 (1)



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



On Figure 2b insert the following labels:

quantity

costs

LRAC (long run average costs).

(3)

Study Figure 2b. Briefly explain

(iv) **one** reason for the shape of the curve to the left of A

.....

.....

.....

(2)

(v) **one** reason for the shape of the curve to the right of A.

.....

.....

.....

(2)



(c) Briefly explain **two** ways in which a government can encourage competition in an economy.

1

.....

.....

.....

.....

.....

2

.....

.....

.....

.....

.....

(4)

(Total 20 marks)

Q2

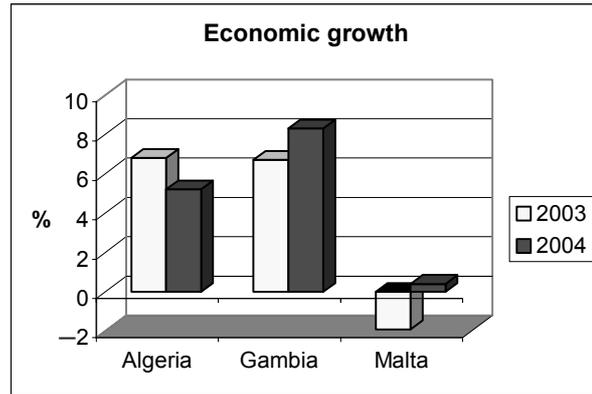
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Question 3

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 in Figure 3a experienced greatest economic growth in 2004?

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



(v) Identify and briefly explain **two** factors which could lead to economic growth in a country.

1
.....
..... (2)

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

(vi) In your opinion, does economic growth always lead to an increase in the standard of living? Give reasons for your answer.

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
..... (5)



Figure 3b

	2003	2004
Rate of inflation in Gambia	17.0%	14.2%

Study Figure 3b

(b) (i) Place a cross in the correct box to show what is happening to prices in **Gambia** in 2004.

Prices are rising

Prices are falling

Prices are constant.

(1)

(ii) Briefly explain **one** problem caused by inflation experienced by

1. firms

.....

.....

(2)

2. consumers

.....

.....

(2)

Q3

(Total 20 marks)

--	--



Question 4

Figure 4a

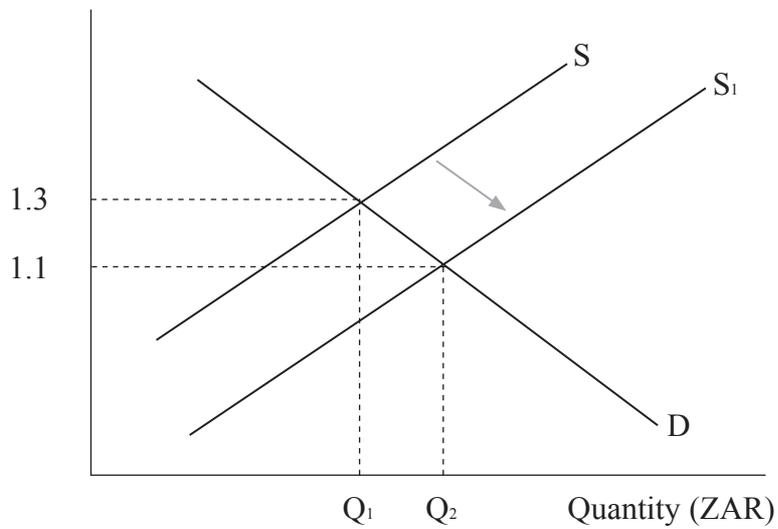
	Exchange rate
January 2006	1 ZAR = 1.3 CNY
January 2007	1 ZAR = 1.1 CNY

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

Exchange rate:
CNY and ZAR



(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

..... (1)

(ii) January 2007.

..... (1)



(iii) The change in the exchange rate was caused by the shift in the supply curve of South African Rands from S to S_1 . Briefly explain **one** possible reason for this shift in the supply curve.

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

(2)

(iv) On Figure 4b draw a new demand curve to show an increase in the demand for South African Rands. Label the curve D_1 and the new exchange rate XR .

(2)

(v) The increased demand for Rands (ZAR) may have been caused by an increase in the demand for South African exports. Briefly explain **one** method a government can use to increase the demand for exports.

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

(2)

(b) Insert the missing words in the following sentences.

(i) The balance of payments on current account measures the value of exports minus the value of total

(1)

(ii) The balance of measures the difference between the value of visible exports and visible imports.

(1)

(iii) The balance of payments on current account also includes the balance of invisibles.

With the aid of an example explain what is meant by the term *invisibles*.

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

(2)



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