

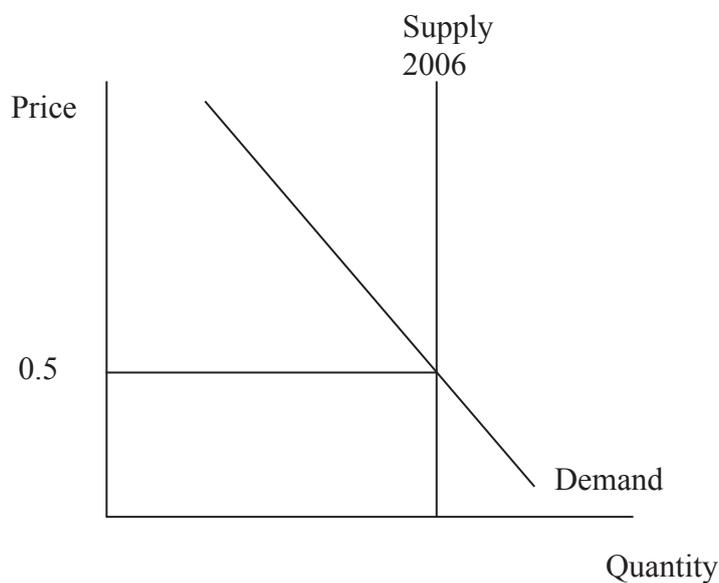


Answer ALL the questions.

**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) The short run supply of oranges is perfectly inelastic. Briefly explain what is meant by this statement.

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(2)



(iv) Briefly explain **one** reason why the short run supply of oranges is perfectly inelastic.

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(2)

(v) Identify and explain **two** factors which might affect the demand for oranges.

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(4)

(vi) 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
- Incomes will fall
- Incomes will stay the same

(1)

(vii) Explain your answer to (vi).

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(2)



Leave  
blank

(b) 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.

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(5)

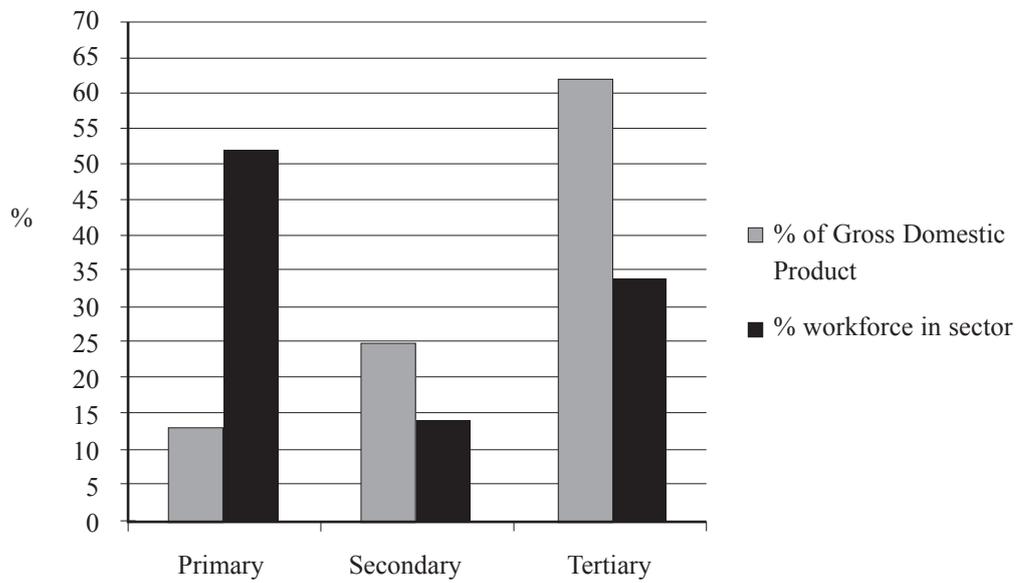
Q1

(Total 20 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:

(i) contributed the highest percentage to Gross Domestic Product in 2006.

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

(ii) employed the highest percentage of the workforce in 2006.

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

(iii) With the aid of an example, explain what is meant by the tertiary sector.

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



(iv) What is meant by 'productivity of labour'?

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(2)

(v) With reference to Figure 2a, which sector had the lowest productivity of labour in 2006? Explain your answer.

Sector:

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(1)

Explanation:

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(2)

(vi) Briefly explain **one** way in which productivity of labour could be increased in the secondary sector.

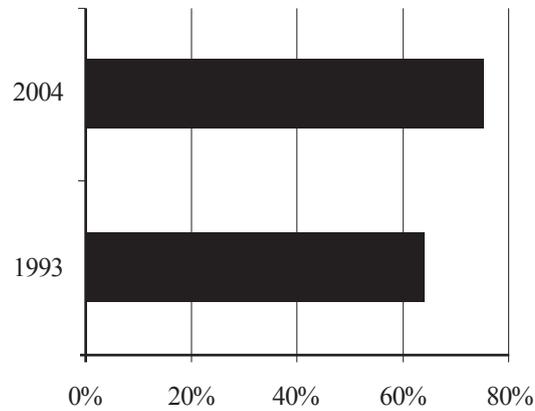
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(2)



(b) Figure 2b 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 2b**

(i) Place a cross in the correct box to identify the structure of the industry shown in Figure 2b.

Explain your answer.

Oligopoly

Monopoly

Public

(1)

Explanation:

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(2)

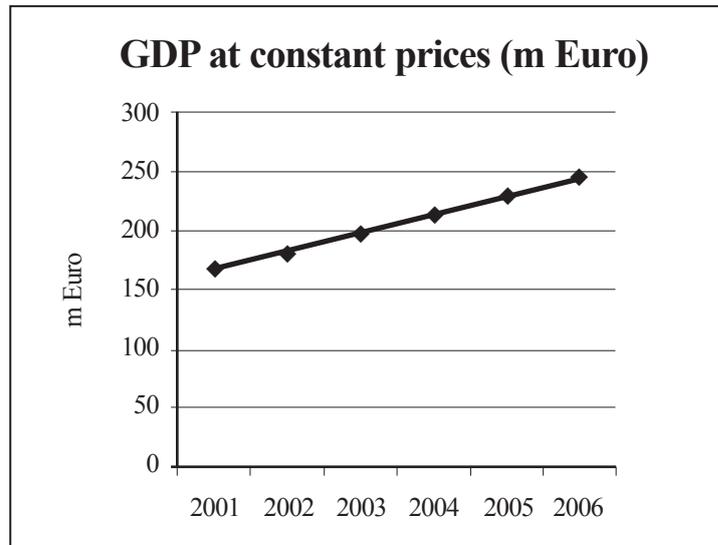




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**Question 3**



**Figure 3a**

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

(a) (i) What is meant by

1. Gross Domestic Product (GDP)

.....  
 .....

2. Economic growth?

.....  
 .....

**(4)**

(ii) Using Figure 3a, describe what has happened to GDP from 2001 to 2006.

.....  
 .....

**(2)**



(iii) Place a cross in a box to complete the following sentence. The term ‘constant prices’ means the data takes into account

- inflation
- taxation
- exchange rate

(1)

Figure 3b shows Investment in Greece 2001–2006.

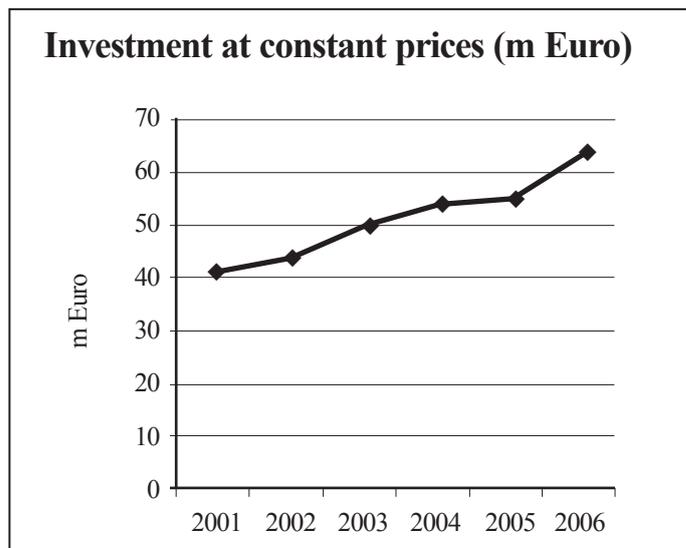


Figure 3b

(b) (i) With the aid of an example, define ‘investment’.

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(2)

(ii) Using the data in Figure 3b identify between which two years the increase in investment was

1. greatest

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(1)

2. lowest.

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(1)



(iii) Explain how changes in the rate of interest might be used to increase the level of investment in Greece.

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(4)

(iv) Does an increase in the level of investment always benefit the people of the country? Give reasons for your answer.

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(5)

(Total 20 marks)

Q3

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**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:

- goods
- services
- more
- less

A trade deficit occurs when the value of exports of (i) .....

are (ii) ..... than the value of imports of

(iii) .....

**(3)**

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 (iv) ..... of one currency in terms of

another (v) .....

**(2)**

(vi) 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

Too cheap

Good quality

**(1)**



(b) (i) Export subsidies are one method a government can use to increase exports. Complete Figure 4a to show how subsidies may increase exports. Explain the diagram.

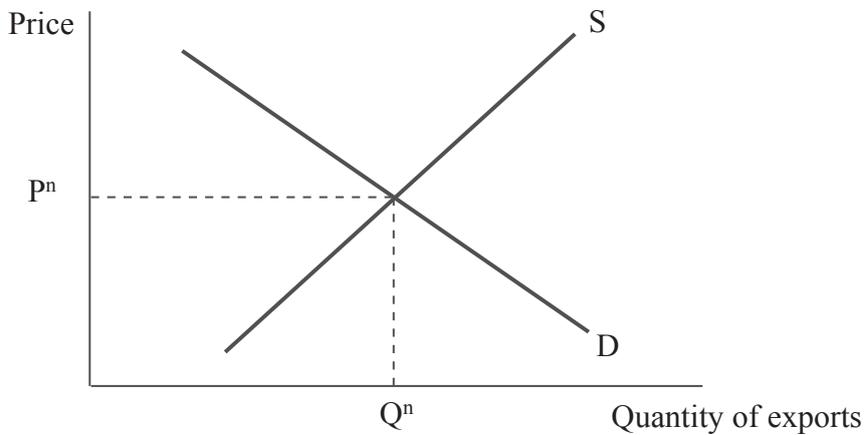


Figure 4a

Explanation:

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(5)





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