Centre No.							Pape	er Refer	rence			Surname	Initial(s)
Candidate No.					4	3	5	0	/	2	Н	Signature	
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4350/2H

London Examinations IGCSE

Exam	iner's use	e only
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Question

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Economics

Paper 2H

Higher Tier

Monday 2 November 2009 – Morning

Time: 2 hours 15 minutes

Materials required for examination	Items included with question papers
Calculator	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 (X).

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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Total



Answer ALL the questions.

Question 1

Figures 1a and 1b show the demand curves for two products, Product A and Product B.

Figure 1a Product A

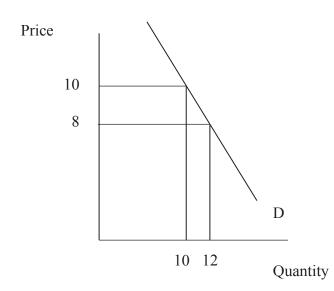
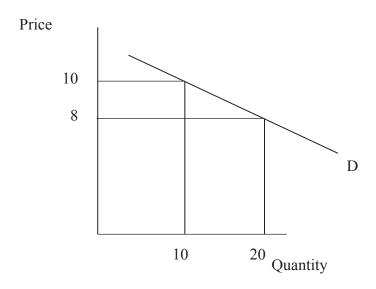


Figure 1b Product B



(a) (i) On Figure 1a (Product A) draw a supply curve, S, at quantity 10, with a price elasticity = 0.

(1)

Leave blank

	Place a cross in the correct box to identify the product which has an elas demand curve.
	☐ Product A
	□ Product B
v)	Using the numerical data in Figures 1a and 1b, explain your answer to (iii).
	The price elasticity of demand for rice is less elastic than the price elasticity demand for chocolate. Do you agree with this statement? Give reasons for you
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	The price elasticity of demand for rice is less elastic than the price elasticity demand for chocolate. Do you agree with this statement? Give reasons for you



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	(5	 5)
		,
(b) (i)	Identify and explain two main characteristics of a mixed economy.	
		••
		••
	(4	 4)
(ii)		 4)
(ii)	Briefly explain two reasons why wage rates might rise in a mixed economy.	 4)
(ii)		 4)
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(6)	(6)	(6)	(6)	(6)	(6)	
	(10tal 25 marks)					

Question 2

The table below shows the daily costs of an Italian pizza restaurant.

Number of pizzas	Total Fixed Costs €	Total Variable Costs €
40	60	100

(a)	Cal	culate the total cost of producing 40 pizzas.
(b)	(i)	(1) The restaurant is closed every Monday. What are the total costs on this day?
		(1)
	(ii)	Explain your answer to (b)(i).
		(3)
(c)	Pizz It b	za Hut is a pizza restaurant chain which owns over 34,000 restaurants worldwide. enefits from economies of scale.
	(i)	Define economies of scale.
		(2)

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 (iii) Piz Wa	zza Hut faces sys in which c	competition	n from man	y other rest	aurants. Brie	fly expla
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(d)		September 2007 China announced it would impose large fines on domestic and eign companies that pollute.
	(i)	Place a cross in the correct box to complete the following sentence. Pollution is considered to be
		A private benefit
		☐ A private cost
		✓ An external cost(1)
	(ii)	Apart from fines, identify and briefly explain two other policies the Chinese government could use to deal with pollution.
		(4)



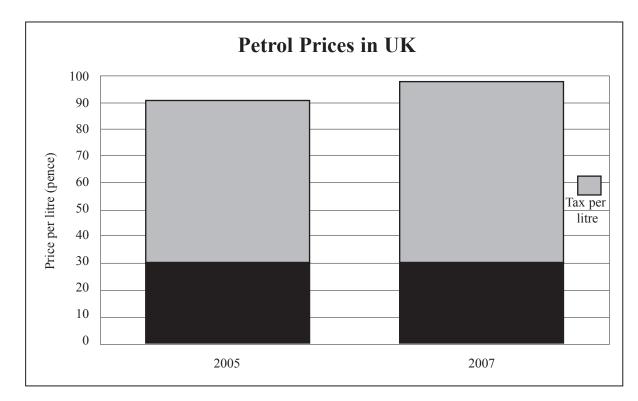
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Question 3

Figure 3a shows the price (in pence) of a litre of petrol in the UK in 2005 and 2007 and the amount of tax on each litre of petrol.

Figure 3a



		(2)
(a) (1)	Using the data in Figure 3a, describe what happened to the tax of 2005 to 2007.	n petrol from

- (ii) Place a cross in the correct box. In developed countries, a tax on petrol can be described as
 - Progressive
 - Regressive
 - □ Direct

(1)



(iii) Explain your answer to (a)(ii).
(2)
(iv) Briefly explain two reasons why a government might impose a tax on petrol.
1
2
(4)
A tax on petrol might affect a government's economic objectives.
(v) Identify one economic objective that may be affected by an increase in the tax on petrol.
(1)

	Examine whether the benefits of taxing petrol outweigh the disadvantages for economy.
	acation and training can be used to help overcome structural unemployment in g term.
(i)	With the aid of an example, define structural unemployment.

(iii) Briefly explain one other policy a government can use to overcome structura unemployment. (2		
(iii) Briefly explain one other policy a government can use to overcome structura unemployment.		
(iii) Briefly explain one other policy a government can use to overcome structura unemployment.		
(iii) Briefly explain one other policy a government can use to overcome structura unemployment.		
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(iii) Briefly explain one other policy a government can use to overcome structura unemployment.		
(iii) Briefly explain one other policy a government can use to overcome structura unemployment.		
(iii) Briefly explain one other policy a government can use to overcome structura unemployment.		
(iii) Briefly explain one other policy a government can use to overcome structura unemployment. (2)		
unemployment.		(5)
	(iii)	Briefly explain one other policy a government can use to overcome structura unemployment.
(Total 25 marks)		(2)
		(Total 25 marks)



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In 2004 Poland joined the European Union (EU).

(a)	(i)	Place a	cross	in	the	correct	box	to	complete	the	following	sentence.
		The Eur	opean U	Jnio	n is a	ı						
			1									

□ trading bloc□ central bank

(1)

(ii)) Briefly explain one reason why trade between Poland and the me	embers of	of the
	European Union increased after 2004.		

•••••
(2)

(iii)	Briefly explain one reason why trade between Poland and countries outside of the
	European Union decreased after 2004.
	•

(2)

Complete the following table.

Value of visible exports from Poland to EU countries	\$70 billion
Value of visible imports to Poland from EU countries	(iv)(1)
Balance of Trade with EU countries	\$6.5 billion



The table below shows the exchange rate of the Euro and the Polish currency, the zloty.

2004	2006
1 euro = 3.9 zloty	1 euro = 4.5 zloty

(b) (i) Study the data for 2004 and 2006 in the table above and answer the following.

What happened to the value of the zloty from 2004 to 2006?

- It appreciated.
- It depreciated.
- ☐ It stayed the same.

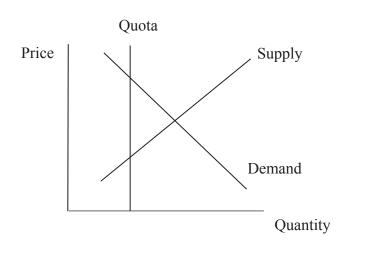
(1)

(ii)	The change in the exchange rate shown in the table is likely to lead to an improvement in the Polish balance of payments on current account. Do you agree with this statement? Give reasons for your answer.

(5)

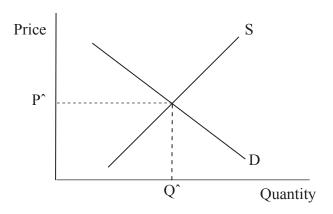
- (c) The EU is changing its import restrictions on bananas from Latin American countries. Under the proposals Latin American countries will no longer be limited by quotas but will pay higher duties of 230 Euros per tonne of bananas.
 - (i) On Figure 4a show the impact on price of removing quotas from Latin American banana producers.

Figure 4a



(ii) On Figure 4b show the impact of introducing import duties/tariffs on Latin American banana producers.

Figure 4b



(2)

(2)

(iii)	In your opinion which form of protection, tariffs or quotas, is more beneficial to a country? Give reasons for your answer.)

	END
	TOTAL FOR PAPER: 100 MARKS
	(Total 25 marks)
	(5)
wha	at extent do you consider the WTO to have been successful in recent years? Give sons for your answer.
) The	World Trade Organization aims to promote free trade between countries. To





