



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

ECONOMICS

0455/02

Paper 2 Structured Questions

October/November 2009

2 hours

Additional Materials: Answer Booklet/Paper



READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

You may use a soft pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, highlighters, glue or correction fluid.

Section A

Answer Question 1.

Section B

Answer any **three** questions.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **4** printed pages.



Section A

Answer this question.

- 1** A developed country had a fall in its birth rate. From 1997, numbers in government junior (primary) schools fell by 300 000 over ten years. In time, this decline in numbers reached government senior (secondary) schools.

It was predicted in 2007 that, in the next ten years, the population of all children under 19 would further decrease by 4.5%, with the numbers at senior school age (11 to 18 years) falling by 11%.

- (a)** Explain whether a decline in the birth rate would mean that the population of a country is declining. [4]
- (b)** Analyse the possible effect in the employment market of a fall in the number of school leavers for a ten year period. [6]
- (c)** Explain why governments are involved in spending on education. [5]
- (d)** Discuss whether the concept of opportunity cost could be applied to the changes in government spending that might be required in senior schools. [5]

Section B

Answer any **three** questions from this section.

- 2** In 2007, there was an increase in demand for holidays using cruise ships as people wished to avoid long delays at airports caused by increased security controls.
- (a) Explain, using a demand and supply diagram, what is likely to happen in the market for air travel as a result of increased delays at airports. [4]
- (b) Identify a complementary (jointly demanded) good or service industry connected with cruise ships and discuss the possible employment prospects in that industry as a result of the increase in airport delays. [6]
- (c) Some countries rely very heavily on the tourist industry. Discuss the possible consequences of the delays at airports for the economy of such a country. [10]
- 3** After studying for your Economics qualification you have to decide whether to leave school and find a job or enrol at a college for more specialised training.
- (a) What factors might you consider when making your decision? [5]
- (b) Is it always an advantage for an individual to have a specialised job? [5]
- (c) Explain how an individual's earnings might change over time. [4]
- (d) Analyse why different income groups have different spending patterns. [6]
- 4** Cadbury, the chocolate manufacturer, declared to its shareholders profits of £69 million in the first six months of 2007. However, in July 2007, floods in the UK severely damaged farms. As a result, Cadbury had to pay £20 million extra for milk to make the chocolate in addition to its annual milk cost of £150 million.
- (a) Explain whether milk is a fixed or variable cost for Cadbury. [3]
- (b) Discuss whether the demand for chocolate is likely to be price elastic or price inelastic. [7]
- (c) Suggest, from the information given, what type of business organisation Cadbury is likely to be. [4]
- (d) Discuss whether the rise in milk costs is likely to have a significant effect on Cadbury's profits. [6]

- 5 (a) Describe what is meant by a mixed economy. [4]
- (b) Explain **three** macro-economic aims a government might have. [6]
- (c) What is meant by a government's budget? [4]
- (d) Discuss how a government might finance its expenditure. [6]
- 6 (a) What is meant by the balance of payments? [4]
- (b) Why do countries trade with each other? [6]
- (c) Discuss whether it is likely to be better or worse for a country's inhabitants if a country increases the tariffs and quotas it puts on international trade. [10]
- 7 (a) What is meant by a developing country? [5]
- (b) Discuss whether a country should conserve or use its resources. [5]
- (c) How may living standards between countries be compared? [10]

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