



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
International General Certificate of Secondary Education

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**ECONOMICS**

**0455/04**

Paper 4 Structured Questions

**October/November 2008**

**2 hours**

Additional Materials: Answer Booklet/Paper

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**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.

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This document consists of **5** printed pages and **3** blank pages.

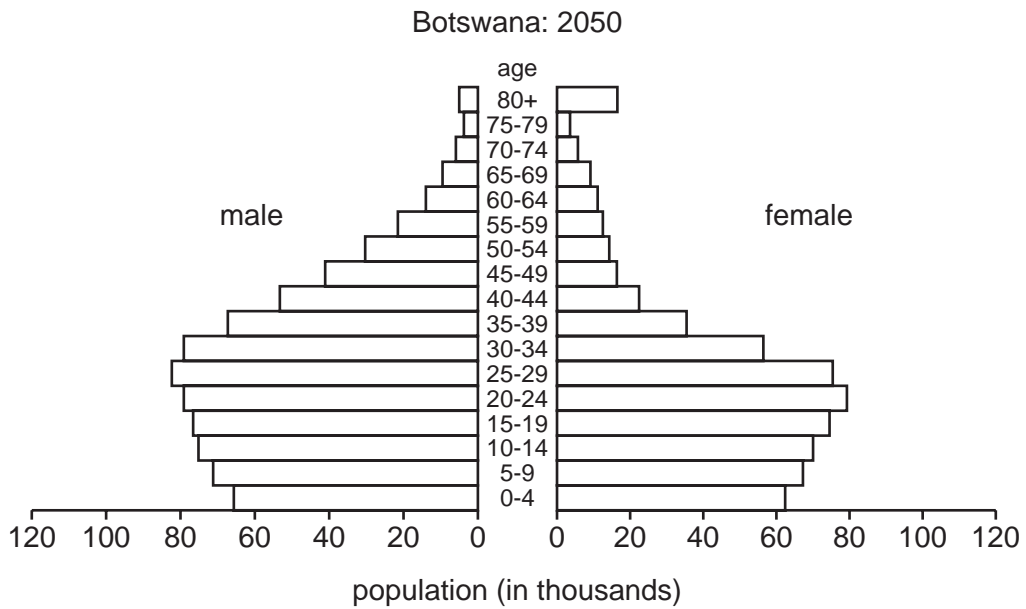
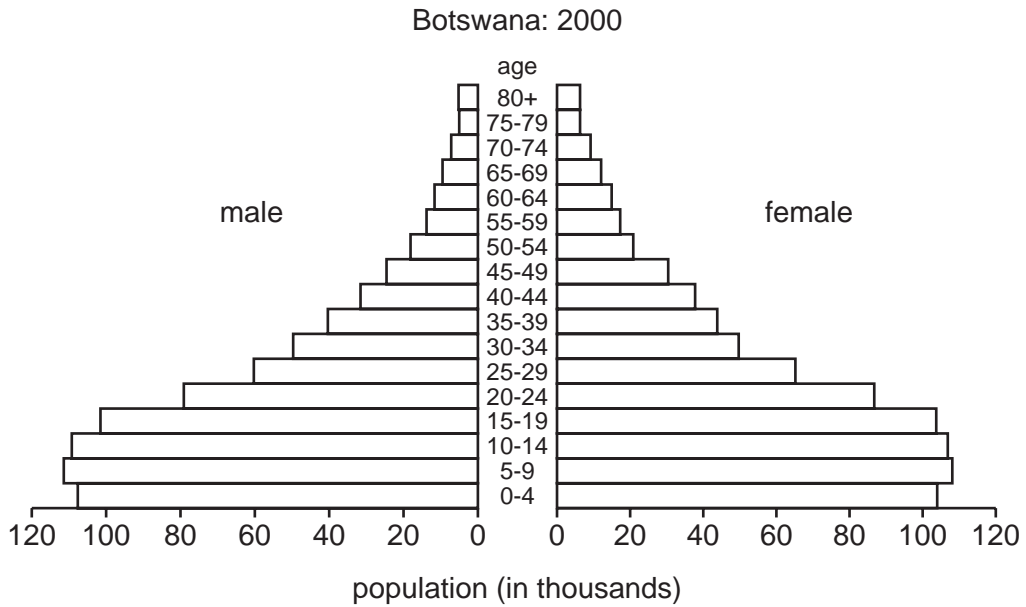


**Section A**

Answer this question.

**1 Population in Botswana**

The charts show the population pyramid for Botswana in 2000 and that predicted for 2050.



- (a) What is shown in a population pyramid? [3]
- (b) Describe what the prediction suggests will happen in Botswana by 2050. [3]
- (c) (i) Draw an outline shape of a population pyramid for a typical developed country to show how it might differ from those given for Botswana. [3]
- (ii) Explain what causes the difference in the shape of the population pyramid of a developed and a developing country. [4]
- (d) Discuss how an improvement in education in a developing country such as Botswana might have an effect on its population. [7]

### Section B

Answer **three** questions from this section.

- 2 (a) Explain why different income groups might have a different pattern of spending and saving. [5]
- (b) Discuss what might influence government spending. [5]
- (c) Outline the functions of a central bank. [4]
- (d) Analyse how a central bank might influence consumer saving. [6]
- 3 In February 2005 Kuwait opened a new port extension, said to be the largest and most advanced in the Middle East, near the country's main oil refinery. It took 3 years to build, can accommodate four supertankers at the same time, cost £187 million and is hoped to last at least 30 years. Kuwait is actively seeking new markets for its planned increase in oil production.
- (a) Explain, using demand and supply analysis, why Kuwait might want to seek new markets when it increases its oil production. [4]
- (b) Distinguish between fixed and variable costs and consider which is likely to have the highest proportion in the production and distribution of oil. [6]
- (c) Explain what is meant by a substitute good and a complementary good and give an example of each connected with oil. [4]
- (d) Explain what is meant by price elasticity of demand and use this concept to discuss what might happen in the market for oil if the price of oil was raised. [6]
- 4 A newspaper advertisement states that there is a job vacancy for a laboratory technician in a large international chemical company. The person will need to be able to travel a lot and will need to have an advanced qualification in chemistry. Another advertisement is for a secretary/receptionist in a local doctor's surgery on four afternoons a week.
- (a) Explain in what type of business organisation the two occupations might be found. [4]
- (b) Explain the factors that might affect an individual's choice of occupation. [6]
- (c) Describe how a person's income is likely to change during their life. [3]
- (d) Discuss what might determine why one job is paid more than another. [7]

- 5 Investment spending is undertaken by both the private sector and the public sector.
- (a) Use examples to distinguish between private sector and public sector investment spending. [4]
  - (b) Explain why investment spending is important for an economy. [6]
  - (c) What is the difference between a mixed economy and a market economy? [4]
  - (d) Explain how economic growth might change the relative importance of the primary, secondary and service sectors. [6]
- 6 Low inflation and low unemployment are often aims of government policy.
- (a) What is meant by inflation? [3]
  - (b) Explain how inflation is measured. [7]
  - (c) Describe **two** reasons why there might be changes in the level of unemployment in a country. [4]
  - (d) Discuss why governments might be concerned to keep the rate of unemployment low. [6]
- 7 Kenya and Tanzania have fishing rights in their coastal waters which contain large numbers of commercial fish species. The fish are being caught illegally by boats from other African and Far Eastern countries. The European Union has negotiated to buy a share of the fishing rights for its own fishing companies and help control the industry in which there is a lack of capital and corrupt practices. However, the fear is that there will still be overfishing and not enough money will reach the Kenyan and Tanzanian economies.
- (a) Explain why developing countries such as Kenya and Tanzania might need the intervention of foreign companies. [4]
  - (b) Is intervention by a foreign multi-national always beneficial for a country? [6]
  - (c) Explain **two** policies a country might use in international trade to protect its home industries. [4]
  - (d) If a country has a rich natural resource, should it exploit or conserve it? [6]

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