



**ECONOMICS**

**Higher Level**

Thursday 11 November 1999 (afternoon)

Paper 2

1 hour

This examination paper consists of 6 questions.

The maximum mark for each question is 10.

The maximum mark for this paper is 40.

**INSTRUCTIONS TO CANDIDATES**

Do NOT open this examination paper until instructed to do so.

Answer FOUR questions.

Use diagrams where appropriate

**EXAMINATION MATERIALS**

Required:  
None

Allowed:  
A simple translating dictionary for candidates not working in their own language

1. Explain why countries with different economic systems face the same fundamental economic problems.
  2. Why might a firm be interested in knowing the various elasticities of demand for its product?
  3. A company builds a new production unit in a certain country. Explain how this investment is likely to have a 'multiplier' effect, and discuss reasons why this effect might take time to work.
  4. A Less Developed Country exports tea and imports most of its consumer durables. Explain why the terms of trade are likely to move against this country and discuss the consequences.
  5. Explain why primary school education for girls is considered by many economists to be a particularly worthwhile investment by Less Developed Countries.
  6. What do you understand by the term 'sustainable development'? Give an example of development which you believe is **not** sustainable and explain why.
-