Name:

IGCSE Economics: **w25 11**

4 The price of petrol increases in a country with a market economic system.

What is a consequence of this?

A More cars are bought.

B The costs of road transport increase.

C The quantity of petrol supplied falls.

D There is a shortage of petrol.

5 What determines a consumer's demand for a product?

	the consumer's income	the consumer's willingness to buy the product	the price of the product
A	✓	✓	✓
B	✓	✓	✗
C	✗	✓	✓
D	✓	✗	✓

key
✓ = yes
✗ = no

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4 In 2020, to prevent the spread of a pandemic, many governments temporarily closed restaurants and cafés.

What would be a macroeconomic impact of such a policy?

A Demand for food to be consumed at home would rise.

B Gross Domestic Product (GDP) would fall.

C The profits from restaurants and cafés would fall.

D Staff working in restaurants and cafés would lose income.

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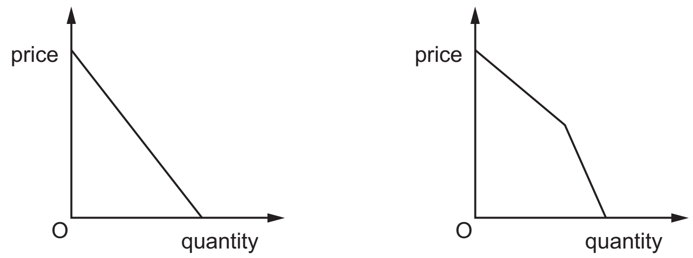
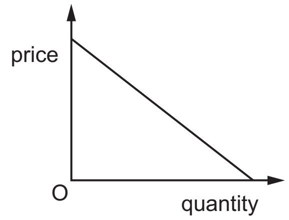
6 The diagrams show the demand curves for the only two buyers in a market.



What will be the shape of the market demand curve for the good?

A



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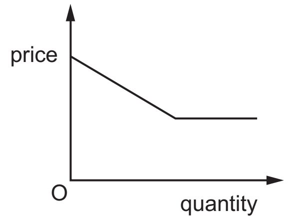
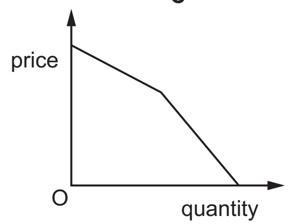
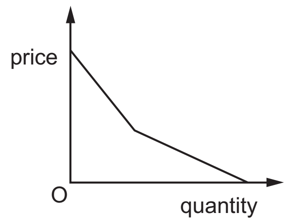


C



D



4 As cities experience economic growth, the buildings in the city become taller. This is driven by an increase in the willingness and ability of consumers to live in tall buildings. Changes in the conditions of supply have also increased the number of tall buildings being constructed. However, there is a limit to the height of buildings – above a certain height, the total cost of constructing the building will exceed the total revenue generated.

(a) Define *total cost*. [2]

(b) Explain **two** causes of an increase in the supply of a product. [4]

(c) Analyse factors that can increase the willingness and ability of consumers to buy a certain product. [6]

(d) Discuss whether or not economic growth will improve living standards in a city. [8]

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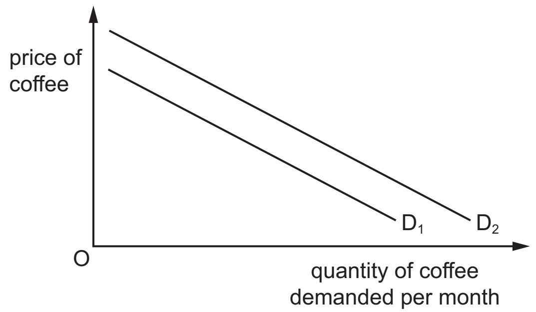
5 The diagram shows a change in demand for coffee.



What would cause the demand for coffee to change from D_1 to D_2?

A a good coffee harvest

B a rise in the price of substitute drinks

C a rise in the wages of coffee workers

D a successful advertising campaign for tea

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4 The world price of cocoa has been falling while the prices of products made from cocoa have been rising.

Which combination might explain this?

	market for cocoa	advertising expenditure on products made from cocoa
A	excess demand	decrease
B	excess supply	decrease
C	excess demand	increase
D	excess supply	increase

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4 In 2021, there were extensions and contractions in demand for a number of South African products. In that year, a South African court stopped a multinational company (MNC) exploring for oil along South Africa's coastline. South Africa experienced an increase in output, driven largely by the growth in its tertiary sector. However, its unemployment rate was 35%, a long way from full employment.

(a) Define an *extension in demand*. [2]

(b) Explain **two** external costs that may be caused by exploring for oil. [4]

(c) Analyse how growth in a country's tertiary sector can increase its living standards. [6]

(d) Discuss whether or not workers who lose their jobs are likely to stay unemployed for a long time. [8]