Title

O-Level/IGCSE Economics

(PAPER-2)

Theory

Published by

Rabbani Publications Center

Rabbani Photo Copier

Arranged & Designed by

Muhammad Majid Hussain

Legal Advisor

Ch. Muhammad Naseer (Kakuana)
Advocate Hight Court
0300-7658213
Chamber # 26, Randhawa Law Building
Near CPO office Distt. Katchery, Faisalabad.

Mian Zahid Iqbal
Advocate Hight Court
0321-7618063
Chamber # 26, Randhawa Law Building
Near CPO office Distt. Katchery, Faisalabad.

For Complaints/Order

Rabbani Publications
36-Z, Commercial Center, Near Mujahid Hospital, Madina Town, Faisalabad.
0332-6682372, 0300-4537372
(rabanipublications@gmail.com)

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PREFACE

IN THE NAME OF ALLAH, MOST GRACIOUS AND MOST MERCIFUL.

Excellence is not an art. It is the habit of practice. In this regard the concepts learnt can only be assessed when questions are answered. The perfect logical approach to this is to take one step at a time.

Chapter wise learning and sub topic by sub topic its application on exam-based questions provides exclusive comprehension. This booklet is the perfect resource for the practice of complete Economics O-Level/IGCSE syllabus This compilation has been refined by experts who have tried to make this book error free.

The book has been edited and checked to remove possible mistakes. However, constructive criticism is welcome. You may call us for your productive feedback and suggestions at this No. (0332-6682372) . This book is recommended by all renowned Chemistry teachers who contributed to make it effective and fruitful.

This book provides:

- Knowledge with understanding.
- Handling information and solving problems or Experimental skills and investigation.
- Sorted/separated questions or parts of questions, placed in related classified topics.
- Questions in order from the early years to most recent years.
- Answering Key/ Mark Scheme at the end of each topic.
- Actual spacing between consecutive questions and within options as per CAIE format which gives students a genuine feel of attempting questions. In addition to all this; review, feedback and contribution in this booklet by various experienced teachers of the subject belonging to popular school chains makes it a treasured resource for both the teachers and the students.

Team Coordinator

in case of any suggestion for improvement Team Head can be contacted at

Cell: 0332-6682372 / Email: rabanipublications@gmail.com

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Printed in Faisalabad-Pakistan.

Quality Policy

- Customer satisfaction is our priority and achieve this goal we will always, work as a team.
- Produce and supply finest quality goods meeting all the specification including Environmental concern and safety
- Every employee will influence to contribute towards
- Quality improvement to sustain through ideas and innovation.

- گاہک کا اطمینان ہماری اولین ترجیح ہے۔
- اپنے مقصد کے حصول کیلئے ہم ہمیشہ بحیثیت ایک ٹیم کام کرتے ہیں۔
- گاہک کی ضروریات اور ماحولیاتی حالات اور احتیاطی تدابیر کہ مدنظر رکھتے ہوئے معیاری اشیاء فراہم کرتے ہیں۔
- ہر فرد اپنے خیالات اور تخلیقات کے ذریعے بہتر کوالٹی اور اس کو برقرار رکھنے کیلئے موثر کردار ادا کرتا ہے۔

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Q2(a)/22/M/J/21

1 Nearly one million people in Cairo, the capital city of Egypt, live in crowded, unhealthy housing. One reason why people lack basic necessities, including adequate housing, is unemployment. In 2019, nearly 10% of Cairo's workers did not have a job. Other citizens of Cairo live in luxury, in houses costing more than $1 million. Many of Cairo's rich adults grew up in rich families.

(a) Identify **two** basic necessities, other than housing. [2]

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Q2(b)/22/O/N/22

2 The economic problem results in choices and opportunity cost. People have to decide what job to do and where to live. In recent years Australia has recruited teachers from a number of countries including Canada, the UK and the US. Most of these teachers specialise in a single subject.

(b) Explain the economic problem and why it is always likely to exist. [4]

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1

Qu.	Answers	Mark	Guidance
2(a)	Two from e.g.: Food, water, clothing, healthcare and education.	**2**	Accept any relevant basic necessity e.g. heating or electricty. If more than two examples given, only consider the first three.

2

Qu.	Answers	Mark
2(b)	Logical explanation which might include: The economic problem is finite / limited resources (1) and infinite / unlimited wants / wants exceed resources (1) scarcity (1). It is always likely to exist as wants grow faster than resources / wants are increasing (1) there will never be enough resources to produce all the products people would like to have (1). People are living longer / population is increasing (1) more resources are needed / some resources are being depleted (1).	**4**

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Q2(a)/22/O/N/21

1 A number of countries, including Morocco, capture water from fog. Water is used in the primary, secondary and tertiary sectors. In recent years, Morocco has increased the quantity and quality of its resources and has moved more of them into the tertiary sector. The quantity, quality and composition of a country's resources are influenced by a number of factors, including its birth rate. Morocco's birth rate fell from 19.9 in 2016 to 18.7 in 2018.

(a) Define *a free good*. [2]

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Q1(c)/23/O/N/22

2 Source material: Changes in Ecuador's economy

Ecuador Fact file	2019		2014–2016
Population	18m	Change in price in Ecuador's oil	–50%
Number of Ecuadoreans living and working abroad	3m	Change in supply of Ecuador's oil	–8%

Oil makes up one third of Ecuador's exports. Ecuador has, however, decided to produce less oil and more of other goods and services. This decision has affected how products are made in Ecuador. For example luxury textile production, such as luxury scarves and jumpers, uses fewer capital goods than oil production. Tourism relies on natural resources including sunshine and beaches.

One reason Ecuador's government has encouraged less reliance on oil, is the large changes that often occur in the oil market. Between 2014 and 2016, demand for Ecuador's exports fell which caused a significant reduction in export revenue. This reduction, combined with a decrease in government spending, caused the country's output to decline.

Between 2016 and 2019, there was some improvement in Ecuador's economy. Incomes and household spending increased and more cars were purchased. Table 1.1 shows the GDP per head ($) and car ownership (per 1000 people) in selected countries in 2019.

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Table 1.1 GDP per head ($) and car ownership (per 1000 people) in selected countries 2019

Country	GDP per head ($)	Car ownership (per 1000 people)
Ecuador	6200	160
New Zealand	44000	865
Senegal	1600	50
Spain	32000	650
Switzerland	83000	720
Uruguay	18000	300

Ecuador's government borrowed from China to spend on building more roads. The construction of these roads increased employment and was expected to influence transport costs in the long run.

Between 2016 and 2019, Ecuador's textile industry benefited from the improvement in the road network. Despite strong competition from foreign textile firms, Ecuador's textile firms increased the scale of their production. Wages paid in the textile industry did not rise significantly. A very small wage increase can affect trade union activity and emigration.

Some of Ecuador's workers emigrate to find jobs in other countries, particularly Italy, Spain and the US. These workers have a range of skills and they work in a variety of jobs abroad, some of which provide training. Many, but not all, workers send money home to their families.

(c) State why sunshine has no opportunity cost. [2]

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Q5(a)/22/M/J/24

3 Free goods and economic goods are consumed in Poland. In 2020, demand for both economic goods and factors of production increased in Poland. For example, Polish consumers demanded more football shirts and the Polish government increased its spending on housing for the country's population.

(a) Identify **two** free goods. [2]

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1

Qu.	Answers	Mark	Guidance
2(a)	No opportunity cost (1) a good that takes no resources/factors of production to produce / naturally abundant in supply / does not use scarce resources (1).		**2** No marks for an example

2

Qu.	Answers	Mark
1(c)	It is a free good (1). In unlimited supply / not scarce / a renewable source of energy (1). Does not take resources to produce it / nothing needs to be sacrificed to use it / no alternative / substitute so no opportunity cost (1). It is there naturally (1).	**2**

3

Qu.	Answers	Mark	Guidance
5(a)	Two from e.g.: • air / oxygen • sunlight • water • wind	**2**	BOD on 'sun', trees (not wood), wild flowers, wild fruit. Not accepting fish or stone.

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Q3(a)/22/M/J/18

1 Farms in the USA are getting larger. One dairy farm in the state of Indiana has over 38 000 cows. Farms in the USA compete with farms in both developed and developing countries. The value of the farms' exports of milk appears in the trade in goods section of the current account of the USA's balance of payments.

(a) Identify **two** examples of capital goods that may be used by a farm. [2]

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Q7(a)/22/O/N/18

2 The price of gold rose in 2016. This encouraged owners of gold mines to employ more resources to increase the supply of gold. The level of competition in gold production varies in the different gold producing countries. A number of countries, including India, impose a tariff on imported gold.

(a) Identify **two** factors of production involved in mining gold. [2]

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Q7(a)/23/O/N/18

3 High technology (hi-tech) firms use a range of resources including labour and land. One US hi-tech firm has produced a new price index which it claims is more accurate than the Consumer Prices Index (CPI). Central banks try to achieve the most accurate measure of inflation because inflation has effects on a range of people, including savers and borrowers, and on the level of investment in a country.

(a) Identify the *reward* received by labour and the *reward* received by enterprise. [2]

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