UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education
Advanced Subsidiary Level and Advanced Level

ECONOMICS **9708/22**

Paper 2 Data Response and Essay (Core) **May/June 2011**

1 hour 30 minutes

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 this question.
Brief answers only are required.

Section B
Answer any **one** question.

You may answer with reference to your own economy or other economies that you have studied where relevant to the question.

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 **3** printed pages and **1** blank page.

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Section A

Answer this question.

1 Australia and its Northern Territory

The Northern Territory of Australia is a large, sparsely populated area. It relies heavily on tourism, mining, agriculture and fishing. The extraction of oil and gas and the mining of iron ore and bauxite have grown significantly in recent years. Its manufacturing is principally based on the processing of its natural resources.

The Northern Territory government publishes forecasts, which compare the economic prospects of the Northern Territory with those of Australia as a whole. The table below gives extracts from the forecasts in January 2009.

Table 1: Selected economic forecasts for Northern Territory and Australia

	Northern Territory		Australia	
	2008–9	2012–13	2008–9	2012–13
International exports, constant price (A$*m)	4172	6004	176 010	236 824
International imports, constant price (A$m)	2718	2811	217 675	224 521
Consumer price index, 1989–90 = 100	164.6	180.0	167.7	186.4
Average weekly nominal earnings, A$	954	1078	916	1050
Unemployment rate (%)	3.7	5.7	4.2	6.5
Population aged 15–64 (thousands)	170	186	17 456	18 627

* A$ = Australian dollars

(a) (i) Calculate and compare the change in the trade balance between 2008–9 and 2012–13 of the Northern Territory with that of Australia. [4]

(ii) Explain why exports and imports are often measured at constant prices. [2]

(b) Explain **two** additional pieces of information that would be useful in judging Australia's international financial position. [4]

(c) Analyse the change in average weekly earnings in Australia in real terms between 2008–9 and 2012–13. [4]

(d) With the help of the text and the table, discuss the economic outlook for the Northern Territory. [6]

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Section B

Answer **one** question.

2 **(a)** Explain the role that a government should fulfil in a mixed economy. [8]

(b) Discuss the accuracy of the definition of public and merit goods as 'goods that must be provided by the government'. [12]

3 **(a)** Using economic analysis, explain the possible causes of the increase in the sales of electronic goods, such as mp3 players, in recent years. [8]

(b) Suggest **two** possible reasons why a government might increase the indirect tax on such goods and discuss, in light of these reasons, the likely effectiveness of such a policy. [12]

4 **(a)** Explain why the successful operation of the division of labour depends upon the use of money. [8]

(b) Discuss whether it is the behaviour of producers, consumers or governments that is most likely to cause inflation. [12]

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