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

ECONOMICS **9708/23**

Paper 2 Data Response and Essay (Core) **October/November 2010**

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

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(a) Suggest the likely opportunity cost to Ghanaian children of time spent fetching water. Explain your answer. [2]

(b) Use Table 1 to compare the change in Ghana's cocoa output with that of the other main producers. [3]

(c) With the use of a diagram, analyse the effect on the market for Cadbury's chocolate of the problems reported in the first paragraph. [6]

(d) Explain how the Cadbury Cocoa Partnership hoped to affect the productivity of cocoa farmers. [3]

(e) Discuss the consequences for countries such as Cote d'Ivoire and Ghana of relying heavily on the production of one crop. [6]

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Section B

Answer **one** question.

2 **(a)** Explain the difficulties of carrying out a cost-benefit analysis. [8]

(b) Discuss the economic consequences of externalities associated with production and consumption. [12]

3 **(a)** Explain why a low and stable rate of inflation may be beneficial to an economy. [8]

(b) Discuss whether rapid inflation can be caused only by government actions. [12]

4 **(a)** Explain

(i) the difference between trade creation and trade diversion, and

(ii) the difference between expenditure-dampening and expenditure-switching trade policies. [8]

(b) Discuss whether a balance of payments current account deficit necessarily indicates a weak economy. [12]

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Question 1 Table © *Quarterly Forecast of Product and Consumption 2012/13*; International Cocoa Organisation.

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