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) **October/November 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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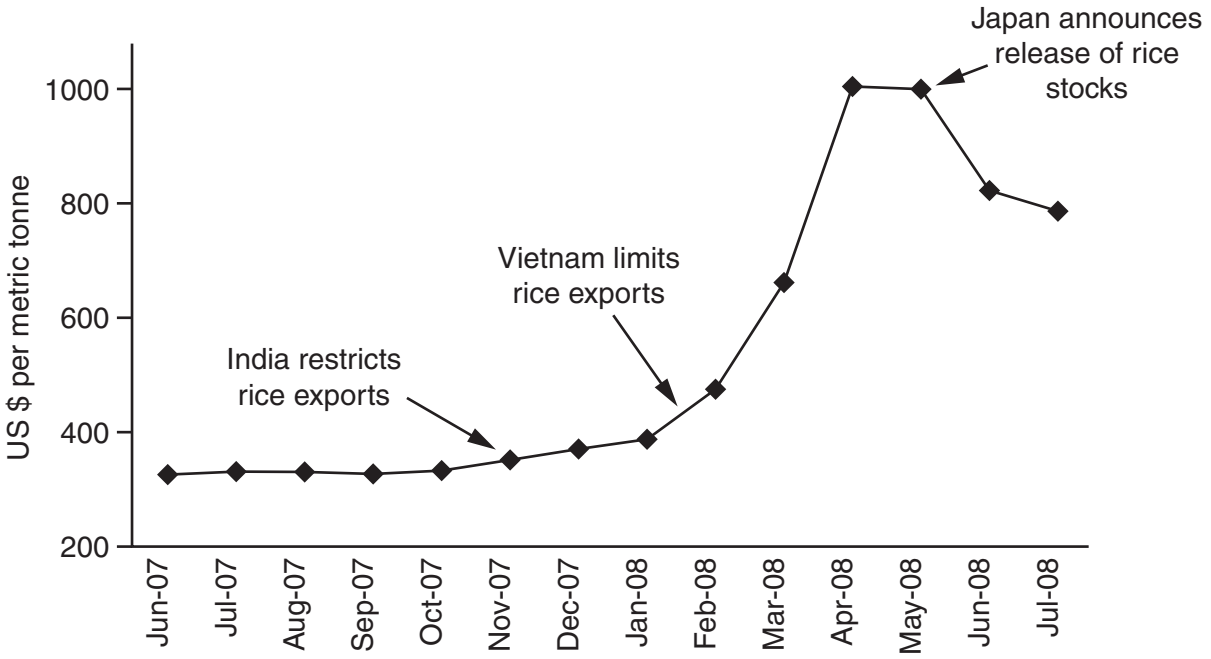
Section A

Answer this question.

The price of rice in international trade

1 Between January 2002 and July 2008 the world price of rice, a staple food for many people in developing countries, rose by slightly over 300%. As shown in Fig. 1 the price of rice changed very significantly in the six months to July 2008 and was influenced by the actions of different governments.

Fig. 1: Actions of different governments and the world price of rice



The rise in the price of rice was typical of a wide range of commodities. These price rises caused food and fuel riots in developing countries. As a result some governments turned to protectionist trade measures. Vietnam limited rice exports while Cambodia and Egypt banned all rice exports.

The Indian Government replaced the minimum export price that it enforced for non-basmati rice with a complete ban on rice exports. At the same time it placed restrictions on wheat imports for the purpose of disease control.

(a) Calculate the approximate world price of rice in January 2002. [2]

(b) With reference to Fig. 1, analyse the different causes of the price movements of rice from November 2007 to April 2008, and then after May 2008. [4]

(c) Explain **two** possible economic reasons for India's introduction of export restrictions. [4]

(d) **(i)** How might an effective minimum price for exports have helped India's position? [2]

(ii) Why might India have changed from the use of a minimum export price to an export ban? [2]

(e) Discuss the potentially harmful effects of India's protectionist trade policy for both its own economy and that of the rest of the world. [6]

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Section B

Answer **one** question.

2 **(a)** Show how production possibility curves may be used to explain any **two** economic ideas. [8]

(b) Discuss whether the combination of improved technology and globalisation will result in solving the basic economic problem. [12]

3 **(a)** Explain the influences which determine the level of demand for healthcare in an economy. [8]

(b) Discuss whether healthcare can and should be provided by the free market. [12]

4 **(a)** Explain what might cause an improvement in a country's terms of trade. [8]

(b) Discuss whether a country should be more concerned by a fall in its terms of trade or a fall in its domestic price level. [12]

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