Instructions to Candidates

☐ Write your answer to each question in the space provided.

☐ Use black ink. Pencil may be used for graphs and diagrams only.

☐ Answer all the questions

Information for Candidates

☐ The number of marks is given in brackets [ ] at the end of each question or part question.

☐ The total number of marks for this paper is 40
1. Using an example, explain what you understand by the economic problem?

2. Using a supply and demand diagram in your answer, explain what could have caused a decrease in the price of steel.
3. What does the term ‘credit crunch’ mean to you in terms of Economics?
4. Discuss the likely economic effects of increasing VAT tax rate from 20% to 30% in a country.
5. Assess the economic effects if the Central Bank increased the interest rate.
6. From your knowledge of economics, evaluate the extent to which the benefits of Economic growth outweigh the costs.
Additional answer space. Any answers written in this space must be clearly numbered.