

International General Certificate of Secondary Education  
CAMBRIDGE INTERNATIONAL EXAMINATIONS

**ECONOMICS**

PAPER 2 Structured Questions

**0455/2**

**MAY/JUNE SESSION 2002**

1 hour 30 minutes

Additional materials:  
Answer paper

**TIME** 1 hour 30 minutes

**INSTRUCTIONS TO CANDIDATES**

Write your name, Centre number and candidate number in the spaces provided on the answer paper/  
answer booklet.

Answer **all** questions.

Write your answers on the separate answer paper provided.

If you use more than one sheet of paper, fasten the sheets together.

**INFORMATION FOR CANDIDATES**

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

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**This question paper consists of 2 printed pages.**



Answer **all** questions.

- 1 In the UK the computer games industry is bigger than the film and music industry and twice the size of the home video market. Directly or indirectly the industry affects the employment of around 100 000 people in the UK. £1.4 billion of computer games were sold in 1999. 25% of the games bought in Europe and 12% of the games bought in the US originate in the UK.

About 70% of the games made by Japanese-owned companies are designed within 30 miles of one city in the UK. There are 250 studios employing 5600 people.

- (a) Identify **three** ways of measuring whether an industry in a country is large or small. [3]
- (b) Discuss whether you would classify the size of the UK computer games industry as large or small. [4]
- (c) Explain what is meant by specialisation. [3]
- (d) Explain whether there is any example of specialisation in the article. [2]
- (e) Are specialisation and large company size advantageous for a producer? [8]

- 2 In Japan persistent worries about job security, high unemployment and a steady fall in income have meant that consumers are buying less. This has caused the prices of some products to fall.

*(Far Eastern Economic Review 25 May 2000)*

- (a) Explain how the price of a good is determined by market forces. [4]
- (b) Use demand and supply analysis and diagrams to explain how the reasons given in the above extract could cause a fall in the price of a product. [6]

- 3 (a) What determines the change in the size of a country's total population? [3]
- (b) Contrast the population structure of a developed country with that of a developing country. [7]

- 4 The American airline United Airlines cancelled thousands of flights between April and August 2000 because of crew shortages, bad weather and technical problems with aircraft. There was also a 3% reduction in flights because pilots refused to work overtime.

- (a) Explain the difference between a fixed cost and a variable cost. [4]
- (b) Discuss whether the cancellation of a flight would have affected the fixed and variable costs of United Airlines. [6]

- 5 Unemployment in the Netherlands fell to a record low in July 2000. As a result there was concern that inflation could increase.

- (a) Identify **two** possible advantages for an economy if unemployment falls. [2]
- (b) Define inflation and briefly describe how it is calculated. [8]

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