



ECONOMICS
HIGHER LEVEL
PAPER 2

Monday 13 November 2000 (afternoon)

1 hour

INSTRUCTIONS TO CANDIDATES

- Do not turn over this page until instructed to do so.
- Answer four questions.
- Use diagrams where appropriate.

1. Why does the weekly price of a hotel room in a popular holiday resort vary through the year?
 2. What are the distinctions between decreasing returns to scale and diminishing marginal returns?
 3. What is ‘crowding out’ and why do some economists consider it important?
 4. What factors determine the competitiveness of a country in international trade?
 5. Distinguish between the forms of aid which a developing country might receive.
 6. What is the natural rate of unemployment?
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