

Candidate Name

Candidate Number

Centre Name

Centre Number

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**Paper 1: Economics**

**For Examination December 2023**

(1 Hour and 30 Minutes)

It is necessary to respond on the answer sheets provided alongside this question paper. Additionally, you must have a soft pencil (preferably of type B or HB), a clean eraser and a dark blue or black pen.

**INSTRUCTIONS:**

- You must write your name, candidate number, centre name and centre number on the answer sheets in the designated spaces.
- Attempt all the questions (in both sections) required using a dark blue or black pen.
- It is important to follow the instructions provided on the answer sheets.
- Do not use correction fluid.
- Avoid writing on any bar codes.

**INFORMATION:**

The total number of **marks for this paper is 70**. The number of marks assigned for every question or its parts is indicated within brackets [ ].

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## **Section A Scenario**

The economy of Nation Z has experienced a 4% decrease in GDP growth rate over the past year, primarily due to a significant decline in consumer spending by 6%. This reduction in consumer spending was influenced by a 10% increase in inflation, reaching 8%, which eroded purchasing power. Additionally, the unemployment rate has risen by 2%, reaching 7%, resulting in a decline in disposable income among households.

**(Q1a)** Compare Gross Domestic Product and Gross National Income as measures of economic growth.

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**(2 marks)**

**(Q2a)** Explain factors that could contribute to the decline in consumer spending within Nation Z's economy.

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**(4 marks)**

**(Q3a)** Compare injections and withdrawals into circular flow of income.

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**(4 marks)**

**(Q4a)** Describe the significance of GDP in evaluating the economic performance of a country

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**(4 marks)**

**(Q5a)** State potential macroeconomic policies that the government of Nation Z could implement to stimulate economic growth and restore consumer confidence.

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**(4 marks)**

**(Q6a)** Evaluate strategies that the government of Nation Z could employ to address the rising unemployment rate and its consequences on the economy.

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**(6 marks)**

**(Q6b)** Explore the major factors influencing price elasticity of supply.

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**(3 marks)**

**(Q7b)** Compare major concepts of elasticities of demand such as: (i) price, (ii) income, and (iv) cross elasticities.

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**(3 marks)**

### **Section B**

**(Q1b)** Discuss the impact of globalisation on the economies of developing countries

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**(10 marks)**

[illegible]

**(10 marks)**



**(Q3b)** Explore Government inventions to fiscal deficits.

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**(4 marks)**

[illegible]

**(6 marks)**

[illegible]

**(10 marks)**