

2.5 Price Determination

Question Paper

Course	CIE IGCSE Economics
Section	2. The Allocation of Resources
Topic	2.5 Price Determination
Difficulty	Medium

Time allowed: 20
Score: /16
Percentage: /100

Question 1

Analyse the evidence that shows the market for flowers is sometimes in disequilibrium.

Refer to the [source material](#) in your answers

[4 marks]

Question 2

Explain, using information from the extract, whether the market for driverless cars is expected to be in equilibrium in 2030.

Refer to the [source material](#) in your answers

[2 marks]

Question 3

There was a global surplus of steel in 2017. In mid-2017, the US government considered imposing tariffs on steel imports to protect its declining steel industry. Cheap imports from other countries were reducing employment in the US steel industry. The pattern of US employment was also being affected by improvements in education

Explain how market forces will eliminate a surplus and a shortage

[4 marks]

Question 4

In February 2017, Europe experienced a shortage of fresh vegetables due to bad weather. For a period of time, the markets for a number of vegetables, including broccoli and lettuces, were not in equilibrium. The price of food tends to fluctuate more than the price of manufactured goods and services. These fluctuations influence the rate of inflation.

When is a market in equilibrium?

[2 marks]

Question 5

More than 80% of Qatar's population are immigrants. Net immigration has helped to meet the country's demand for labour. As well as a shortage of workers, the country has a shortage of drinking water. The government has run public campaigns to stop people using their free supply of drinking water to fill their swimming pools and water their gardens. In 2016, the government increased its spending to increase the country's economic growth rate.

Explain how market forces would respond to a shortage of drinking water.

[4 marks]