Centre No.						Paper Reference	Surname	Initial(s)
Candidate No.						4 3 5 0 / 0 3	Signature	

Paper Reference(s)

4350/03

London Examinations IGCSE

Economics

Paper 3

Common to both tiers

Friday 7 November 2008 – Afternoon

Time: 1 hour plus reading time of 10 minutes

Examiner's use only

Team Leader's use only

Question Number	Leave Blank
1	
2	
3	
4	
5	
6	
Total	

Materials required for examination	**Items included with question papers**
Calculator	Nil

Instructions to Candidates

In the boxes above, write your centre number, candidate number, your surname, initial(s) and signature.
Check that you have the correct question paper.
Answer ALL the questions. Write your answers in the spaces provided in this question paper. Do not use pencil. Use blue or black ink.
The sources which you have studied when preparing for this examination are printed at the end of this examination paper. You have 10 minutes to read the questions and think about how to use the sources to answer them. You must NOT bring your own copy of the sources or any notes you have made into the examination.

Information for Candidates

The marks for individual questions and the parts of questions are shown in round brackets: e.g. **(2)**.
There are 6 questions in this question paper. The total mark for this paper is 40.
There are 12 pages in this question paper. Any blank pages are indicated.
Calculators may be used.

Advice to Candidates

Write your answers neatly and in good English.

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Turn over

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IGCSE Paper 3 November 2008

You have been asked to write a report on whether or not your government should pursue greater involvement in globalisation.

At the end of the paper are six sources of information on the subject of Globalisation. The report has been divided in the paper into a series of tasks. Use the information, together with your knowledge and understanding of economics, to answer questions 1–6.

- You should use economic concepts and terms
- You should use diagrams, graphs or tables where you think they are appropriate. (Use the extra sheet provided if necessary.)
- You should refer to the sources in your report, but do not spend time copying large amounts from the sources

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1. Using Source A, compare the trade figures for Malaysia and Kenya.

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(Total 4 marks)

Q1

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2. With reference to the sources:

(a) Explain two benefits of globalisation to developing countries.

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(b) Explain two costs of globalisation to developing countries.

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Q2

(Total 8 marks)

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3. Using Source D, examine why women are the biggest winners and children often the biggest losers from globalisation.

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Q3

(Total 8 marks)

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4. With reference to the sources, why is it important to 'promote competition' in order to benefit from globalisation?

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Q4

(Total 4 marks)

Leave blank

5. With reference to the sources, discuss whether developed countries, such as the United Kingdom, will be losers from globalisation.

Q5

(Total 8 marks)

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6. To what extent will globalisation benefit your country? With reference to the sources, justify your answer.

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Q6

(Total 8 marks)

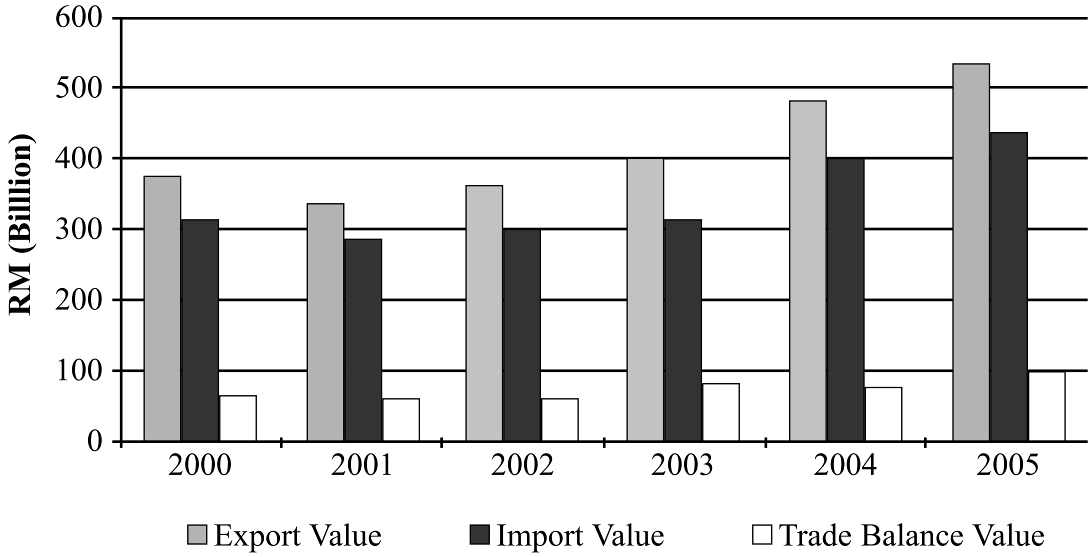
TOTAL FOR PAPER: 40 MARKS

END

SOURCES

Source A

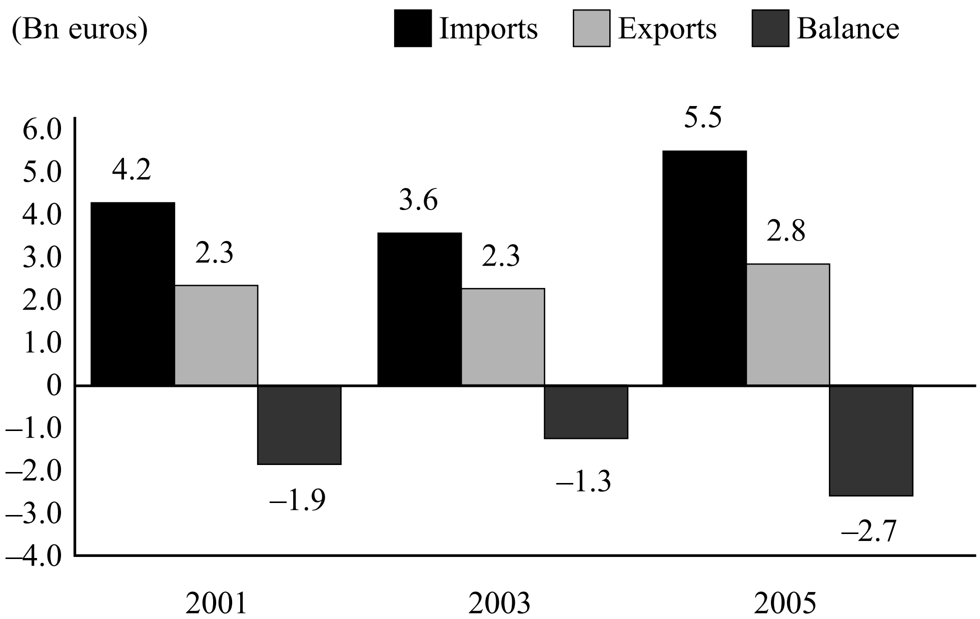
Malaysia Trade with the World 2000–2005



(400 billion RM = 86 billion euros)

Source: www.matrade.gov.my

Kenya Merchandise Trade with the World



*excl intra EU Trade

Source: IMF (Direction of Trade Statistics)

Source B

Competition leads to greater productivity

To take advantage of the opportunities associated with globalisation it is vital to raise investment levels and improve productivity. Adopting policies that promote competition is central to raising productivity. Policy barriers to competition in developing countries are common – legal restrictions prevent entry of foreign participants, trade barriers limit import competition, state monopolies protect domestic firms from private sector competition and poorly designed regulatory regimes in privatised industries block competitors – stifling productivity growth. Firms in Korea, Malaysia and Thailand are more productive than firms in India and China partly because of lower trade restrictions and administrative barriers to entry. Introduction of competition in privatised industries increases efficiency. Telephone services in countries with competitive markets expanded three times faster than countries with private monopolies.

Source: http://web.worldbank.org November 2005

Source C

Costs of Globalisation

Low-wage countries have traditionally taken jobs from countries like Australia, Germany and the United States (US). Now, middle-income countries are being hit. Whereas in the 1990s many US firms moved manufacturing to Mexico these have now gone to China, leaving Mexico with fewer manufacturing jobs than in 1990.

Rising incomes, in countries such as China and India, will lead to more demand for exports, from high tech firms in countries such as the United Kingdom. This ignores, however, the timescale involved and the fact that those who lose their jobs may not be employed in these industries.

Governments in these countries need to focus on generating jobs and reducing costs for businesses in globally competitive markets. They must also increase opportunities for higher education and training.

Source: www.theage.com.au

Source D

Globalisation's winners and losers

Globalisation affects different countries in different ways, producing winners and losers between and within countries. The most obvious winners are generally agreed to be the middle class and women, while the obvious losers are the poor and the environment.

Globalisation is generally reducing inequality, but this is often uneven. The most successful countries are those where the ratio of trade to income has doubled in the last twenty years. In these countries both education and life expectancy have increased enormously, while absolute poverty has dropped by 14%. The least successful have seen trade fall and capital move to other countries. Their incomes have fallen and poverty has risen.

Within countries the biggest winners are women. This is due to:

- higher household incomes
- improved education
- better nutrition
- increased life expectancy
- lower birth rates.

Losers are often children used in child labour. Another negative effect is the increase of lead in the environment. This results in damage to the health to all, but particularly the physical and intellectual growth of children.

Source: www.aliciapatterson.org/APF2102

Source E

Benefits and costs of Multinational Companies for developing countries

Multinational companies are a major source of globalisation. Some are engaged in production in many countries while others are heavily involved in exporting and importing.

Benefits:

- Provide jobs directly and indirectly through growth of industries needed to service multinationals such as banks. This increases income for workers and thus shops etc
- Training and education for the workforce creates a higher skilled labour supply, which can benefit other areas of the economy.
- Provide tax revenue for governments.

Costs:

- Management may be imported and therefore these skills are not transferred to local people
- Interested in low cost labour which may not lead to any major increase in local incomes
- Many multinational companies are capital intensive and do not reduce unemployment significantly.

Source: www.bized.ac.uk

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