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Section 3.3 Balance of Payments: Past Exam Papers

+ Big Ideas/Key Questions

SL2 + HL2

M14/3/ECONO/SP2/ENG/TZ0/XX

(Question 1)

(b) With reference to the text, explain how Japan’s current account can be in

surplus while it has a trade in goods deficit (paragraph ). [4 marks]

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(Question 1 )

(ii) Define the term financial account indicated in bold in the text

(paragraph ).

(b) With reference to the concept of price elasticity of demand, explain why

rising oil prices have contributed to Turkey’s growing current account deficit

(paragraph ). [4 marks]

(c) Explain two reasons why “rapidly rising domestic demand” may have

contributed to Turkey’s current account deficit (paragraph ). [4 marks]

(d) Using information from the text/data and your knowledge of economics,

evaluate the possible policies that the Turkish authorities might use to reduce the current account deficit. [8 marks]

HL3

Big Ideas

Is the balance of payments a significant problem in the long run?

“The balance of payment will always balance”. Is this a valid statement?

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(ii) List three components of the current account of the balance of payments.[2 marks]

(c) Explain how inflation in China might affect its current account balance. [4 marks]

(d) Using information from the text/data and your own knowledge of economics, evaluate the possible effects on the Chinese economy of increased trade protection imposed by its trading partners. [8 marks]