



# Economics Higher level Paper 1

10 November 2025

Zone A morning | Zone B morning | Zone C morning

1 hour 15 minutes

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## Instructions to candidates

- Do not turn over this examination paper until instructed to do so.
- You are not permitted access to a calculator for this paper.
- Answer one question.
- Use fully labelled diagrams where appropriate.
- The maximum mark for this examination paper is **[25 marks]**.

Answer **one** question.

1. (a) Explain why a monopoly firm is able to make abnormal profits in the short run **and** in the long run. [10]  
(b) Using real-world examples, discuss whether firms with significant market power are desirable. [15]
  2. (a) Explain why a high inflation rate can have redistributive effects in the economy. [10]  
(b) Using real-world examples, discuss the view that fiscal policy is the most effective way of reducing the rate of inflation. [15]
  3. (a) Explain why a dependence on primary sector production is often considered a barrier to economic growth **and** economic development. [10]  
(b) Using real-world examples, discuss the view that trade protection is a more effective policy than free trade to promote employment **and** economic growth. [15]
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