**1 (c)** Explain **two** reasons why a multi-national car company may want to set up in a country. [4]

1 mark each for each of two reasons identified, e.g.

• low corporate tax

• large market

• large government subsidies

• good quality labour force

• access to raw materials

• avoidance of import tax.

**(d) (i)** What relationship would economists expect to find between changes in the value of exports and changes in the current account of the balance of payments? [2]

• EITHER 2 marks for an increase in the value of exports would be expected to: reduce a current account deficit/increase a current account surplus/improve the current account position/have a beneficial effect on the current account position.

• OR 2 marks for a decrease in the value of exports would be expected to: increase a current account deficit/reduce a current account surplus/worsen the current account position/have a harmful effect on the current account position.

**(e)** Discuss whether the Russian Government should increase its tax on imported cars. [8]

Up to 5 marks for why it should, e.g. to

• protect its domestic industry/reduce imports of cars/increase demand for Russian cars

• increase GDP

• protect employment

• improve its current account position

• raise government tax revenue

• encourage MNCs to set up in the country.

Up to 5 marks for why it should not, e.g. it may

• increase inefficiency

• provoke retaliation

• raise the price due to less competition/choice

• reduce the quality due to less competition/choice

• distort comparative advantage

• MNCs may bring disadvantages to the economy, e.g. exploiting labour, creating pollution.

**[Total: 20]**

The extract **‘Changes in the Kenyan tea market’** will be needed for this question.

**2 (d)** Why is there a high average cost of producing tea in Kenya? [4]

• 1 mark for small scale of production.

• 1 mark for little use of capital equipment/labour-intensive method of production.

• 1 mark for inability to spread fixed cost over a high output/high average fixed cost.

• 1 mark for increasing output may increase efficiency or productivity/low-scale output is inefficient/labour intensive production may be inefficient/capital intensive production may be efficient.

• 1 mark for inability to take advantage of economies of scale.

• Up to 2 marks for describing the types of economies of scale that larger tea producers could experience

**(e)** Discuss whether giving a subsidy to Kenyan tea farmers would be likely to increase sales of Kenyan tea to Pakistan. [6]

Why it might increase sales, e.g. it may

• increase supply

• lower price

• or award up to 2 marks for the above points if shown in a relevant diagram

• reduce costs of production

• make Kenyan tea more price competitive

• make Kenyan tea farmers more efficient

• allow Kenyan tea farmers to benefit from economies of scale

• provide funds for reinvestment

• improve quality.

Why it might not increase sales, e.g.

• price may not fall below rivals

• a recession may occur in Pakistan

• import restrictions may be imposed by Pakistan

• taste/quality may still favour other countries

• there is a risk that Kenyan tea farmers will become reliant on the subsidy and so become inefficient

• other factors may influence supply e.g. weather conditions may prevent supply increasing

• other tea-producing countries may also subsidise tea production.

**[Total: 20]**

The extract ‘**A tax on high fat foods**’ will be needed for this question.

**1 (a)** What is meant by external costs? [2]

• 2 marks for costs which have a harmful effect on third parties/those not involved with producing or consuming the product.

• 2 marks for social costs minus private costs.

**(b)** What evidence is there in the extract of the economic problem? [2]

• 1 mark for demand for health care is exceeding the resources available to supply it.

• 1 mark for this indicates that wants exceed resources/there is a problem of scarcity or defining the economic problem.

• 1 mark for dealing with health problems caused by obesity prevents other health problems being treated.

**(c)** Why may obesity lead to an increase in government spending? [2]

• 1 mark for it may increase government spending on health care because of the health problems it creates.

• 1 mark for it may increase government spending on sickness benefits because people may be unable to work or may be off sick.

• 1 mark for may increase government spending on health campaigns/advertising, healthy eating and/or exercise.

• 1 mark for government spending on subsidising low fat food

**(e)** Discuss whether the US Government should tax chocolate. [8]

Why it should, e.g. it may

• raise revenue

• reduce obesity

• reduce the consumption of chocolate

• reduce the external costs associated with obesity (diagram may be used).

Why it should not, e.g.

• likely to be a regressive tax

• eating high fat foods is not the only cause of obesity

• the poor may not have easy access to healthy foods

• may just switch to other high fat foods

• demand may be inelastic

• may reduce employment in the chocolate industry

• may reduce GDP.

**[Total: 20]**

The extract ‘**Challenges facing the BRICs**’ will be needed for this question.

**2 (b)** Why may a country experience a shortage of workers at the same time as it is encountering a relatively high unemployment rate? [2]

• 1 mark for identifying workers may lack appropriate skills/education/qualifications or be occupationally immobile.

• 1 mark for identifying workers may be geographically immobile.

• 1 mark for development of why occupational immobility may have caused this situation.

• 1 mark for development of why geographical immobility may have caused this situation.

**(c)** Explain how raising the rate of interest can reduce aggregate (total) demand. [4]

• 1 mark for consumption/investment/net exports are components of aggregate demand.

• 1 mark for it may reduce consumption.

• Up to 2 marks for why it may reduce consumption – encourage saving, discourage borrowing, reduce the money supply.

• 1 mark for it may reduce investment.

• Up to 2 marks for why it may discourage investment – increase cost of borrowing, encourage saving, reduce expected sales.

• 1 mark for it may discourage net exports.

• Up to 2 marks for why it may reduce net exports – attract hot money, raise exchange rates, raise export prices and lower import prices.

• Maximum of 3 marks for explanation of the influence on one component of aggregate demand.

**(f)** Discuss whether an economy will always benefit from a reduction in unemployment. [6]

Why it might, e.g. it may result in

• higher output

• higher tax revenue

• less spending on benefits

• more efficient use of resources.

Why it might not, e.g. it may cause

• inflation

• shortage of workers

• lack of flexibility

• more imports.

**[Total: 20]**

The extract **‘The global water crisis’** will be needed for this question.

**1 (a)** What is meant by a finite resource? [2]

A factor of production/input (1) that is limited in supply/scarce (1).

**(b)** Explain, using a demand and supply diagram, the effect of setting the price of water too low. [4]

1 mark for correct labels (D, S, P and Q).

1 mark for price being set below the equilibrium level.

1 mark for stating or showing that demand will exceed supply.

1 mark for supply will fall and demand will rise.

1 mark for explaining that there will be a shortage of water or clearly showing this on the diagram.

**(c) (i)** Define opportunity cost. [2]

Best alternative/next best alternative (1) foregone/example bringing out the meaning of foregone (1).

**(d)** Explain **two** possible reasons why the world’s demand for water may **not** grow as rapidly as the extract suggests. [4]

1 mark for each of two possible reasons identified, such as:

• world population may not increase as much as predicted

• agriculture/manufacturing may become more efficient

• vegetarianism may increase

• global warming may not continue

• global incomes may fall

• tax on water may be introduced by a number of countries

• government campaigns to encourage households to save water.

1 mark for each of two possible explanations, such as:

• If growth of the world population is less than predicted, the demand for water in general will increase less.

• If agriculture becomes more efficient, less water will be needed for each kilogram of food produced.

• A rise in vegetarianism will reduce the demand for meat which uses a lot of water to produce it.

• If global warming does not continue, there will be fewer droughts and floods.

• A fall in global incomes will be likely to reduce the demand for water and the products which use water to produce them.

 **(e)** Discuss the arguments for and against taxing household use of water. [7]

Arguments for taxing household use of water, such as:

• may move price to the equilibrium level

• would ration a scarce resource

• would encourage people not to waste water

• would raise revenue.

Arguments against taxing household use of water, such as:

• difficult to know where to set the tax

• the tax will be regressive

• the rich may prove unresponsive to the price rise

• the tax may cause health problems

• agriculture and manufacturing use more water.

**[Total: 20]**

The extract **‘Economic challenges facing Brazil’** will be needed for this question.

**2 (a)** What is meant by the exchange rate? [2]

Price/value/cost of one currency (1) in terms of another currency/currencies (1) e.g. £1 = $2 (1).

**(c)** What is meant by a relatively self-sufficient economy? [2]

An economy that produces most of what it consumes (1) and does not import much from abroad/does not trade much (1).

**(e)** Explain **one** consequence of inflation referred to in the extract.

• If the rate of inflation is higher than in rival countries, the demand for exports is likely to fall whilst the demand for imports is likely to rise.

• Inflation can create uncertainty as people and firms will not be sure what prices will be in the future/uncertainty may discourage investment.

• Inflation reduces the value of real wages and so workers may press for wage rises to maintain the purchasing power/may lead to industrial disputes

**(f)** Discuss whether the Brazilian Government’s approach to reducing poverty is likely to be successful. [7]

1 mark for recognising it is increasing its spending on education. This must be mentioned to access the other marks.

Up to 3 marks for explaining why a rise in government spending on education may reduce poverty, such as:

• raise the skills and qualifications of workers

• increase the chances of gaining employment

• increase earning potential

• may result in better health

• more control over family size.

Up to 3 marks for considering what will influence its likelihood of being successful, such as:

• the amount spent

• opportunity cost involved

• what type of education it is spent on

• implied multiplier effect

• who can access the education

• educated workers may emigrate

• the time period it will take

• whether an alternative policy measure might be more successful.

**[Total: 20]**

The extract **‘Is China’s economic growth sustainable?’** will be needed for this question.

**1 (a)** State **two** influences on the demand for a country’s exports. [2]

1 mark each for any two valid influences, e.g.

• exchange rate

• price

• quality

• incomes abroad

• changing tastes and fashion

• trade restrictions (maximum of 1 mark even if more than one trade restriction identified)

• foreign substitutes or complements.

**(c) (i)** What is meant by cyclical unemployment? [2]

• 2 marks for unemployment caused by a lack of aggregate/total demand.

• 1 mark for unemployment caused by a lack of demand or people willing and able to work being without jobs or due to trade cycle or recession or boom or slump.

**(ii)** Explain **one** consequence of unemployment referred to in the extract. [3]

1 mark for identifying a consequence, one from:

• fall in potential output/lower economic growth

• lost tax revenue

• rise in savings

• change in inflation rate.

Up to 2 marks for explanation, e.g.

• If people are out of work they are not making goods and services and that potential output is lost for all time.

• Income will fall and so spending will fall leading to a decline in direct and indirect tax revenue.

• If they save more, spending will fall further which can cause even more unemployment.

• If fewer people are unemployed this may increase costs of production and increase total demand.

**(d) (i)** Describe the relationship between unemployment and inflation shown in Table 1. [1]

Unemployment falls whilst inflation rises or unemployment rises whilst inflation falls or there is an inverse relationship described (1).

**(ii)** Explain **one** possible reason for the relationship described in **(d) (i)**. [3]

• Either: as unemployment changes, incomes change (1), spending/demand changes (1), changes in demand are likely to encourage firms to change their prices (1), and so influence demand-pull inflation (1).

• Or: as unemployment changes, a shortage or surplus of workers may develop (1). This may alter wage rates (1), and change the costs of production (1) and so influence cost push inflation (1).

 **(e)** Discuss what factors are likely to influence whether unemployment will rise in China in the future. [7]

1 mark for identification of each factor, up to a maximum of four, e.g.

• level of aggregate demand/economic activity

• rise in international competitiveness

• consumer confidence

• change in government policy influencing aggregate demand, e.g. taxation

• change in government policy influencing aggregate supply, e.g. education/training

• skills of workers

• technological change

• mobility of workers

• relative cost of labour

• level of inflation.

Up to 3 marks for discussing the factors, e.g.

• If aggregate demand falls, cyclical unemployment will rise.

• An increase in the skills of workers may reduce structural unemployment.

• Technological change will require workers to learn new skills and may reduce jobs in some industries.

• An increase in geographical and occupational mobility should reduce unemployment.

**[Total: 20]**

The extract **‘Japan’s population problem’** will be needed for this question.

**2 (c)** What is meant by the labour force? [2]

• 2 marks for those in work and those seeking work, or employed and unemployed, or those who are economically active.

• 1 mark for those working/workers.

**(d)** Explain, using a demand and supply diagram, the likely effect of an ageing population on the price of residential care. [4]

****• 1 mark for correct labels (D, S, P and Q).

• 1 mark for shift of the demand curve to the right.

• 1 mark for correct equilibriums (indicated by lines only is sufficient).

• 1 mark for mentioning that the quantity bought and sold will be likely to rise.

• 1 mark for mentioning that price will be likely to rise.

**(e)** Explain why raising the retirement age would be expected to raise tax revenue. [4]

• It would increase those who are working (1). Those affected are likely to receive higher incomes (1) and so pay more income/direct tax (1) and would spend more (1) and so pay more indirect taxes (1).

• Also reward a business paying more direct tax in the form of corporation tax (1) as a result of increased output/expenditure/profit (1).

**(f)** Discuss the information you would need to assess whether a rise in a country’s birth rate would benefit its economy. [6]

1 mark for identification of each piece of information, up to a maximum of three, e.g.

• size of population relative to the optimum size (candidates do not need to refer to this term)

• current birth rate

• current death rate

• average age of population

• net migration figure

• employment level

• resources available

• short and long term effects.

Up to 3 marks for discussing how the information would aid the assessment, e.g. a rise in a country’s birth rate would benefit its economy if:

• the population is currently below the optimum level

• the country has a labour shortage

• the country is well endowed with resources other than labour

• the population is ageing and declining

• a short term reduction in the size of the labour force is offset by a long term increase in it.

**[Total: 20]**

The extract ‘**Changes in Japan’s price level**’ will be needed for this question.

**1 (a)** Define the term ‘inflation’. [2]

• 2 marks for a sustained rise in the general price level/fall in the value of money.

• 1 mark for a rise in prices.

**(d)** Explain why spending on capital equipment may decrease during a period of a harmful fall in the price level. [4]

• 1 mark for during a period of a harmful fall in the price level, demand for products will be falling.

• 1 mark for consumers and firms may wait for prices to fall further.

• 1 mark for consumers may spend less due to unemployment/fear of unemployment.

• 1 mark for with falling demand, firms are likely to reduce output.

• 1 mark for firms may need to cut costs of production.

• 1 mark for with lower output, firms will need fewer capital goods.

• 1 mark for firms may have less money to spend on capital goods.

• 1 mark for firms will experience lower profits/lower revenue.

• 1 mark for expectation of lower profits will reduce firms’ ability and willingness to invest.

**(e)** What is meant by fiscal policy? [2]

• 1 mark for reference to government spending/form of government spending.

• 1 mark for reference to taxation.

• 1 mark for reference to government borrowing/repayment/budget position

**(f)** Discuss whether a central bank should reduce its interest rate. [8]

Up to 5 marks for discussing why a central bank should reduce its interest rate, e.g.

• to stimulate growth – reduce cost of borrowing, reduce reward from saving, increase spending, encourage firms to expand their output

• to reduce unemployment – raise demand, encourage firms to increase output, employ more workers

• to improve current account – lower the exchange rate, people move money out of the country’s banks to other banks, increase supply of the currency, reduce demand for the currency, reduce export prices, increase import prices, increase export revenue, reduce import expenditure

• to stop the price level falling, to offset the harmful effects of deflation.

Up to 5 marks for discussing why it should not, e.g.

• may experience inflation – encourage spending, raise total (aggregate) demand, cause demand-pull inflation

• more spending may increase imports and worsen the current account position

• may encourage households and firms to get into debt – people and firms may borrow more than they can afford, may lead to a fall in total (aggregate) demand in the long run

• may put pressure on a fixed exchange rate – may have to sell the currency to keep it at its present rate.

**[Total: 20]**

The extract ‘**Improving the environment**’ will be needed for this question.

**2 (b)** What is meant by government regulation? [2]

• 1 mark for rules/laws/bans/controls.

• 1 mark for restrict/influence behaviour of firms and households/a relevant example

**(c) (ii)** Explain how resources are allocated in a market system. [3]

• 1 mark for reference to the forces of demand and supply.

• 1 mark for reference to the price mechanism/private sector/consumer sovereignty.

• 1 mark for reference to the role of profit.

• 1 mark for explaining how price changes move resources away from unpopular products towards making popular products/producers respond to changes in consumer demand

**(e)** Discuss whether a reduction in consumption of palm oil by Pakistan would reduce global CO2 emissions. [6]

Up to 4 marks for commenting on why it may reduce global CO2 emissions, e.g.

• Pakistan may switch to other energy sources such as solar power, these may cause CO2 emissions, reduce negative externalities

• Pakistan’s example may encourage other countries to follow their example, resulting in less use of biofuels

• it may mean that Pakistan has reduced its total energy use, reducing its use of biofuels and other fuels.

Up to 4 marks for commenting on why it may not, e.g.

• Pakistan could switch to another biofuel or to fossil fuels, resulting in no overall change in CO2 emissions or even an increase

• other countries could increase their consumption of biofuels, Pakistan is a relatively significant user of biofuels but other countries consume more

• there are other causes of CO2 emissions, including agriculture.

**[Total: 20]**

The extract **‘Poverty’** will be needed for this question.

**1 (a) (i)** State **two** reasons why some workers are paid more than others. [2]

1 mark each for each of two reasons stated e.g. more skilled, having greater bargaining power, more qualified, higher productivity, in higher demand, in lower supply, working in expanding industries, in promoted position, gender.

**(ii)** What do the gender gap figures for Japan and Costa Rica indicate? [2]

1 mark for men earned more than women in Japan.

1 mark for women earned more than men in Costa Rica.

1 mark for a wider pay differential in Japan than in Costa Rica

**(b)** Explain **two** costs of poverty indicated in the extract. [4]

1 mark each for two costs identified:

• low life expectancy

• low labour productivity

• social division

• lack of basic necessities

• malnourishment

• children not finishing primary school

• lack of clean water

• lack of electricity.

1 mark for each explanation, e.g.:

• people who live in poverty may not enjoy good health

• people living in poverty are likely to receive less education and training and be less skilled/low labour productivity means low output per worker/worker hour

• the poor will not be able to enjoy the lifestyle of the rich/there may be social unrest

• the poor may not have access to adequate housing, food and clothing

• malnourishment may shorten life expectancy/reduce earning capacity

• children not finishing school will hinder their employment/earning opportunities

• lack of clean water will lead to diseases/reduce life expectancy

• lack of electricity reduces living standards.

**(c) (ii)** Identify **two** possible reasons why Uzbekistan has low poverty on the MPI measure. [2]

1 mark each for each of two reasons from:

• a lack of malnourishment/good nutrition

• children finishing primary school/better education

• access to clean water

• access to electricity.

**(d)** Discuss whether increasing government spending will always reduce poverty. [8]

Up to 5 marks why it might, e.g.:

• an increase in government spending on health care, result in workers being healthier, lose fewer days’ work through illness, increase productivity, increase earnings

• an increase in government spending on education can increase skills/productivity, increase employment chances, raise wages

• an increase in government spending on benefits for the poor, raise their income, enable them to gain access to basic necessities

• an increase in government spending can raise total (aggregate) demand, increase employment opportunities, enable some of the poor to earn an income

• government spending on infrastructure/subsidies to firms, which can reduce firms’ costs, encourage firms to expand, raise employment opportunities.

Up to 5 marks for why it might not, e.g.:

• an increase in government spending may be on areas that do not benefit the poor e.g. repaying debt

• spending on education may not raise the skills of workers, the education may be of a poor quality, may be in areas that will not be in demand in the future, those educated may emigrate

• the increase in government spending may be too small to have much effect, may be offset by e.g. a fall in consumer expenditure

• an increase in government spending may raise total (aggregate) demand, cause inflation, higher prices may make it more difficult for the poor to buy basic necessities

• the increase in government spending may be matched by an increase in taxation, total demand may not change, impact on poverty will be influenced by whether progressive or regressive taxes are raised.

**[Total: 20]**

The extract **‘Market changes’** will be needed for this question.

**2 (b)** What does the price elasticity of demand of (–) 1.5 for hotel accommodation mean? [4]

1 mark for definition or formula of price elasticity of demand.

1 mark for it indicates elastic demand.

1 mark for this is because the figure is greater than 1 (ignoring the sign).

1 mark for indicates demand changes by a greater percentage than price/very responsive to change in price.

1 mark for it means e.g. a 10% change in price will lead to a 15% change in quantity demanded.

1 mark for price and total revenue move in opposite directions.

1 mark for negative sign shows price and demand move in opposite directions/price and demand move in opposite directions.

 **(c)** Explain **two** reasons for the increase in the demand for tickets on Emirates Airline. [4]

1 mark for each of two reasons identified:

• spending on advertising

• rival airlines increasing their prices

• lower hotel prices in Dubai

• more flights available.

1 mark for each of two explanations:

• a successful advertising campaign will attract new consumers and/or may encourage existing consumers to buy more

• consumers may switch to a substitute, in the form of another airline

• lower hotel prices will make holidays cheaper/hotel accommodation and flights are complementary goods

• flights may increase the flexibility of air travel/increase destinations/raise supply and so lower price.

 **(e)** Discuss whether the merger between United Airlines and Continental Airlines would benefit air passengers. [6]

Up to 4 marks for commenting on the possible benefits of the merger for passengers, e.g.:

• larger firm and so more able to take advantage of economies of scale, example/s of economies of scale [credit best example], and so may lower prices and raise quality

• may make larger profits, reinvest, improve quality

• may reduce wasteful duplication, e.g. flying two planes instead of three planes with empty seats, reduce costs, lower prices

• enable passengers to fly to more destinations, through ticketing.

Up to 4 marks for commenting on possible disadvantages e.g.:

• risk of higher prices because of greater market power

• may experience diseconomies of scale, example/s of diseconomies of scale [credit best example], raise costs, increase prices

• lower competition may reduce quality, lack of incentive to innovate

• may concentrate on more profitable routes, reduce number of flights, reduce number of destinations.

 **[Total: 20]**

The extract **‘The Yasuni ITT initiative’** will be needed for this question.

**1 (b)** **(ii)** Why might conservation restrict economic development? [4]

1 mark for defining economic development.

1 mark for conserving resources means not using them now.

1 mark for lower output.

1 mark for output may be below full capacity/potential.

1 mark for lower output means lower incomes/revenue.

1 mark for lower incomes may reduce living standards.

1 mark for lower aggregate demand.

1 mark for lower employment.

1 mark for lower exports.

1 mark for higher costs of production (in the short run).

1 mark for cost of government expenditure involved in conserving resources.

1 mark for opportunity cost involved in government spending on conservation.

1 mark for example of opportunity cost.

1 mark for income is one influence on economic development

1 mark for has the potential to reduce tourism.

**(c) (i)** Explain whether Petroecuador is a public corporation or a public limited company. [2]

1 mark for public corporation.

1 mark for the extract refers to state owned firm/state owned firm is another term for public corporation.

**(ii)** Explain **two** external costs, referred to in the extract, that might arise from allowing firms to drill for oil in the ITT area. [4]

Up to 2 marks for an understanding of external costs:

2 marks for social costs minus private costs

2 marks for harmful effects on third parties

1 mark for effect on third parties/those not directly involved in the consumption and production of the product.

1 mark for each of two examples from the extract:

• pollution/carbon emissions

• loss of homes for tribes people

• loss of homes for wildlife.

 **(d)** Discuss whether other countries would benefit from Ecuador preventing oil extraction in the ITT area. [6]

Up to 4 marks for commenting on why other countries may benefit, e.g.:

• may experience less pollution, reduce external costs, raise living standards

• other oil producing countries will have less competition, raise demand for their oil, increase revenue

• the oil firms may move to other countries, contribute to their output/GDP, create employment, increase tax revenue

• may help tourist industry in neighbouring countries, increase number of tourists, raise GDP, increase employment, improve current account position.

Up to 4 marks for commenting on why other countries may not benefit, e.g.:

• restrict supply of oil, raise the price of oil, worsen current account position of countries importing oil

• Ecuador’s GDP may rise more slowly, the country’s demand for imports may grow more slowly, the growth in other countries’ exports may slow

• pollution may increase in other countries, destroy wildlife habitats, reduce their tourism

• prevent specialisation, reduce world output, lower living standard

• prevent MNCs from other countries from extracting oil, lowering their profits, employment.

**[Total: 20]**

The extract **‘Falling fertility’** will be needed for this question.

**2 (a) (i)** Using information from the extract, explain **two** reasons why developing countries tend to have higher fertility rates than developed countries. [4]

1 mark for each of two reasons identified:

• low cost of raising children

• lack of state benefits/pensions/needing children to support parents in old age

• fewer women working

• expectation of high infant mortality

• less education.

1 mark for each of two explanations e.g.:

• low cost of raising children as the number of years of schooling may be low

• lack of state benefits/pensions may mean parents become financially dependent on their children

• when women are not in work, they may be less likely to restrict their family size due to e.g. more time available

• high infant mortality rate may result in parents having more children, expecting only a few to survive, due to poor medical care

• less education may mean people are less aware of ways to limit family size.

 **(iii)** Why may the global average replacement rate fall in the future? [2]

1 mark for infant mortality rate may fall in future/more babies surviving

1 mark for countries may develop/health care may develop

 **(b) (i)** Explain **two** reasons why a country’s fertility rate may fall but its population size increases. [4]

1 mark for each of two reasons identified:

• more women in the population

• fall in the death rate

• fall in the infant mortality rate

• net immigration

• fertility rate may still be above the replacement rate.

1 mark each for each of two explanations e.g.:

• more women in the population may mean that whilst each woman, on average, may have fewer children, the number of children born may rise/reason why birth rate may rise

• a fall in the death rate may offset a fall in the birth rate/reason why death rate may rise

• a fall in infant mortality rate will mean more children survive/infant mortality rate may fall due to better health care

• a net inflow of people into the country may offset a natural decrease in population size/reason why immigration may increase

• a fall in the fertility rate may just mean that the population size grows more slowly.

**(ii)** Discuss what information you would need to assess whether a country would benefit from a decrease in its population size. [6]

Up to 4 marks for identifying relevant information e.g.:

• size of decrease

• size of population

• resources

• current level of income/GDP

• current level of employment

• duration of the decrease

• cause of the decrease.

Other relevant information should be credited if link to population change and benefit/cost to country established.

Up to 4 marks for commenting on why the information is relevant e.g.:

• a small decrease may not have much of an impact

• if the country is overpopulated/above optimum population, it would benefit from a decrease, less overcrowding, more resources per head of the population, higher income per head

• a decrease in population size, with the same level of income, will increase GDP per head

• if there is high unemployment, a decrease in population size may reduce the problem in the short term – but in the longer term will also reduce aggregate demand and so the number of jobs available

• a short term decrease may not have much of an impact

• a fall in the birth rate may increase the size of the labour force in the short run but reduce it in the long run, affect the dependency ratio

• net emigration may deprive the country of skilled workers, reduce output, reduce productivity, lower living standards.

**[Total: 20]**