Solutions

Each answer shows the steps, then the **result**.

2.1

- outsourcing = hiring another firm to do work; offshoring = moving that work to another country

2.2

- offer tax breaks/looser rules in a defined area to attract foreign investment and industry

2.3

(a)

- deindustrialization

(b)

- job losses, decline, unemployment, or need to restructure

3.1 B

- relocating work abroad = offshoring

3.2 A

- not tied to inputs/markets = footloose industry

3.3

(a)

- tax breaks, cheap land, or relaxed regulations

(b)

- foreign investment, jobs, technology, and exports

3.4

(a)

- it rises to a peak (about 40–45% of workers) in the middle stages, then falls to under 15%

(b)

- firms offshore manufacturing to semi-periphery countries with lower wages, such as China, Mexico or Vietnam
- automation raises output per worker, so factories need fewer workers, while rising incomes increase demand for services

(c)

- for example: in the US Rust Belt (Detroit, Pittsburgh) factory closures caused unemployment, falling tax revenue, population loss and vacant buildings; or in northern England, former mining and mill towns lost jobs