Solutions

Marking: **K** knowledge, **App** application to the case, **An** analysis (a developed chain of reasoning), **Ev** evaluation (a justified judgement); calculations earn **M1** for the method and **A1** for the answer.

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

2.1

- $(412 - 400) \div 400 \times 100$
- $=$ **3** %

2.2

- $600\,000\,000\,000 \div 40\,000\,000$
- $=$ \$**15 000**

2.3

- more and better **capital** raises output per worker (K)
- so the economy can produce more goods: real GDP rises (An)

3.1

B

3.2

(a)

- 800×1.07
- $=$ \$**856 billion**

(b) two causes, each explained (K + App each):

- **investment** in new factories adds capital and raises output
- strong **export** demand uses resources and draws in investment
- workers moving from farms to more productive factory jobs
- new **technology** from foreign firms

(c) a developed chain, for example:

- higher output means higher **incomes** (K)
- people can buy more goods: better food, housing and consumer goods (An)
- more **jobs** reduce poverty (App)
- the government collects more **tax**, so it can spend more on health and education (An)
- so life expectancy and education levels rise as well as incomes (An)

(d) benefits: (An)

- higher incomes, jobs, tax revenue for public services, less poverty

not always: (An)

- **pollution** harms health and lowers the quality of life, as in the case
- gains are **unequal**: rural incomes have hardly changed; resources may be used up; inflation if growth is too fast

judgement: (Ev) for example, growth is necessary to raise living standards, but it benefits the country fully only if it is **sustainable** and shared, so the government should tax pollution and invest in rural areas.

Level 3 (6–8): both sides analysed and a justified judgement. Level 2 (3–5): one side analysed or both explained. Level 1 (1–2): simple points.