

- 1 A government wants to build a new hospital.

What is most likely to prevent the government from doing this?

- A People in the country cannot afford healthcare.
- B People in the country would go abroad for healthcare.
- C The government cannot agree how big the hospital should be.
- D The government does not have enough money.

- 4 Lanzarote, a Spanish island, was once an area with very high rates of poverty. However, the rise of tourism has greatly reduced unemployment. The government is trying to attract more workers to the island by using non-wage factors. Lanzarote's low taxes also attract workers to the island. Mobility of labour in the island's economy has also increased.

- (a) Identify **two** non-wage factors that may influence a worker's job choice. [2]
- (b) Explain how unemployment can lead to poverty. [4]
- (c) Analyse the influences on the mobility of labour. [6]
- (d) Discuss whether or not low taxes are beneficial for an economy. [8]

- 4 The Central African country Chad has a triangle-shaped population pyramid and a high level of poverty. It regularly has an overall deficit on the current account of its balance of payments. Chad usually has a surplus on its secondary income. However, its trade in goods, trade in services and primary income are all usually in deficit. Some economists suggest that the Chadian Government should impose import quotas to reduce its trade in goods deficit.

- (a) Define *primary income*. [2]
- (b) Explain **two** influences on the shape of a country's population pyramid. [4]
- (c) Analyse the causes of poverty. [6]
- (d) Discuss whether or not imposing import quotas will reduce a trade in goods deficit. [8]

- 21 An economy that is fully employed is forecast to have an increase in total demand.

What is most likely to increase?

- A the rate of absolute poverty
- B the government budget deficit
- C the level of unemployment
- D the rate of inflation

- 2** The shape of Colombia's population pyramid is changing. The income distribution of this South American country, however, is not changing significantly. The country has one of the most unequal income distributions in the world. Some Colombians work in its footwear industry which produces shoes, sandals and boots. Although footwear is produced in the private sector, Colombia has a mixed economic system.

- (a) Define *population pyramid*. [2]
- (b) Explain **two** reasons why income may become more unevenly distributed. [4]
- (c) Analyse the influences on whether demand for shoes is elastic or inelastic. [6]
- (d) Discuss whether or not a mixed economic system will benefit the people who live in that economy. [8]

- 25** Wealthy countries have people who live in relative poverty.

What is the most likely cause of this?

- A** generous state pensions
- B** low national minimum wage
- C** progressive taxation
- D** subsidised healthcare

- 24** The table shows the distribution of income as measured by GDP for three countries in a year.

	percentage of GDP received by each 20% of households				
	highest 20%	second highest 20%	middle 20%	second lowest 20%	lowest 20%
Belgium	36.4	22.4	18.0	14.3	8.9
Mexico	51.7	20.0	13.5	9.4	5.4
US	46.9	22.4	15.3	10.3	5.1

What can be concluded from the table?

- A** The lowest 20% of households in the US have lower incomes than the lowest 20% of households in Mexico.
- B** The lowest 40% of households in Belgium receive a larger share of the country's income than the highest 20% of households.
- C** The distribution of income is most equal in Belgium.
- D** The highest 20% of households in the US receive half of the country's income.