

Multiple Choice Answers

Q1: D

4(a)

Identify two non-wage factors that may influence a worker's job choice.

Two from:

- job security
- fringe benefits
- recognition at work
- company car
- holidays
- working hours
- flexibility / ability to work from home
- location of workplace
- available transport
- nearness to family

4(b)

Explain how unemployment can lead to poverty.

Logical explanation which might include:

- unemployment may lead to a loss of a source of income (1) unable to afford basic necessities (1) leading to absolute poverty (1) may reduce ability to provide a good standard of living for family (1) poor education (1) health problems (1) child poverty (1)
- long term unemployment (1) loss of skills (1) cannot re-enter the job market (1) unable to earn a living (1)
- the unemployed may claim unemployment benefits (1) with lower income than those working (1) leading to relative poverty (1).
- unemployment will lead reduced (income) tax revenue (1) less available to spend on public services that reduce poverty (1).

4(c)

Analyse the influences on the mobility of labour.

Coherent analysis which might include:

- labour could be occupationally mobile (1) influenced by skills / qualification / knowledge (1) if they are transferable (1) then labour is more occupationally mobile (1)
- labour could be geographically mobile (1) influenced by government regulations (1) e.g. visa requirements (1) cost of living in another area / country (1) access to transport (1) access to public transport / proximity to railway / ports (1) family ties may make workers immobile (1) access to working online / ability to work from home (1)
- house prices in different areas / access to housing in different areas (1) low house prices make it easier to move for work (1)
- incomes / tax systems in other countries (1) proficiency in another language (1) influencing workers to move abroad (1).

4(d)

Discuss whether or not low taxes are beneficial for an economy.

In assessing each answer, use the table opposite.

Why they might be:

- low income taxes increase disposable income, increasing total (aggregate) demand
- low corporate income (corporation) taxes increase profits after tax
- low indirect taxes, e.g. VAT, reduce prices of goods and services
- low taxes on imports reduce prices of imports
- low taxes on firms encourage competition
- low taxes on demerit goods increase external costs
- low income taxes prevent a 'brain drain' / attract foreign workers
- low corporate taxes attract overseas companies e.g. MNCs.

4(d)	Why they might not be: • government revenue will be low – budget deficit / debt • not enough revenue to provide for public / merit goods e.g. education / healthcare • higher inequality if progressive taxes are low • higher inflation if direct taxes are low • low taxes on merit goods improve external benefits.
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4(a)	Define <i>primary income</i>. Component of the current account of the balance of payments (1). Example of an item: profit / interest / dividends / wages earned abroad (1).
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4(b)

Explain two influences on the shape of a country's population pyramid.

Logical explanation which might include:

- birth rate / fertility rate (1) a high birth rate / fertility rate will result in a wide base for the pyramid (1)
- life expectancy / death rate / aging population (1) high death rate / low life expectancy will result in a narrow top for the pyramid (1)
- migration (1) high immigration of people of working age would result in a wide middle in the pyramid (1)
- gender balance (1) example of imbalance in overall shape of pyramid (1).

4(c)

Analyse the causes of poverty.

Coherent analysis which might include the following.

- Low quantity / quality of education (1) can reduce job opportunities (1) low skilled jobs (1) low paid jobs (1).
- Unemployment (1) lower income (1) reliant on welfare benefits (1).
- Illness / disability (1) poor healthcare (1) reduce ability to earn an income (1).
- Old age (1) may have low or no state benefits (1) absolute poverty (1).
- Uneven distribution of income / wealth (1) resulting in relative poverty (1).
- Corruption (1) reducing tax revenue available to spend on reducing poverty (1).
- Large families (1) many children (1) trapped in / child poverty (1).
- Single parent families (1) parent unable to work (1) reliant on state benefits (1).
- Poor housing (1) harms health (1) limited access to employment (1) high cost of living (1).
- Natural disaster / conflict (1) causes loss of ability to work / earn income (1).
- Geographical immobility (1) prevents access to paid jobs (1).
- Work in agriculture (1) where wages are low / not regular income (1).
- High inflation (1) cannot afford to buy basic necessities (1).

4(d)

Discuss whether or not imposing import quotas will reduce a trade in goods deficit.

In assessing each answer, use the table opposite.

Why it might:

- restrict imports
- lower supply may drive up price
- consumers and firms may switch to domestic goods
- could reduce gap between import expenditure and export revenue.
- consumers and firms may switch to domestic substitutes
- could reduce gap between import expenditure and export revenue.

Why it might not:

- import quotas may be higher than demand
- depends on the breadth of goods affected – fewer goods, less effective
- may not be domestic substitutes
- may be retaliation which could reduce export revenue
- smuggling may occur
- reduction in import spending may appreciate currency value, reducing exports.

4(d)	
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Multiple Choice Answers

Q21: D

2(a)	Define <i>population pyramid</i>. age (1) gender (1)
2(b)	Explain <u>two</u> reasons why income may become more unevenly distributed. Logical explanation which might include: A rise in: • Unemployment (1) those who lose their jobs are likely to experience a fall in their income (1). • Illness (1) the sick may not be able to earn an income (1). • Profits (1) benefitting entrepreneurs (1). • Interest rates (1) benefitting those with a high value of savings (1). • Wealth (1) with rich people gaining more interest/profit (1). • Regressive taxation (1) reducing the income of the poor/placing greater burden on poor (1). • Discrimination of workers (1) example e.g. reducing income of women • Education provision / attainment (1) but only for some (1). A fall in: • National minimum wage (1) the low-paid experience a fall in income (1). • Progressive taxation (1) increases the income of the rich (1). • Welfare / state benefits (1) reduce the income of the poor (1).

2(b)

Growth:

- Economic growth (1) benefits go more to skilled than to unskilled workers (1).
- Changes in growth rate of different industries (1). workers in expanding industries may earn more in wages than workers in declining industries (1).
- Changes in growth rate of different regions (1) workers in high growth areas may earn higher wages than in low growth / declining regions (1).
- Changes in growth rate of private and public sector (1) private sector earn higher increase in wages (1).

2(c)

Analyse the influences on whether demand for shoes is elastic or inelastic.

Coherent analysis which might include:

- Shoes have substitutes in the form of sandals and boots (1) may make demand (price) elastic (1) as a change in price will cause consumers to switch between different forms of footwear (1) especially if the types are close substitutes / close in price (1).
- PED of particular brands of shoes will be more elastic than demand for shoes as a whole (1)
- Proportion of income spent on the shoes (1) the lower the proportion, the more inelastic the demand (1) as a change in price will not have such a significant impact on demand (1).
- Whether shoes are considered to be a necessity or a luxury (1) shoes are likely to be considered a necessity (1) and therefore inelastic (1).
- It may not be possible to delay the purchase of shoes (1) making demand inelastic (1).
- Durability of shoes (1) the more durable the more inelastic (1).
- Demand for some shoe may be addictive (1) making demand inelastic (1).

2(d)

Discuss whether or not a mixed economic system will benefit the people who live in that economy.

In assessing each answer, use the table opposite.

Why it might:

- public goods may be provided
- production of demerit goods may be discouraged
- production of merit goods may be encouraged
- state benefits may be provided
- income may be redistributed to help the poor
- unemployment may be kept low by government policies
- private sector benefits e.g. generate high incomes / lower prices

Why it might not:

- may be market failure in the private sector
- rich may lose if there is high progressive taxation
- high taxation may discourage enterprise
- state-owned enterprises may be inefficient
- may be less choice in the public sector.

2(d)	
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Multiple Choice Answers

Q25: B

Multiple Choice Answers

Q24: C