Multiple Choice Answers

Q1: D

4(a)	**Identify <u>two</u> 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.

4(a)	**Define *primary income.*** Component of the current account of the balance of payments (1). Example of an item: profit / interest / dividends / wages earned abroad (1).

4(b)	**Explain <u>two</u> 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).

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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)	

Multiple Choice Answers

Q21: D

2(a)	**Define *population pyramid*.** 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

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Multiple Choice Answers

Q24: C