

4.6 Economic Growth

Question Paper

Course	CIEIGCSE Economics
Section	4. Government & the Macroeconomy
Topic	4.6 Economic Growth
Difficulty	Medium

Time allowed: 170
Score: /134
Percentage: /100

Question 1

Wage rate growth has increased recently in Kazakhstan, but its economic growth rate has slowed. This is, in part, due to a fall in exports. To try to increase the economic growth rate, the government has increased its spending on investment. In August 2015, it adopted a floating foreign exchange rate system in an attempt to improve the country's macroeconomic performance.

Analyse how a rise in investment could increase a country's economic growth rate.

[6 marks]

Question 2

Calculate India's economic growth rate in 2017.

Refer to the [source material](#) in your answers.

[1 mark]

Question 3

African countries are expected to experience growth in their output. It is also predicted that Africa's population will increase from 1.1 bn in 2017 to 4.2 bn by 2100, when Nigeria will account for one in twelve of the world's births. Nigeria and South Africa are expected to experience the greatest rise in investment (spending on capital goods) over this period, and a change in their gender distribution.

Explain two benefits of a higher economic growth rate.

[4 marks]

Question 4

Discuss whether or not an increase in house building will benefit the people who live in the area.

Refer to the [source material](#) in your answers

[5 marks]

Question 5

It is predicted that the UK economy will avoid another recession in the next two decades and that its population will increase significantly by 2040. Most of this predicted increase will come from immigration. By 2040, it is also expected that one in twelve people will be aged over 80. A number of countries, including some low-income countries, may have a more rapid population growth rate than high-income countries.

Analyse how fiscal policy could be used to stop a recession.

[6 marks]

Question 6

Mali is a developing country. Its Human Development Index (HDI) rose from 0.297 in 2000 to 0.442 in 2016. Most of Mali's workers are employed in agriculture and cotton is the country's main agricultural crop. The country's main export, however, is gold. The country is the third largest exporter of gold in Africa.

Discuss whether or not an increase in the size of a country's gold mining industry will benefit an economy

[8 marks]

Question 7a

a)

Calculate Turkey's total output.

Refer to the [source material](#) in your answer

[1 mark]

Question 7b

b)

Explain the relationship between the growth of Istanbul's service sector and its growth in total output.

Refer to the [source material](#) in your answers.

[3 marks]

Question 7c

c)

Analyse how good transport links have contributed to Istanbul's economic growth.

Refer to the [source material](#) in your answers.

[4 marks]

Question 8

Explain, using information from the extract, **two** causes of economic growth in New York.

Refer to the [source materials](#) in your answers.

[4 marks]

Question 9

Explain, using information from the extract, the possible negative effects of economic growth in New York.

Refer to the [source material](#) in your answers.

[4 marks]

Question 10

A local manufacturer of medicines (pharmaceuticals) in Nigeria wants to expand which will increase the contribution of this industry to the Gross Domestic Product (GDP) of the country. This firm's expansion may enable Nigeria to reduce its dependence on imports of medicines and may make medicines more affordable. To ensure success, however, the firm will need to increase its investment in research and development.

Define *Gross Domestic Product (GDP)*.

[2 marks]

Question 11

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Discuss whether or not a reduction in imports is beneficial to an economy.

[8 marks]

Question 12

Discuss whether or not building a new city will benefit an economy.

Refer to the [source material](#) in your answers.

[6 marks]

Question 13

Australia's economic growth rate has fallen in recent years. Its Human Development Index (HDI), however, is high and in 2016, Australia had the second highest HDI in the world. The Australian government hopes that the country's birth rate will rise from a low of 12.1 in 2016. An increasing proportion of Australian children are going to private sector schools. Their parents have to pay a fee for them to attend these schools.

Identify the difference between *economic growth* and recession.

[2 marks]

Question 14

The Saudi Arabian government is encouraging the growth of the private sector. It is a low-cost oil producer, but its exports to South Africa have fallen recently. South Africa has a floating foreign exchange rate, but its central bank has recently tried to prevent a large fall in its foreign exchange rate.

Explain **two** benefits a government may gain from the growth of the private sector.

[4 marks]

Question 15

In February 2017, China's central bank raised the rate of interest. It wanted to reduce borrowing and the growth of the money supply, but it was worried that the rise in the interest rate might reduce the country's economic growth rate. The change in interest rate is likely to have increased the workload of skilled commercial bank workers.

Discuss whether or not a rise in the rate of interest will reduce economic growth.

[8 marks]

Question 16

Explain, using information from the extract, **two** reasons, apart from changes in employment, for Iceland's high economic growth rate from 2002 to 2007.

Refer to the [source material](#) in your answers.

[4 marks]

Question 17

Calculate, using information from the extract, Iceland's GDP in 2007.

Refer to the [source material](#) in your answers.

[2 marks]

Question 18

Ireland has attracted a significant number of foreign multinational companies (MNCs) to set up production in the country. These firms employ approximately 10% of the country's labour force and make a high proportion of Ireland's exports. The surplus on the current account of Ireland's balance of payments fell in 2016 while government spending rose.

Analyse how an increase in exports could improve a country's economic performance.

[6 marks]

Question 19

The economic problem results in people having to make choices. In Bulgaria, in recent years, people have changed how much they spend. The Bulgarian government is encouraging people to spend more. It is trying to ensure that deflation does not return and that the country will continue to experience an increase in output.

Discuss whether or not a country will suffer if its output falls.

[8 marks]

Question 20

Discuss whether or not the Russian government should have been concerned about the state of the Russian economy in 2016.

Refer to the [source material](#) in your answers.

[6 marks]

Question 21

The Malaysian government implemented the Vision 2020 policy which aims to make Malaysia a developed country by the year 2020. Along with this vision, the National Privatisation Policy was also implemented whereby various firms, such as those involved in telecommunications, were privatised. Poverty has significantly reduced since the implementation of these policy measures.

Discuss whether or not moving firms from the public sector to the private sector will benefit an economy.

[8 marks]

Question 22

A relatively high proportion of people from the Philippines either work in call centres or abroad. Call centres employ 1.2 million people in the Philippines and account for 8% of the country's Gross Domestic Product. Due to the time difference with the US, the main market for call centre services, many Filipinos have to work at night. The call centres are introducing new technology including robots.

Discuss whether or not advances in technology benefit an economy.

[8 marks]

Question 23

More than 80% of Qatar's population are immigrants. Net immigration has helped to meet the country's demand for labour. As well as a shortage of workers, the country has a shortage of drinking water. The government has run public campaigns to stop people using their free supply of drinking water to fill their swimming pools and water their gardens. In 2016, the government increased its spending to increase the country's economic growth rate.

Discuss whether or not increased government spending will increase economic growth.

[8 marks]

Question 24

World output has grown in recent years, but a number of countries have experienced a recession. The removal of trade restrictions such as import tariffs has slowed down, reducing the growth of world trade.

Analyse how a recession may reduce a country's imports.

[6 marks]

Question 25

In 2016, there were fears that the Singaporean economy could enter a recession because of falling demand from China, its biggest export market. One of the results of a recession is likely to be a fall in consumer spending. A previous recession in 2008 had led to unemployment increasing from 1.6% to 3.4%. Singapore's central bank therefore decided to intervene in the foreign exchange market to influence the value of the currency.

Define recession.

[2 marks]