

5.1 Living Standards

Question Paper

Course	CIEIGCSE Economics
Section	5. Economic Development
Topic	5.1 Living Standards
Difficulty	Medium

Time allowed: 120
Score: /98
Percentage: /100

Question 1

Since 1990, the population of Lithuania has fallen by one fifth because of net emigration. People usually leave in search of better living standards. In 2015, there were signs of improved macroeconomic performance as real GDP per head rose and unemployment fell. People expected that the decline in unemployment would affect the country's inflation rate and might also turn the government's budget deficit into a budget surplus.

Explain two reasons why a country may experience a decline in living standards at the same time as an increase in real GDP per head.

[4 marks]

Question 2

Analyse the relationship between countries' GDP per head ranking and HDI ranking.

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

[5 marks]

Question 3

Analyse the relationship between real GDP per head and the adult literacy rate.

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

[5 marks]

Question 4

Analyse the relationship between the size of countries' primary sector output and GDP per head.

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

[1 mark]

Question 5

The Chinese government reformed the Chinese tax system in 2016. It extended VAT (sales tax) from the sale of goods to the sale of services enabling it to cut the corporation tax rate. Taxes on goods and services are usually regressive. The Chinese government wanted to raise living standards and hoped that a cut in the tax rate firms pay would attract multinational companies (MNCs) to the country.

Discuss whether or not people in a high-income country always enjoy a higher living standard than those in a low-income country

[8 marks]

Question 6

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.

Explain two reasons why net immigration may increase the standard of living in a country

[4 marks]

Question 7

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.

Identify two components of the HDI

[2 marks]

Question 8

In March 2017, Peru was hit by floods and the strongest winds in decades. Roads, bridges, houses and capital goods were destroyed. It is expected that the damage caused will affect Peru's Human Development Index (HDI) and economic growth rate. In 2016, Peru experienced a 4% economic growth rate which was higher than the growth rate of the USA.

Explain two causes of an increase in a country's HDI

[4 marks]

Question 9

In March 2017, Peru was hit by floods and the strongest winds in decades. Roads, bridges, houses and capital goods were destroyed. It is expected that the damage caused will affect Peru's Human Development Index (HDI) and economic growth rate. In 2016, Peru experienced a 4% economic growth rate which was higher than the growth rate of the USA

Discuss whether countries with a high Gross Domestic Product (GDP) per head will have a faster rate of economic growth than countries with a low GDP per head

[8 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.

Explain two ways in which more affordable medicines can improve standards of living.

[4 marks]

Question 11

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.

Explain how the HDI compares living standards between countries.

[4 marks]

Question 12

Analyse, using Table 1.1, the relationship between annual GDP per head and life expectancy.

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

[5 marks]

Question 13

Average life expectancy is as short for the poorest Americans as it is for the people of Sudan, a low-income African country. Low-income individuals tend to live longest in countries with more educated populations. Economic growth can increase education and reduce poverty. In 2017, the US President announced a cut in the tax on firms' profits. He said the measure would increase employment.

Explain two reasons why less-educated people tend to have a shorter life expectancy than people who have received more education.

[4 marks]

Question 14

In 2016, there was a global surplus in the steel market pushing down steel prices. This situation led to various calls for protectionist measures by other steel producers such as those in the EU and the USA. However, such measures were not supported by car producers as approximately 22% of a car manufacturer's costs depend on steel prices.

Discuss whether or not protectionism is effective in raising living standards.

[8 marks]

Question 15

Analyse to what extent the information in Table 1 suggests that healthcare expenditure per head is an important influence on the infant mortality rate.

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

[4 marks]

Question 16

The United Nations (UN) has set out development goals for countries to achieve by 2050. These goals include:

- conserve natural resources
- ensure education for all
- end poverty everywhere
- promote sustained economic growth

Discuss whether or not economic growth always increases living standards.

[8 marks]

Question 17

In 2015, the Tripartite Free Trade Area (TFTA) was established. It covers 26 countries and is the biggest free trade area in Africa. Removing trade restrictions can enable economies to take greater advantage of economies of scale. Some economists argue that improving Africa's roads would be more beneficial and would do more to reduce a current account deficit on the balance of payments and raise living standards.

Discuss whether or not raising living standards is the most important economic objective for developing countries.

[8 marks]

Question 18

Analyse the extent to which the relationship shown in Table 1 between countries' GDP per head and their HDI value is the expected one.

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

[4 marks]

Question 19

In 2016, the trade union representing doctors in the UK was involved in collective bargaining with the government over proposed changes to doctors' contracts. The trade union considered that the aim of the changes was to reduce the cost to the government of providing healthcare. It may also result in fewer individuals training to become doctors in the future.

Discuss whether or not a decrease in the number of doctors will reduce living standards.

[8 marks]

