

26 Which combination of characteristics would be found in a less developed economy?

	literacy rates	population growth	tertiary sector
A	high	high	small
B	low	high	small
C	high	low	large
D	low	low	large

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25 In rural areas in developing countries, farmers grow food for their own consumption.

Why might this mean that the GDP is a weak measure of the standard of living in those countries?

- A** The food grown is not exported.
- B** The GDP does not include agricultural production.
- C** The GDP only refers to the public sector.
- D** The value of the food is unknown.

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20 What is most likely to be a reason for taxing oil?

- A** to conserve oil resources
- B** to create employment
- C** to encourage economic growth
- D** to reduce oil prices

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5 Australia has a number of firms that operate in other countries. These multinational companies (MNCs) provide several benefits for their home country of Australia. The Australian Government imposes relatively low import tariffs and the country has a floating exchange rate. In recent years, Australia has experienced an increase in investment and a higher Human Development Index (HDI) value.

- (a) Identify **two** benefits an MNC may provide for its home country. [2]
- (b) Explain **two** disadvantages of import tariffs. [4]
- (c) Analyse how an increase in investment can result in a rise in a country's HDI value. [6]
- (d) Discuss whether or not having a floating exchange rate benefits an economy. [8]

24 The table shows the Human Development Index (HDI) values for two countries.

country	HDI value
X	0.90
Y	0.45

What might explain the difference in the HDI values?

- A** Country X has double the inflation rate of country Y.
- B** Country X has half the population of country Y.
- C** Country X spends more of its real GDP on foreign aid than country Y.
- D** Country X spends more of its real GDP on schooling than country Y.

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26 Which combination best describes the characteristics of a high-income economy?

	GDP per head (US\$)	Human Development Index value	percentage of the labour force in the tertiary sector
A	high	high	high
B	high	high	low
C	low	low	high
D	low	low	low

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26 The table shows information on four countries.

Which country is likely to be the most developed?

	population (million)	Gross Domestic Product (GDP) (\$ billion)	life expectancy (years)
A	100	800	51
B	200	6000	62
C	300	600	48
D	1000	1600	63