

IB Economics – Development Economics

Exam Practice Questions: 4.3 Domestic Factors



IB Economics: www.IBDeconomics.com

4.3 DOMESTIC FACTORS IN ECONOMIC DEVELOPMENT: EXAM PRACTICE QUESTIONS

Answer the questions that follow.

IB ECONOMICS PAPER 2 EXAMINATION QUESTIONS – DEVELOPMENT ECONOMICS

Paper 2. Duration: 1 hour 30 minutes. Weighting: Higher Level 40%, and Standard Level 30%.

IB Economics exam Paper 2 is divided into Section A and Section B. Section A – International Economics – assesses the IB Economics student's knowledge, analytic and evaluative skills.

Students are expected to demonstrate the following assessment objectives.

Section A

The principal focus is on section 3 of the syllabus – **development economics**.

While the principal focus of the questions is on section 3, it is likely that students will be required to draw on other sections of the syllabus.

The command terms used in each question, or part thereof, indicate the depth required.

Part (a) of each question requires knowledge and understanding. It is subdivided into (i) and (ii). The maximum for each of these is 2 marks, with a combined maximum of **4 marks**.

Part (b) of each question requires knowledge and understanding, application and analysis, and selection, use and application of a variety of appropriate skills and techniques. The maximum for this part is **4 marks**.

Part (c) of each question requires knowledge and understanding, application and analysis, and selection, use and application of a variety of appropriate skills and techniques. The maximum for this part is **4 marks**.

Part (d) of each question requires knowledge and understanding, application and analysis, and synthesis and evaluation. The maximum for this part is **8 marks**.

The section A question is worth a total of **20 marks**.

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4.3 DOMESTIC FACTORS IN ECONOMIC DEVELOPMENT: EXAM PRACTICE QUESTIONS

Study the extract below and answer the questions that follow.

ITEM 1: BREAKING BUSINESS NEWS

News item appearing in all major English-language newspapers and global media.

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Business Tues Nov 15, 2016 6:56am EST

Latin America gender pay gap shrinks slowly, harms development: U.N.

NEW YORK





Women are still over-represented in poorly paid agricultural work. November 16, 2017.
REUTERS/Teresa Johnston

The gender pay gap in Latin America has narrowed more slowly for well-educated women than for others, and the slow pace of change hampers development and progress toward gender equality, the United Nations said.

The gap for women with more than 13 years of education shrank by 9 percent from 1990 to 2018 but left them still earning 26 percent less than their male peers, according to new figures released by the UN.

Female labour force participation continues to improve in most Latin American countries, but still lags the developing countries of Asia, where women are choosing to have fewer children. In countries such as Columbia, women are over-represented in the poorly paying agricultural sector. Advanced technology is being adopted in agriculture across the region, such coffee harvesting and processing. This provides above-average pay for a few skilled workers but leaves many unskilled workers out of work. Unemployment among the poor leads to less education and worse health outcomes for families.

EDITOR'S CHOICE



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- [IB Students show very elevated levels of stress compared to other students](#)
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QUESTIONS

- a. Define the following terms from the newspaper extract above, concerning economic growth and development:
- i. Labour force participation **[2 marks]**
 - ii. Income inequality **[2 marks]**
- b. Using a diagram, explain why education and healthcare services are under consumed in a free market. **[4 marks]**
- c. Use a diagram to explain how the effect of an increase in human capital that results from an increase in the consumption of health and education services. **[4 marks]**
- d. Using information in the text and your knowledge of economics, explain why the adoption of intermediate technology may be better suited to LDCs than advanced technology. **[8 marks]**

QUESTIONS

- a. Define the following terms from the newspaper extract above, concerning economic growth and development:
- i. Economic development **[2 marks]**
 - ii. Gender inequality **[2 marks]**
- b. Outline two external benefits of education, indicating whether these are positive externalities of consumption or positive externalities of production. **[4 marks]**
- c. Using an AD/AS diagram, explain the effect of an increase in human capital that results from increased consumption of health and education services. **[4 marks]**
- d. With reference to a specific developing economy, examine how the empowerment of women **and** the use of appropriate technology can contribute to economic development. **[8 marks]**

Source: www.IBDeconomics.com

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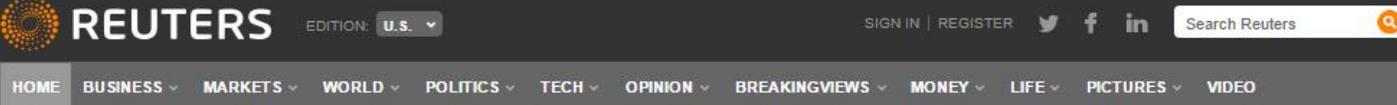
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4.3 DOMESTIC FACTORS IN ECONOMIC DEVELOPMENT: EXAM PRACTICE QUESTIONS

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ITEM 2: BREAKING BUSINESS NEWS

News item appearing in all major English-language newspapers and global media.



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Business Tues Nov 15, 2016 6:56am EST

Microcredit raises hopes for India's farm widows

NEW YORK



Microcredit schemes are expanding rapidly in rural areas of India. November 16, 2017.
REUTERS/Teresa Johnston

Savita Jiddewar is a rare success story on the cotton fields of central India, the epicentre of an agrarian crisis that has seen 150,000 farmers commit suicide since 1997 because they could not pay back loans.

While her neighbours borrowed heavily, entangling themselves in a never-ending cycle of debts, Jiddewar, a widow whose husband and daughter died in a road accident, made her moves smartly. She joined a microcredit program last year, saving tiny amounts that she ploughed back into her cotton fields, and earning a life of relative comfort. After the agrarian crisis broke out in the early 1990s when India began privatising its economy, several NGOs and banks in the region began microcredit schemes for women. But women are only now joining in large numbers and the benefits are showing.

Indian politicians have relied heavily on large infrastructure investments to drive the country's economic growth and development. The microcredit schemes demonstrate that smaller investments can bring fast improvements.

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QUESTIONS

- a. Define the following terms from the newspaper extract above, concerning economic integration:
- i. Privatisation **[2 marks]**
 - ii. Non-governmental organisations (NGOs) **[2 marks]**
- b. Describe **two** important external benefits of the empowerment of women in LDCs. **[4 marks]**
- c. Use a diagram and explain how governments can correct for the market failure that arises in women's consumption of health and education services in LDCs. **[4 marks]**
- d. With reference to a specific developing economy, examine how access to credit and micro-credit can contribute to economic growth. **[8 marks]**

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