2.20 The Costs and Benefits of Economic Growth: 10-minute Pack

AQA 7136 · Calculators not allowed · about 10 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer all questions. Write full sentences for the levels-marked essay question only. Time guidance: 10 minutes in total.

1 State and briefly explain one environmental policy to reduce environmental costs of growth.

(Total for Question 1 is 2 marks)

2 Explain one environmental cost of rapid economic growth, using a UK-style example such as increased CO2 emissions from manufacturing expansion.

(Total for Question 2 is 3 marks)

3 Explain how demand-pull inflation can arise when growth is very rapid and the economy is near full capacity.

(Total for Question 3 is 3 marks)

© Revision Library | revisionlibrary.co.uk

Mark scheme · 2.20 The Costs and Benefits of Economic Growth: 10-minute Pack

Question 1

names a policy instrument, e.g. carbon tax, emissions trading scheme, regulation or subsidies for renewables	**B1**
explains mechanism, e.g. carbon tax raises the price of emitting CO2 so firms reduce emissions or invest in cleaner technology	**B1**

Answer: Example: a carbon tax that raises the price of emitting CO2, creating an incentive for firms to reduce emissions or invest in cleaner technology.

Question 2

rapid growth can increase production and energy use causing higher CO2 and other pollutant emissions	**M1**
this can lead to local air pollution and contribute to global climate change, imposing costs on health and the environment	**A1**
example reference: expansion of heavy manufacturing in a region raises emissions and cleanup or health costs for local communities	**A1**

Answer: Rapid growth can raise production and energy use, increasing CO2 and other pollutant emissions. This causes local air pollution and contributes to climate change, imposing health and environmental costs; for example, expansion of heavy manufacturing raises emissions and cleanup costs.

Question 3

when growth increases aggregate demand beyond the economy's spare capacity, firms bid for limited resources	**M1**
this bidding raises input costs such as wages and material prices	**A1**
firms pass on higher costs as higher output prices, causing general price level to rise, i.e. demand-pull inflation	**A1**

Answer: If growth pushes demand above spare capacity, firms bid for limited resources, raising input costs which are then passed on as higher prices, causing demand-pull inflation.

© Revision Library | revisionlibrary.co.uk