IGCSE ECONOMICS · 2.1 GOVERNMENT AND THE ECONOMY · CHAPTER 25 · PAPER 2

Economic Growth

Topic question sheet L25 | **Total: 27 marks** | **Time: 30 minutes** | **Student Book pp. 194–202**

Instructions: answer **all** questions. Write your answers on lined paper. The marks for each question are shown in brackets: use them as a guide to how much to write.

Calculators may be used. Show your working. Draw diagrams in pencil and label them fully. The mark scheme starts on a new page: do not look at it until you have finished.

Section A: Multiple choice

One mark each. Choose **one** answer: A, B, C or D.

1 GDP was US$980 000m in 2015 and US$1 020 000m in 2016. The rate of economic growth was: **(1)**

A 40.8% **B** US$1 020 000m
C US$408 000m **D** 4.08%

2 Which of the following is a benefit of economic growth? **(1)**

A Higher cost of living **B** Higher levels of employment
C Higher taxation **D** Lower government spending

3 A recession is usually identified by a fall in GDP for: **(1)**

A one month **B** two successive quarters
C five years **D** one day

4 GDP per capita is calculated by: **(1)**

A GDP × population **B** GDP ÷ population
C GDP − inflation **D** population ÷ GDP

Section B: Short answers

Define, state, calculate, draw and explain. Show your working for calculations.

5 Define **economic growth**. **(1)**

6 Calculate Kalamba's rate of economic growth (money GDP) in 2024. You are advised to show your working. **(2)**

7 State **two** limitations of using GDP to measure economic growth. **(2)**

8 Explain why real GDP is a better measure of growth than money GDP. **(3)**

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Section C: Data response

Read the extract, then answer the questions. Use evidence from the extract in every answer.

Extract: Growth in Kalamba

The fictional country of Kalamba's GDP rose from US$40 billion in 2023 to US$43 billion in 2024. Inflation was 4% and the population grew by 3%.

New copper mines and a cement factory created 60 000 jobs, and tax revenue rose by 9%, paying for 200 new schools. However, air pollution near the mines has doubled, and many rural families say they have seen no benefit.

Fictional case, written for this sheet.

9 With reference to the extract, analyse **two** benefits of economic growth to Kalamba. **(6)**

10 With reference to the extract, assess whether economic growth has improved living standards in Kalamba. **(9)**

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Mark scheme: Economic Growth

How to mark: Multiple choice, Define, State: 1 mark. **What is meant by** (2): two separate parts to the definition. **Calculate**: working and answer (with units). **Draw** (3): one mark per correct labelled feature. **Explain** (3): 1 for a point, 2 for developing it in context. **Analyse** (6): knowledge 2, application 2, analysis 2. **Assess** (9) and **Evaluate** (12) are marked by levels: choose the level that best fits the whole answer. Indicative content is a guide: credit other valid points.

Section A

1 *GDP was US$980 000m in 2015 and US$1 020 000m in 2016. The rate of economic growth was: (1 mark)*

Answer: D (4.08%). (1 020 000 − 980 000) ÷ 980 000 × 100.

2 *Which of the following is a benefit of economic growth? (1 mark)*

Answer: B (Higher levels of employment). Firms need more workers.

3 *A recession is usually identified by a fall in GDP for: (1 mark)*

Answer: B (two successive quarters). Two quarters in a row.

4 *GDP per capita is calculated by: (1 mark)*

Answer: B (GDP ÷ population). Output per person.

Section B

5 *Define economic growth. (1 mark)*

An increase in the level of output by a nation (1).

6 *Calculate Kalamba's rate of economic growth (money GDP) in 2024. You are advised to show your working. (2 marks)*

Working: (43 − 40) ÷ 40 × 100 (1).

Answer: 7.5% (1).

7 *State two limitations of using GDP to measure economic growth. (2 marks)*

Any two (1 each): inflation; population changes; statistical errors; home-produced goods; hidden economy; ignores living standards/external costs.

8 *Explain why real GDP is a better measure of growth than money GDP. (3 marks)*

Point: real GDP is adjusted for inflation (1).

Development: money GDP can rise just because prices rise (1); e.g. Kalamba's 7.5% growth is only about 3.5% real after 4% inflation (1).

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Section C

9 *With reference to the extract, analyse two benefits of economic growth to Kalamba. (6 marks · K2 · Ap2 · An2)*

Knowledge (2): employment; tax revenue for public services.

Application (2): 60 000 jobs; tax revenue up 9%, 200 schools.

Analysis (2): jobs raise incomes and spending; schools improve education and future productivity, shifting the PPC out.

Knowledge 2 · Application 2 · Analysis 2.

10 *With reference to the extract, assess whether economic growth has improved living standards in Kalamba. (9 marks · levels)*

Yes: jobs, schools, higher incomes.

No: real growth only ~3.5%, and population grew 3%, so real GDP per capita barely rose (~0.5%); pollution doubled; rural families see no benefit (unequal).

Judgement: only a small improvement on average and unevenly shared; depends on how tax revenue is spent and pollution controlled.

Levels: L1 1–3 (points listed, little use of the data) · L2 4–6 (developed points, some use of the data, limited evaluation) · L3 7–9 (developed points on both sides using the data, with a supported judgement).

Original practice questions written in the style of the Pearson Edexcel International GCSE Economics (4EC1) papers. This is not an official paper. Unless a source is given, the firms, countries and figures are fictional and made up for practice.

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