

## Section A

Read the source material carefully before answering Question 1.

### Source material: Population, household spending and poverty in Romania

Romania fact file	2022
Current account deficit on the balance of payments (percentage of GDP)	9%
GDP	\$300bn
Unemployment rate	5.2%
Economic growth rate	4.8%
Inflation rate	13.8%
Percentage of women of working age in the labour force	42%

Between 1990 and 2022, Romania's population fell from 23 million to 19 million. The country's birth rate and death rate both fell over this period. Some workers from other countries, including Sri Lanka and Vietnam, came to live in Romania. However, more Romanian workers left the country to work and live mostly in other European countries.

If the Romanian economy continues to grow at its relatively high rate, fewer of its people may emigrate and more immigrants may be attracted. Recent economic growth has been driven largely by increases in household spending. Romanians have become wealthier, more confident about their future and have experienced low interest rates.

In April 2022, the Romanian Government placed a maximum price on electricity. Romanians spend a relatively high proportion of their income on electricity and on food. Table 1.1 shows selected countries' GDP per head and average spending on food as a percentage of total household spending.

**Table 1.1 GDP per head and average spending on food as a percentage of total household spending in 2022**

Country	GDP per head (\$)	Average spending on food as a % of total household spending
Belgium	52 100	13
Cambodia	1 800	42
Egypt	3 850	33
Ethiopia	960	56
Norway	89 200	11
Romania	15 000	26
USA	70 500	6

The poor are particularly affected by changes in electricity prices and food prices. Romania has a relatively high level of poverty. To reduce poverty, some economists have suggested that the government should attract more foreign multinational companies (MNCs) to Romania. More MNCs may affect poverty because of the possible effects on unemployment and prices.

Another way to reduce poverty would be to encourage more women to work. The proportion of women in Romania who work or seek work has fallen in recent years. There is a range of influences on whether women enter the labour force. These include social attitudes, female education and whether childcare facilities and part-time work are available.

Answer all parts of Question 1. Refer to the source material in your answers.

- 1 (a) Calculate Romania's current account deficit on its balance of payments in \$\$. [1]
- (b) Identify **two** reasons why Romania's population fell between 1990 and 2022. [2]
- (c) Explain why immigration into Romania may increase in the future. [2]
- (d) Explain **two** reasons why household spending has increased in Romania. [4]
- (f) Analyse the relationship between GDP per head and average spending on food as a percentage of total household spending. [5]
- (g) Discuss whether or not foreign MNCs reduce poverty in their host countries. [6]
- (h) Discuss whether or not a higher proportion of women is likely to enter Romania's labour force in the future. [6]

## Section B

Answer any **three** questions.

Each question is introduced by stimulus material. In your answer you may refer to this material and/or to other examples that you have studied.