

Section A

Read the source material carefully before answering Question 1.

Source material: Changes in Jordan's economy and population

Jordan fact file	2020
Population	11m
Economic growth rate	-1.5%
Labour force employed in the primary sector	2%
Labour force employed in the tertiary sector	79%
Unemployment rate	23%
Inflation rate	2%
Trade in services balance	-\$1bn
Import tariff revenue	\$0.7bn
Primary income balance	\$0.8bn

In 2020, Jordan had a deficit on the current account of its balance of payments. This deficit contributed to a decline in Jordan's total demand in that year. This lower total demand was the most important reason why the number of workers was greater than the number of jobs available. Employment fell in most of Jordan's industries.

One of Jordan's main industries is tourism. Recent years have seen mergers between some of Jordan's tourism firms. These mergers reduced the prices of some holidays and raised their quality.

Jordan's population continues to grow. This is mainly because of net immigration, but also because the country's birth rate exceeds its death rate. Table 1.1 shows the birth rate and average age in six countries in 2020.

Table 1.1 Birth rate and average age in six selected countries in 2020

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Changes in the size of a country's population affect the market for a range of products including clothing. An increase in population size also puts pressure on the country's sources of energy. The Jordanian government has several large renewable energy projects, and plans to spend even more on such projects. Greater reliance on renewable energy, including wind and solar power, can reduce environmental damage and can be relatively cheap in the long run. However, most renewable energy generators, including hydroelectric power stations, are expensive to build. Also, wind turbines and solar panels rely on favourable weather conditions.

Some of the spending by the Jordanian government is financed by borrowing. At the start of 2021, the Jordanian central bank was expected to raise the rate of interest. This was because total demand was predicted to increase and there would be a return to positive economic growth. A higher interest rate might affect Jordan's foreign exchange rate and investment.

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

- (a)** Calculate the percentage of the Jordanian labour force employed in the secondary sector. [1]

(b) Identify **two** components of the current account of Jordan's balance of payments. [2]

(c) Explain the main type of unemployment experienced by Jordan in 2020. [2]

(d) Explain **two** advantages the Jordanian economy may gain from the mergers between its tourism firms. [4]

(e) Analyse the relationship between birth rate and average age. [4]

(f) Analyse, using a demand and supply diagram, how an increase in population size will affect the market for clothing. [5]

(g) Discuss whether or not the Jordanian government should spend more on renewable energy. [6]

(h) Discuss whether or not the Jordanian central bank should have raised the rate of interest in 2021. [6]

Section B

Answer any **three** questions.

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