

## Candidate 7 evidence

12.	<p>a) One reason why some developing countries have struggled to achieve high rates of economic growth is due to COVID, this has meant that many developed countries, who usually export raw materials, have not been able to extract the raw materials so have not been making revenue off exports and consumption, lowering their aggregate demand. COVID has also meant that the ease of shipping these goods has fallen, so even with supply being moderate, they can't sell them. For example, Ghana's gold supply significantly fell during the pandemic.</p> <p>Another reason is because due to the slowdown in global economic growth, many developed countries have slowed their investment in these developing countries as they need to focus their expenditure on their own country and it's economy, this means that developed countries are not being as well invested in. This is leading to a fall in aggregate demand, slowing economic growth.</p> <p>Another reason is due to the lack of entrepreneurship in developed nations, this means that there are not many projects which are bringing in significant revenue to the country, greatly hindering their growth.</p> <p>Another reason is because of civil unrest, for example in afghanistan there is a lot of civil unrest currently. This means that these countries are spending a lot on their military and on helping their citizens and not on reinvesting into the economy and increasing production and consumption, which is effecting aggregate demand.</p> <p>Another reason is due to the high rates of unemployment and poverty, this means that many people are not working and productivity is low. Consumption is also low as people have little disposable income to spend.</p> <p>Another reason is that developed countries have very little solid infrastructure, this means that they do not have the luxury of high quality</p>	
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	<p>roads to ease shipping. This means that they have lower exports compared to their imports, causing a fall in aggregate demand.</p> <p>Another reason is because developed countries struggle to overcome natural disasters, which are more common in developed countries, for example Syria's economy has slowed down its growth greatly since the earthquake, and flooding in Bangladesh has slowed production of goods.</p> <p>Another reason is because of many countries that usually give loans to these countries, such as the UK, have very high interest rates, this means that developing nations will struggle to pay them back, so they are either in debt or do not take the loans.</p> <p>b) China's zero-Covid policy resulted in there being less Chinese goods being produced, this meant that many countries no longer imported goods from China, this resulted in more consumption locally in these countries, which benefitted local firms, raising global aggregate demand.</p> <p>Another implication was that many global firm's who based their factories in China for their low manufacturing costs pulled out and based in other, more expensive, countries. This meant that their cost of production increased, and they pushed these price rises on to consumers, who had to increase their spending.</p> <p>Another implication was that firm's who kept their factories in China were faced with the fall in productivity in the country, this meant that global firms had less supply of their goods, so prices increased for them, increasing inflation. Because of the fall in labour supply growth, wages also had to increase, which increased cost of production for these global firms, which they pushed on to consumers. However, this fall in production may have benefitted society though, as China accounts for 27% of the world's carbon emissions.</p> <p>Another implication is that China's economic growth slowed immensely under this policy to a level of around 2.5%, this meant that global GDP increases fell and global economic growth slowed.</p> <p>Another implication was that global firms could no longer purchase raw materials from China as production fell there, this meant that these firms had to go to more expensive alternatives, which raised the price of their goods globally.</p> <p>c) China's belt and road initiative is meant to increase trade from China to the rest of the world. China is increasing its 'belt', its road construction, and is creating trade routes from China to Europe and Asia.</p> <p>Belt and Road is also connecting China to the world using a maritime road, it is connecting China globally, by investing in ports all over the world, such as the port in Peru, that China invested in and built.</p> <p>China is also investing in infrastructure abroad, such as the \$66bn 'economic corridor' in Pakistan, or the train route from Djibouti to the Ethiopian capital. This increased China's investment returns, as these projects are projected to make profits.</p> <p>China is also increasing its influence in other countries as its investments are helping bring millions out of poverty, yet these countries are now indebted to China. For example, China now has control of a Djibouti port for 99 years as they could not pay off the loan. The G7 fears this increased influence and has launched the 'Bring Back Better World' campaign to counter it.</p>	

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	<p>Belt and Road is also creating strong trade ties with the nations it is investing in which, is cementing China's role as a global economic superpower.</p> <p>Belt and Road is allowing China to increase its consumption as these infrastructure projects abroad are all carried out by Chinese companies, which is greatly increasing China's aggregate demand through consumption and exports.</p> <p>d) The World bank is a global organisation which provides countries with financial aid and support. The World Bank's IBRD, focuses on investing in less developed nations through infrastructure. This helps increase productivity in these countries. The IDA focuses on giving low interest rate loans to developed countries which help aid their economic growth as they use these loans to invest in their economy. Countries are only helped by the IDA if their GDP is very low. The World Bank also occasionally writes off debts that are owed to it in order to help boost economic growth in developing nations.</p>	