UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

ECONOMICS **0455/33**

Paper 3 Analysis and Critical Evaluation **October/November 2012**

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1 hour 30 minutes

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This Insert contains extracts for Questions 1 and 2.

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UNIVERSITY *of* CAMBRIDGE
International Examinations

Extract for Question 1

The Yasuni ITT initiative

The South American country, Ecuador, is rich in wildlife. Half of the country is located in the biodiverse Amazon basin. Many tourists are attracted to the country by its wildlife. Tourism brings a large amount of foreign currency into the country. A significant number of Ecuadoreans are employed in tourism. This is also true for the neighbouring country of Peru, where again many people are employed in tourism.

The Ecuadorean Government, however, spends a smaller proportion of its Gross Domestic Product on environmental conservation than Peru and most other South American countries.

The rainforest is disappearing faster in Ecuador than in neighbouring countries. A number of firms are extracting oil in part of Ecuador's Yasuni National Park. These include Spain's Repsol, the Chinese-owned Andes Petroleum and Ecuador's state-owned firm, Petroecuador, which is the country's worst polluter.

Some politicians favour more oil extraction even though the destruction of the rainforest and the burning of oil cause harmful carbon emissions.

There is currently a debate taking place in the country as to whether oil extraction should be allowed in a corner of the Yasuni National Park, known as the ITT area. This area is currently unspoilt and is home to several hundred tribespeople and many wildlife species.

The Ecuadorean Government is suggesting that other countries should pay Ecuador not to allow oil extraction in the ITT area. This proposal is known as the ITT initiative.

Extract for Question 2

Falling fertility

A country's population size is influenced by its birth rate, death rate and net migration. Its birth rate, in turn, is influenced by its fertility rate. This is the number of children, on average, a woman gives birth to. Generally, developing countries have higher fertility rates than developed countries, as shown in Table 1.

Table 1: Fertility rates and Gross Domestic Product (GDP) per head in selected countries

Country	Fertility rate (average number of children born to each woman)	GDP per head in 2010 (US$)
Rwanda	5.1	340
Nigeria	4.8	1120
Kenya	4.5	650
Pakistan	3.6	880
Egypt	2.7	1730
Norway	1.9	82480
Singapore	1.3	35160

As countries develop, their fertility rates decline for a variety of reasons. Most children now go to school, state pensions are often more available, more women work and there is a greater expectation that most children born will survive.

The replacement rate is the number of children a woman has to give birth to in order to keep the population stable. The replacement rate in most developed countries is 2.1 but in some developing countries it is over 3. It is higher than 2 because of infant mortality. The global average replacement rate is 2.3 but is expected to fall in the future.

The number of births is influenced not only by the fertility rate but also by the number of women in the population. This, in turn, is influenced by past fertility rates. Population sizes are changing all the time. Whether a country benefits from such changes will depend on its circumstances.

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