

## Worksheet 8: Static and dynamic analysis answers

- 1 a) Analyse why one country may have higher living standards than another country. *static*  
b) Analyse what can increase the living standards in a country. *dynamic*
- 2 a) Analyse why a country may produce more capital than consumer goods. *static*  
b) Analyse why a country may increase its output of capital goods. *dynamic*
- 3 a) Analyse why the demand for cars may increase. *dynamic*  
b) Analyse why the demand for cars in a country may be higher in another country. *static*
- 4 a) Analyse why rents may be higher in the capital city than in other cities in the country. *static*  
b) Analyse what can cause rents in the capital city of a country to increase. *dynamic*
- 5 a) Analyse why the PED of short-haul flights may be higher than the PED of long-haul flights. *static*  
b) Analyse why the PED of short-haul flights may change. *dynamic*
- 6 a) Analyse why the demand for demerit goods in a country may be higher than in another country. *static*  
b) Analyse why the demand for demerit goods in a country may fall. *dynamic*
- 7 a) Analyse why a commercial bank may have more employees than its competitors. *static*  
b) Analyse why a commercial bank may reduce the number of employees working for the bank. *dynamic*
- 8 a) Analyse why the wages of doctors may increase in future. *dynamic*  
b) Analyse why doctors may receive higher wages than secretaries. *static*
- 9 a) Analyse why a trade union of doctors may have more bargaining power than a trade union of factory workers. *static*  
b) Analyse why the bargaining power of a trade union of doctors may fall. *dynamic*
- 10 a) Analyse why a firm may use more capital in proportion to labour. *static*  
b) Analyse why a firm may decide to become more capital-intensive. *dynamic*
- 11 a) Analyse why the government of one country may have a larger budget than another country's government. *static*  
b) Analyse why the government's budget may increase. *dynamic*
- 12 a) Analyse why a government may decide to privatise some sectors more rapidly. *dynamic*  
b) Analyse why a country may have a larger private sector than another country. *static*
- 13 a) Analyse what can increase the rate of GDP growth in a country. *dynamic*  
b) Analyse why a country may have a higher GDP than another country. *static*
- 14 a) Analyse why a country may have a larger number of unemployed workers than another country. *dynamic*  
b) Analyse what can increase the unemployment rate in a country. *static*
- 15 a) Analyse why education in a country may become more expensive. *dynamic*  
b) Analyse why education in one country may be more expensive than education in another country. *static*
- 16 a) Analyse the effects of a high birth rate on a country's economy. *static*  
b) Analyse the effects of a rise in birth rates on a country's economy. *dynamic*
- 17 a) Analyse the effects of a change in the importance of economic sectors on a country's economy. *dynamic*  
b) Analyse the effects of a large proportion of tertiary sector activity to a country's economy. *static*



- 18 a) Analyse the effects of a tariff on a country's economy. *static*  
b) Analyse the effects of increased protectionism on a country's economy. *dynamic*
- 19 a) Analyse the effects of the entry of a MNC on a country's economy. *dynamic*  
b) Analyse why a MNC might decide to produce in a different country. *static*
- 20 a) Analyse the consequences of a current account deficit. *static*  
b) Analyse the consequences of a decrease in a country's current account deficit. *dynamic*