

Question 21 (10 marks)

- (a) A highway currently passes through a country town. The government is proposing to build a bypass that diverts highway traffic away from the town.

4

Discuss the costs and benefits of this proposal.

Infrastructure such as a bypass allows for greater efficiency as transport costs are lowered for producers, which are then passed on to the consumers as cheaper products. However, this could cause structural unemployment through the ~~redistribution of~~ lowered demand for goods and services in the town such as mechanics or food. This would lower the quality of life in the town as the skills of displaced workers are unused.

Question 21 continues on page 11

Do NOT write in this area.

Question 21 (continued)

- (b) Explain the effect that globalisation has had on environmental sustainability.

6

On one hand, globalisation has allowed for agreements to increase environmental sustainability to occur (such as the Kyoto protocol) through increased co-operation between governments.

On the other hand, (the main cause of globalisation) MNCs are able to take advantage of less strict environmental policy in developing and emerging economies. An example of this is the large manufacturing industry in China, where MNCs take advantage of cheap labour and less strict environmental regulation, ^{saying pollution} ~~which~~ which has ^{resulted in a} ~~caused a~~ ~~restricted~~ economic growth lowered by over 10% in 2005 due to environmental degradation.

End of Question 21