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ECONOMICS **0455/21**

Paper 2 Structured Questions **October/November 2018**

MARK SCHEME

Maximum Mark: 90

Published

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Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

Question	Answer	Marks	Guidance
1(a)	**Calculate, using the information in Table 1, the percentage change in the price of oil between 2010 and 2016.** 54.9 (2) $\frac{\$37 - \$82}{\$82} \times 100$ correct working (1)	**2**	
1(b)	**Explain, using information from the extract, two reasons for falling oil prices.** Saudi Arabia's output of oil is growing (1) increasing the supply / shown on accurate diagram (1). (Global) demand for oil is weak/decreasing / shown on accurate diagram (1) due to global economic uncertainty / competition from renewable energy / price reduced to attract consumers (1).	**4**	
1(c)	**Identify, using information from the extract, two ways a central bank could try to stop a fall in the international value of its currency.** Increase interest rate (1). Sell its foreign reserves / buy its own currency (1).	**2**	
1(d)	**Explain, using information from the extract, two reasons for Russia's declining population.** High death rate (1) e.g. low life expectancy / poor health of the population / poor healthcare system (1). Low fertility rate (1) e.g. low birth rate / birth rates below the replacement rate (1). High levels of emigration (1) e.g. better opportunities elsewhere, unemployment, poverty, domestic political, social, and economic instability (1).	**4**	

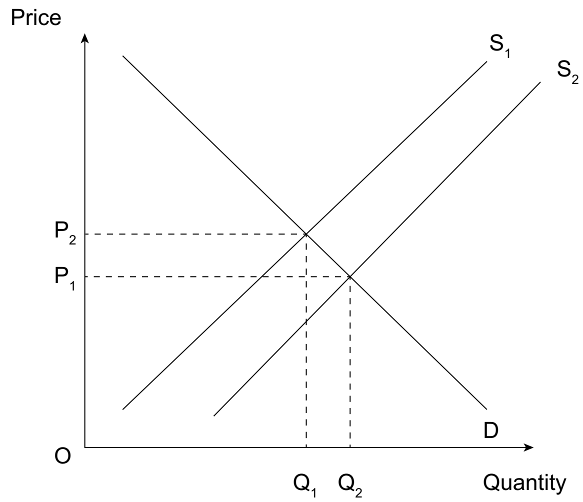
Question	Answer	Marks	Guidance
1(e)	**Analyse the extent to which a rise in oil prices will cause inflation.** Rise in oil prices will increase costs of production (1) e.g. higher energy costs / transport costs (1) resulting in cost-push inflation (1). Demand for oil is price-inelastic (1) if prices rise most consumers will keep buying it (1) some producers and consumers however may switch to other products (1) The extent will depend upon the proportion of oil costs in the total costs of other products (1) other costs may be falling (1). Because of rising oil prices, workers may demand higher wages (1) causing cost-push inflation (1). Movements in exchange rates will affect the impact on inflation (1) a rise in the exchange rate would reduce the overall effect (1). For oil producing countries export revenue may rise (1) causing higher demand (1) and demand-pull inflation (1).	**5**	

Question	Answer	Marks	Guidance
1(f)	**Discuss whether or not increasing taxes on Russian oil producers will be harmful to those producers.** **Up to 3 marks for reasons why it would be harmful:** Producers' costs will rise (1) they will become less profitable (1) and they already struggled to make a profit (1) small producers will find it difficult to absorb the extra costs (1). They may need to cut production / stop production completely (1) or cut costs (1) causing unemployment of the workforce (1). They might pass on the tax (1) by raising prices (1) to maintain profits (1) but this could reduce demand (1) by making them less competitive with other countries e.g. Saudi Arabia (1) less competitive with other energies e.g. renewables (1) Investments in the oil industry may fall (1) due to less funds available (1). **Up to 3 marks for reasons why it would not be harmful:** Demand for oil is likely to be price inelastic (1) this may enable the producers to pass on the tax in higher price to consumers (1) without losing revenue (1). Most oil producers are large (1) and earn very high profits (1) paying extra tax will not harm them significantly (1). Some of the tax revenue may be used on e.g. education/training (1) which could increase productivity of workers (1) lowering oil producer's costs (1).	**5**	Each point may be credited only once, on either side of an argument, but separate development as to how/why the outcome may differ is to be rewarded.
1(g)	**Identify one way in which monetary policy differs from fiscal policy.** Fiscal policy includes taxes / government spending (1) monetary policy includes interest rates / money supply / exchange rate (1). Fiscal policy is conducted by the government of the country (1) while monetary policy is conducted by the central bank of the country (1).	**2**	Maximum 1 mark for reference to only monetary OR fiscal.

Question	Answer	Marks	Guidance
1(h)	**Discuss whether or not the Russian government should have been concerned about the state of the Russian economy in 2016.** **Up to 4 marks for why they should have been concerned:** Negative economic growth / recession (1) increasing unemployment (1) increasing poverty rates (1) possible policy measures to reduce poverty (1) e.g. costs of healthcare may rise (1) need for greater spending on benefits e.g. unemployment benefits (1) falling tax revenues (1) may have to increase taxes (1) opportunity cost(s) involved / reduced spending on other areas e.g. defence (1). Rising inflation (1) making goods and services less affordable (1). Emigration from Russia is increasing (1) reducing the available workforce (1). Export values are falling (1) so less foreign currency is earned (1) falling value of the rouble (1) causing imported inflation (1) leading to higher interest rates (1) higher cost of borrowing for government (1). Investors lacked confidence in the Russian economy (1) may have reduced productive potential (1). **Up to 4 marks for why it is less of a cause for concern:** Government spending may not need to rise (1) and tax revenue may increase (1). Domestic consumption is increasing (1) and domestic investment is increasing (1) this may create employment (1) and offset decreases in foreign investments and exports (1) therefore total (aggregate) demand might not decrease significantly (1). Inflation may be a sign of increasing demand (1) showing confidence in the economy (1). Emigration may be mainly of unskilled workers (1) who are less valuable to firms (1). The falling exchange rate may improve the current account (1) with no need for government / central bank action (1).	6	**For all 'Discuss' questions** Each point may be credited only once, on either side of an argument, but separate development as to how/why the outcome may differ is to be rewarded.

Generic example	Mark
Economic growth will increase	**1**
because of reason… e.g. demand for services is increasing globally	**1**
Economic growth will decrease (reverse of 1st argument)	**0**
because of a different reason / not a reverse argument e.g. a country's resources may be more suited to producing primary products.	**1**

Question	Answer	Marks	Guidance
2(a)	**Define *protectionism.*** Protectionism is the deliberate attempt to limit imports or promote exports / make foreign products less competitive (1) have trade restrictions (1).	**2**	
2(b)	**Explain <u>two</u> methods of trade protection.** Tariffs (1) tax on imports that would increase the price of imports (1). Quotas (1) limit on the volume of imported goods allowed into the country (1). Subsidies (1) to reduce the costs of domestic firms / reduce the price of domestic goods and services (1). Embargoes (1) total restriction / ban on imported goods (1). Exchange controls (1) limit on the amount of foreign currency that can be purchased (1) Regulations (1) making it difficult to import (1)	**4**	

Question	Answer	Marks	Guidance
2(c)	**Analyse, using a demand and supply diagram, the effect of falling steel prices on the market for cars.** Diagram up to 3 marks: • P, Q, S, D correctly labelled • Shift in supply curve to the right • Decrease in P and increase in Q • New equilibrium indicated Written analysis up to 3 marks: • Steel prices decreasing will lead to a decrease in car manufacturers' costs (1) • This may be passed on in lower price of cars (1) • The extent of the change might be influenced by PED/PES (1)	**6**	

Question	Answer	Marks	Guidance
2(d)	**Discuss whether or not protectionism is effective in raising living standards.** **Up to 5 marks on how it will be effective in raising living standards:** Protectionism may increase the price of imports (1) the quantity of imports demanded will decrease (1) the quantity of domestic goods demanded may increase (1) demand for labour is derived demand (1) demand for workers will increase (1), therefore unemployment decreases (1) domestic incomes increase (1) consumption of goods and services increase (1) employment in infant/declining (sunrise/sunset) industries may be protected (1). Increased demand for products of domestic firms may lead to an increase in total revenue (1) and profits (1). Protectionism can decrease imports of demerit goods (1) reducing external costs (1) e.g. pollution, health/social problems (1). **Up to 5 marks on how it will not be effective in raising living standards:** Protectionism may reduce the possibility of specialisation (1) to produce what a country is best at (1) increasing production costs (1) increasing import prices (1). Protectionism might lead to retaliation (1) other countries may adopt protectionist policies on imports (1) increasing the price of the country's exports (1) decreasing the demand for exports (1) reducing the demand for workers (1) unemployment increases (1) less income (1) consumption/production of goods and services decreases (1). Protectionism may reduce competition / choices available to domestic consumers (1) reducing the quality of the products available (1). Protectionist policies in one country could reduce employment in other countries (1) as they are no longer able to export the same amount (1).	**8**	Each point may be credited only once, on either side of an argument, but separate development as to how/why the outcome may differ is to be rewarded.

Question	Answer	Marks	Guidance
3(a)	**Define *supply*.** The number of products firms are willing to provide/sell (1) and are able to provide/sell (1) at a given price (1).	**2**	
3(b)	**Explain <u>one</u> market failure that may occur in the salmon market.** Market mechanism fails to allocate resources efficiently / not all costs are considered (1). Social cost is greater than private cost (1) as there are external costs / negative externalities (1) consumption at the current rate may lead to depletion of stock (1) consumption becomes unsustainable (1) overconsumption / resources are overused (1) these resources could be conserved for future generations (1) cost to future generations who will not be able to enjoy the product (1) pollution may occur e.g. water pollution (1). Monopoly / one large producer (1) no competition (1) can charge high prices / exploit consumers (1) excess profits of producers (1). Inequality (1) high price (1) poor cannot afford the product (1) and will not be able to attain any health benefits of consuming the product (1).	**4**	

Question	Answer	Marks	Guidance
3(c)	**Analyse how information on changes in a firm's revenue can be obtained from price elasticity of demand calculations.** PED definition or formula (1) PED provides information on how consumers react to a change in price (1). If PED is elastic / PED > 1, a fall in price will raise revenue (1) as quantity demanded will increase more (1) than proportionately/percentage (1). A rise in price will decrease revenue (1) as quantity demanded will decrease more than proportionately (1). If PED is inelastic / PED < 1, a rise in price will raise revenue (1) as quantity demanded will decrease less (1) than proportionately / percentage (1). A fall in price will decrease revenue (1) as quantity demanded will increase less than proportionately (1). If PED is perfectly elastic, a rise in price will cause revenue to fall to 0 (1) as consumers will stop buying completely (1) If PED is perfectly inelastic / PED = 0, a rise in price will raise revenue (1) as consumers will continue to buy the same amount (1) If PED has unit elasticity / PED = 1, a change in price will keep revenue unchanged (1) as quantity demanded will change by the same proportion (1).	**6**	Maximum 4 marks for reference to only elastic OR inelastic.

Question	Answer	Marks	Guidance
3(d)	**Discuss whether or not government subsidies are always beneficial to producers.** **Up to 5 marks on how subsidies are beneficial to producers:** Subsidies will lead to a decrease in cost of production (1) leading to a decrease in the price of products / shown on a diagram (1) and an increase the quantity demanded for producers / shown on a diagram (1). Total revenue for producers may increase (1) increasing profits (1). Subsidies will enable producers to increase investment (1) increasing future output (1) Producers can maintain a stable livelihood (1) ensure a stable income (1) ensure jobs can continue to be provided (1). Subsidies can encourage new entrants to an industry (1) increasing competition (1) **Up to 5 marks on how subsidies are not beneficial:** Subsidies may be relatively small (1) and not be enough to offset the firm's losses (1) or not enough to offset higher costs (1). Subsidies can lead to complacency (1) where producers do not use subsidies in an effective way (1) they will be reluctant to lose the subsidies (1) and producers not receiving the subsidy e.g. those in a competing industry will be at a disadvantage (1). Subsidies have opportunity cost for the government (1). Other government provisions might be sacrificed (1) e.g. healthcare and education (1).	**8**	Each point may be credited only once, on either side of an argument, but separate development as to how/why the outcome may differ is to be rewarded.

Question	Answer	Marks	Guidance
4(a)	**Identify the difference between absolute and relative poverty.** Relative poverty is where people have fewer goods and services / income than others in an economy / lower income than the average in the country (1). Absolute poverty is where people are unable to meet basic needs e.g. food and shelter / living on e.g. less than US $1.25 a day / a given % of a country's average income (1).	**2**	
4(b)	**Explain <u>two</u> characteristics of a developed country.** High incomes / high GDP per capita / high standard of living / high HDI (1) due to high production of goods and services (1). High life expectancy / low death rate / low infant mortality (1) due to e.g. good healthcare, better nutrition, low crime rates (1). High school enrolment / standard of education (1) due to high spending on education (1). Low level of absolute poverty / malnutrition / starvation (1) due to high incomes / fairer distribution of income (1). Low rate of population growth (1) due to e.g. availability of contraception, social attitudes, women working for longer, less need for children to work (1). Low primary / large secondary / tertiary sectors (1) value of output is greater in the secondary/tertiary sector (1).	**4**	

Question	Answer	Marks	Guidance
4(c)	**Analyse <u>two</u> policy measures to alleviate poverty.** Increasing benefits (1) increasing the incomes of the poor (1) e.g. housing benefits, disability benefits, unemployment benefits (1). Increased provision of merit goods such as healthcare (1) and education / improved literacy (1) improving the ability to earn an income through employment (1). Government employment creation schemes (1) creating new jobs and employing more people in the government (1) government providing help to search for employment (1) Encouraging economic growth (1) through fiscal or monetary policies (1) decreasing interest rates (1) increasing government spending (1). Provision of subsidies (1) example (1) keeping down the cost of living (1) leaving more for other essential items (1). Progressive taxation (1) to redistribute income towards the poor (1). The introduction of minimum wage legislation (1) so that everyone can at least afford basic necessities such as food and shelter (1).	**6**	Max 4 marks for analysis of only one policy measure.

Question	Answer	Marks	Guidance
4(d)	**Discuss whether or not moving firms from the public sector to the private sector will benefit an economy.** **Up to 5 marks for positive effects:** Private sector firms have the profit motive (1) and so the efficiency (1) and quality of their output may be good (1) and so may enable them to pay higher wages (1). The threat of closing down (1) will force firms to provide a good service to stay in business (1). Competition between private firms (1) leads to better response to consumer demand (1) keeping costs (1) and prices low (1). Private firms are accountable to shareholders (1) who want high dividends (1) therefore firms need to be efficient/profitable (1). Investment in the private sector will not be disrupted by fluctuations in government tax revenue (1). May attract financial investment from abroad (1). **Up to 5 marks for negative effects:** Investment funds may be more available to the public sector than the private sector (1) to provide a quality service (1). A public sector firm can be prevented from going of business (1) guaranteeing the provision of certain products e.g. water (1) maintaining employment (1) Public sector firms are not always motivated by profit (1) the government is more likely to base its decisions on social/external costs and benefits (1) e.g. the environment (1) rather than just private costs and benefits (1). Public sector firms may provide essential services (1) which the private sector is not willing to provide (1) will be more inclined to keep prices low (1) the poor will be able to afford essential products (1).	8	Each point may be credited only once, on either side of an argument, but separate development as to how/why the outcome may differ is to be rewarded. Accept responses from the opposite perspective i.e. positive effects of the public sector and negative effects of the private sector.

Question	Answer	Marks	Guidance
5(a)	**Define *public limited company.*** A company whose securities/shares/stocks are traded on a stock exchange (1) can be bought and sold by anyone (1) has limited liability (1) makes its accounts public (1) legal entity separate to owners (1).	**2**	
5(b)	**Explain the difference between productivity and production.** Productivity is the output produced per factor / input, e.g. per worker (1) per period of time, e.g. per hour (1) measure of efficiency / how quickly products are produced (1). Production is the total output (1) the process of producing goods and services (1) in a period of time, e.g. per year (1)	**4**	
5(c)	**Analyse how increased productivity could reduce inflation.** An increase in productivity means that more could be produced / output increased (1) from a given set of factors/inputs (1) could also lower (average) costs of production (1) reducing prices (1). Increased productivity could reduce wage costs (1) reduce waste (1) increased profits of firms (1) increasing investments / expansion of business (1) new capital equipment could further lower costs of production (1) lowering cost-push inflation (1).	**6**	

Question	Answer	Marks	Guidance
5(d)	**Discuss whether or not a merger would make it easier for a firm to achieve its goals.** **Up to 5 marks for why it would be easier:** It could be a horizontal merger (1) enabling easier exploitation of economies of scale (1) leading to lower average costs (1) examples of economies of scale (max 2) lower prices (1) leading to more demand (1) and higher profits (1). It could be a vertical merger (1) reducing the costs of obtaining materials / making it easier to distribute the firm's products (1) Reduced competition / monopoly (1) a quick way to grow (1) the firm can set higher prices (1) without losing too many customers (1). Reduced risk (1) the loss of one part of the business could be offset by the other (1) it is easier for the firm to survive (1). **Up to 5 marks for why it would not be easier:** Reduced competition may cause complacency (1) may fail to control of costs (1). The merged firm may experience diseconomies of scale (1) average cost may increase as output increases (1) example (max 2) leading to higher prices (1) reduced demand (1) and lower profit (1). Large firms may lose customers due to lack of personal touch (1). Cost of integrating firms such as redundancies / fall in morale (1). Government may no longer support large firms (government support small firms) (1) removing tax advantages (1) and subsidies (1).	**8**	Each point may be credited only once, on either side of an argument, but separate development as to how/why the outcome may differ is to be rewarded.

Question	Answer	Marks	Guidance
6(a)	**Identify <u>two</u> reasons why a person may want to work in the state sector.** Higher wages (1) job security (1) better pension (1) good working conditions (1) status of public sector worker (1) job satisfaction e.g. teacher (1) patriotism / to perform a public service (1) state sector jobs may be more widely available (1).	**2**	
6(b)	**Explain <u>two</u> reasons why a government may want to cut spending on education.** Government would like to reduce its total spending (1) to reduce government borrowing (1) cut the national debt (1) avoid having to raise taxes (1) to reduce total demand (1) reducing inflation (1) Spending on education incurs an opportunity cost (1) government would prefer to spend on other areas e.g. defence, healthcare (1). Education is less valued by the public (1) than other services e.g. health, defence (1). Government would like to reduce wasteful expenditure (1) to increase the efficiency of the public sector (1). A drop in the number of students in education (1) less spending needed (1). Government wants students to bear a greater proportion of costs (1) since students ultimately benefit from better paid jobs (1).	**4**	

Question	Answer	Marks	Guidance
6(c)	**Analyse the contribution that education can make in an economy.** Education enables the population to develop the knowledge (1) skills (1) for future development (1) better skills may improve productivity (1) increased output / economic growth (1) improved quality of output (1) better skills may attract foreign investors / MNCs to the country (1). Educated people have better job opportunities (1) potentially enabling them to earn higher incomes (1) leading to increased consumption (1) which reduces poverty / improves living standards (1). Increased consumption could lead to higher demand in the economy (1) increasing output (1). Education enables the economy to move to a tertiary based economy (1) tertiary based economy relies heavily upon a well-educated population (1). Education enables women to play a more active role in the economy (1) enabling them to find jobs (1) and earn a living independently (1). Education enables people to start their own business (1) increasing output (1). Education provides employment e.g. teachers, janitors (1) More highly educated people may be more concerned about the environment (1) may reduce external costs (1). More highly educated people may be healthier (1) reducing costs of healthcare / raising productivity (1).	6	

Question	Answer	Marks	Guidance
6(d)	**Discuss whether or not a worker would always benefit by specialising.** **Up to 5 marks for why they would benefit:** By specialising workers focus on what they are best at (1) acquiring better skills (1) quality of goods increase (1) output/productivity increases (1) worker earns a higher income (1) easier to find job in the same sector (1) more likely to achieve promotion (1) Saves time (1) workers don't need to think of next process / move from place to place (1). Specialised workers are limited in supply (1) causing their wage to be higher (1). Invention of new technology (1) makes the job easier (1). **Up to 5 marks for why they would not benefit:** Workers may experience boredom (1) if the work is repetitive (1) reducing productivity/efficiency/motivation (1) Those with a limited amount of skills (1) may find it difficult to obtain alternative jobs (1) may be replaced by machinery more easily (1) risk of unemployment (1). Workers may be over-dependent / too reliant on one skill / risk over-specialisation (1) unable to complete the task without the help of others (1) especially when production is disrupted (1). Training to specialise has an opportunity cost (1) lost income / later starting date (1)	**8**	Each point may be credited only once, on either side of an argument, but separate development as to how/why the outcome may differ is to be rewarded.

Question	Answer	Marks	Guidance
7(a)	**Define *unemployment*.** Unemployment is the condition where a person is able (1) and willing to work / actively looking for a job (1) but unable to find a job (1).	**2**	

Question	Answer	Marks	Guidance
7(b)	**Explain <u>two</u> reasons for wage differentials amongst different economies.** Difference in demand for labour (1) difference in supply of labour (1). Whether or not an economy is in recession (1) economies in decline will have a low demand for labour / expanding economies will have a high demand (1). Difference in population affecting the supply of labour (1) net migration rates / birth rates / death rates (1) more supply would decrease wages / lower supply would increase wages (1). Difference in demand for goods and services (1) affecting the demand for workers as demand for workers are derived demand (1). Difference in government spending on e.g. education (1) affects wage of pubic sector (1). Difference in productivity affecting the demand (1) high productivity leads to higher output (1) leads to higher wages (1). Difference in trade union and collective bargaining power (1) countries with stronger trade unions will push wages up (1). Difference in living costs / inflation (1) e.g. food prices (1) wage demands increase (1).	**4**	Accept reasons linked to differences in wages between countries as well as differences in high-paid/low-paid gap within an economy.
7(c)	**Analyse how a recession in one country could cause unemployment in another country.** Emigration to another country (1) may push that country's workers out of a job (1). Income / GDP per head would have fallen (1) the country may buy fewer imports (1) demand for the country's products may fall (1) firms in exporting countries may reduce output (1) lower output would reduce demand for workers (1). MNCs in the country may make less profit / make a loss (1) may reduce production in other countries (1). A recession in a large economy could create worldwide uncertainty (1) discourage investment / output of capital goods (1) reduce employment in the capital goods industries of another country (1).	**6**	

Question	Answer	Marks	Guidance
7(d)	**Discuss whether or not the economic advantages of immigration into countries such as the UK and Germany outweigh the economic disadvantages.** **Up to 5 marks for advantages:** Immigration increases the size of the labour force of the country (1) the immigrants may be young working age people (1) this could increase the productivity of the economy (1) increasing the supply-side capacity of the economy (1) leading to economic growth. Immigrants may take jobs which locals are unwilling to take (1) where a shortage occurs (1) example (1) Immigrants may be willing to work for lower wages (1) production costs would fall (1) leading to lower prices (1) Immigration leads to increased competition for jobs (1) workers need to work harder (1) overall productivity increases (1) Immigrants may also bring in capital (1) to start their own business (1) creating even more jobs (1). Immigrants spend money in the economy / increasing domestic consumption (1) increasing total demand / causing economic growth (1) paying indirect taxes (1). Immigrants may also work and pay direct taxes / income tax (1) government revenue increases (1) enabling more government spending (1) such as health and education (1). **Up to 5 marks for disadvantages:** Immigrants may take jobs where locals could be employed (1) increasing unemployment in that country (1). Some immigrants have better qualifications and skills (1) taking jobs from less qualified and lower skilled local workers (1). Immigrants may be more willing to take up jobs with lower pay (1) locals will not feel that such low pay is appropriate (1) depressing wage growth (1).	**8**	Each point may be credited only once, on either side of an argument, but separate development as to how/why the outcome may differ is to be rewarded.

Question	Answer	Marks	Guidance
7(d)	Large supply of foreign workers so local businesses will be less willing to take on apprentices / train new workers (1) leaving the locals who are unemployed with low skills / unable to take up a job and learn appropriate skills (1). Increased demand for healthcare and education (1) increases demand on government resources (1). Immigrants may cause increased demand for houses (1) pushing house prices up (1) making housing less affordable to local residents (1).		