0455-s18-qp22 T1 data

1. Rent and insurance
2. First, ice-cream is a luxury product, so it have price elastic demand, which means the quantity demand will fall more than the price increase and the profit made will decrease, so producers will not increase the price even the price of vanilla increase.

Second, the productivity of labors increase, so the supply of ice-cream will increase and it will cause a fall in the price of ice-cream. So, even the cost of production increase, the price will not increase.

First, as the income of people increase, the purchasing power of people will increase since they have more money, so the D for the ice-cream will increase, and the price of the ice-cream will decrease.

1. The country with higher GDP per head will have higher HDI.For example, as the Bangladesh have a GDP per head of 3600, and have HDI of 0.570. The Ghana have the GDP per head of 4300 and have HDI of 0.579. So the country with higher GDP per head will have higher HDI. But, there is a country which does not follow it, which is Cuba. The country have GDP per head of 10200 and HDI of 0.769. The Egypt have GDP per head of 11500 put HDI of 0.690. So, this does not follow the rule. Which may be cause by high population.
2. On one side, government should encourage people to save more.

First, if the saving of people increase, the spending of people will decrease, which means the consumption will decrease and the aggregate demand of the country will decrease, so the price level will decrease and more people can afford necessities and will reduce absolute poverty.

On the other side, government should not encourage people to save more.

First, if the saving of people increase, the spending of people will decrease, so the consumption will decrease and the aggregate demand of the country will decrease, so there may be a recession and may cause cyclical unemployment.

1. First, if people can get cash benefit, they will have more money and can let their children to go to school and they can get better education, and after they go to work, they will have higher productivity since they are more skilled. So they can get more wage and the poverty will reduce.
2. On one side, a market system benefits consumers.

First, in the market system, it is mainly perfect competition, so there are many firms in the market. And the consumer will get a wider choices. Also each product have elastic demand, because they have many substitutes. To increase their profit, they will lower the price, since the quantity demand will increase more than it, so the consumer can buy product with lower price.

On the other side, a market system benefits consumers.

First, there may be market failure in the market system because there is no government restriction, for example, there may be over consumption of demerit goods. So there may be a lot of external cost, and the consumer will not benefit from it.