Starter Quiz ·

A-Level Economics Name: _____ Score: _____

1. Which set best lists the main macroeconomic objectives?

   ☐ growth, low unemployment, price stability, balance of payments

   ☐ profit, revenue, market share

   ☐ high taxes, high spending, low wages

   ☐ imports, exports, tariffs

2. The Phillips curve shows a short-run trade-off between:

   ☐ growth and the exchange rate

   ☐ tax and spending

   ☐ imports and exports

   ☐ unemployment and inflation

3. Structural unemployment is best tackled by:

   ☐ demand stimulus alone

   ☐ supply-side policy (e.g. retraining)

   ☐ a weaker currency

   ☐ raising interest rates

4. In a deep recession, a government would most likely prioritise:

   ☐ reducing the money supply

   ☐ a trade surplus above all

   ☐ cutting all spending

   ☐ growth and employment

5. Rapid economic growth can worsen the current account because it:

   ☐ reduces all spending

   ☐ cuts exports to zero

   ☐ lowers incomes

   ☐ sucks in more imports

6. Crowding out is when heavy government borrowing reduces private investment.

   ☐ True ☐ False

   ☐ True ☐ False

8. Most economists argue the unemployment–inflation trade-off holds permanently in the long run.

   ☐ True ☐ False

9. Fiscal and supply-side policies are slowed by time _____.

   _____

10. Because objectives conflict, policy always involves making _____.

    _____

Answers ·

A-Level Economics

1. **growth, low unemployment, price stability, balance of payments**

   These four (plus equity and the environment) are the standard objectives.

2. **unemployment and inflation**

   Lower unemployment tends to come with higher inflation in the short run.

3. **supply-side policy (e.g. retraining)**

   Structural problems need supply-side fixes; demand stimulus won't give workers the right skills.

4. **growth and employment**

   When output and jobs are falling, reviving growth and employment comes first.

5. **sucks in more imports**

   Higher incomes raise import spending, widening a trade deficit.

6. **True**

   Government borrowing can raise interest rates and squeeze private investment.

7. **True**

   A booming economy can overheat, pushing up prices – a classic conflict.

8. **False**

   False. Many economists argue the trade-off is only short-run: in the long run unemployment returns to its natural rate whatever the inflation rate (a vertical long-run Phillips curve).

9. **lags**

   It takes time for these policies to affect the economy.

10. **trade-offs**

    No policy improves every objective at once.