Unit Test 单元测验

A-Level Economics · Unit 10 Government macroeconomic intervention (A Level)

33 marks · 35 minutes

Part 1 · Vocabulary answer key. Sections A and C are marked on exact spelling; Section B accepts any listed Chinese form.

Question	Answer	Marks
1	macroeconomic objectives	1
2	time lags	1
3	Laffer curve	1
4	tax revenue	1
5	disposable income	1
6	trade union	1
7	labour market	1
8	total cost	1
9	乘数	1
10	边际社会成本	1

Multiple Choice Answers

Q21: C

Q22: A

Q24: D

4	**In 2022, many countries experienced a high rate of inflation caused by disruptions to the supply of goods and services arising from the Covid-19 pandemic and the conflict between Russia and Ukraine. In one country, the government cut taxes and the central bank raised interest rates.** **Evaluate the likely impact of these policies on that government's ability to control inflation**. Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • An understanding that the stated causes of inflation are due to a reduction in supply for the countries experiencing the inflation. This may be regarded as cost-push/imported inflation. • Analysis of the effect of the causes in terms of an aggregate supply (AS)/aggregate demand (AD) analysis **or** a Leakages and Injections approach. • An explanation of the impact of tax reduction on consumer demand or retained profits for industry. • An explanation of the impact of higher interest rates either on consumer demand or on investment. This can be developed either through the monetary transmission mechanism analysis or AS/AD analysis. • An explanation of the impact of lower taxes on consumer demand or on investment. This can be developed through AS/AD analysis. • AS/AD Explanation and analysis of the effects of tax reductions and Interest rate on economic growth and unemployment/equality.

4	**AO3 Evaluation** • Evaluation may be concerned with the effects of the changes produced by the two policies and the effects on the analyses used to reduce inflation. • An initial analysis of the policy approach to reducing the level of inflation which may be in terms of how accurate the government is in determining the amount of spending reduction or increase in the rate of interest required. • An initial analysis of the policy approach to reducing the level of inflation which may be in terms of how accurate the government is in determining the amount of spending reduction or increase in the rate of interest required. • The time lags between policy implementation and outcome may also be discussed as might expectation and the role they play in determining policy outcomes. • Recognition that the policies are concerned with AD and the problems are largely due to supply shortages. • The short run and long run implications of the policies on achieving the alternative aims may be evaluated. • The opportunity costs of policies may be commented upon. Accept all valid responses
	AO1 Knowledge and understanding and AO2 Analysis
	AO3 Evaluation