

13 Assuming demand is price elastic, what will rise the most if an indirect tax is removed?

- A** consumer expenditures
- B** price of the product
- C** producers' revenues
- D** tax receipts

21 A steel producer changes to electrically powered furnaces to reduce emissions of greenhouse gases. This results in a loss of jobs.

Which type of unemployment is caused?

- A** cyclical
- B** frictional
- C** seasonal
- D** technological

4 (a) Explain the possible causes of frictional unemployment and technological unemployment **and** consider whether some element of frictional unemployment is inevitable in an economy. [8]

(b) Assess whether the consequences of technological unemployment are likely to be more serious than those of cyclical unemployment. [12]

OR

23 A government uses expansionary monetary policy over a three-year period.

Which combination identifies the likely impact of such a policy?

	real GDP	price level	unemployment
A	falling	rising	falling
B	rising	rising	rising
C	rising	rising	falling
D	rising	falling	rising

12 What would **not** be included in the calculation of an individual's wealth?

- A** the house owned by the individual
- B** the savings in the individual's bank account
- C** the stocks and shares owned by the individual
- D** the wages earned by the individual

18 The aggregate demand curve is typically downward sloping.

What is one possible explanation for this?

- A** A fall in the price level will lead to a rise in demand for imports.
- B** As the price level falls, improved productivity will reduce unit costs.
- C** If the price level is high, any interest rate changes will encourage consumption.
- D** The real value of assets increases as the price level falls.

- 4 (a)** Compare the causes of structural unemployment and cyclical unemployment **and** consider which of these types of unemployment is likely to be more harmful to an economy. [8]
- (b)** Assess whether expansionary monetary policy is likely to be successful in reducing **all** types of unemployment. [12]

OR