GCE A LEVEL

1520U40-1

Z22-1520U40-1

MONDAY, 6 JUNE 2022 – AFTERNOON

ECONOMICS – A2 unit 4
Evaluating Economic Models and Policies

2 hours 30 minutes

ADDITIONAL MATERIALS

A WJEC pink 16-page answer booklet.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen. Do not use gel pen or correction fluid.

You may use a pencil for graphs and diagrams only.

Answer **one** question from Section A.

Answer **one** question from Section B.

Answer **one** question from Section C.

Write your answers in the separate answer booklet provided following the instructions on the front of the answer booklet.

Use both sides of the paper. Write only within the white areas of the booklet.

Write the question number in the two boxes in the left-hand margin at the start of each answer, for example **0 1** .

Leave at least two line spaces between each answer.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the necessity for good English and orderly, clear presentation in your answers.

You are reminded that this paper is synoptic and so will test understanding of the connections between the different elements of the subject.

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SECTION A

Answer **one** question from this section.

Either,

0 1 **a)** Using relevant diagrams, explain how a long-run equilibrium position is reached in a perfectly competitive market structure. [10]

b) Assess the reasons why the reduction of monopoly power in an economy may not be entirely desirable. [20]

Or,

0 2 **a)** Using a diagram and examples, explain what is meant by a monopolistically competitive market structure. [10]

b) Evaluate the view that firms in monopolistically competitive markets are always less efficient than firms in other market structures. [20]

SECTION B

Answer **one** question from this section.

Either,

0 3 **a)** Using a production possibility frontier (PPF) diagram, explain the possible causes of actual growth and potential growth in an economy. [10]

b) Evaluate the extent to which economic growth always leads to conflicts with other policy objectives. [20]

Or,

0 4 **a)** Explain how inflation is calculated using a weighted price index. [10]

b) Discuss the view that inflation is always costly and never beneficial. [20]

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SECTION C

Answer **one** question from this section.

Either,

0 5 **a)** Explain the likely link between changes in the terms of trade and changes in the current account balance. [10]

b) Evaluate the ways in which governments could reduce a sustained current account deficit, in both LEDCs and MEDCs. [20]

Or,

0 6 **a)** Explain the impacts of industrialisation on an LEDC. [10]

b) Evaluate the extent to which high levels of national (public sector) debt are damaging for LEDCs. [20]

END OF PAPER

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