A-Level Economics: **w25 11**

Question 17 (Answer: **C**)

- Nominal GDP rose from 1000 to 1100, which is 10%.
- Prices rose 5% over the same period.
- So real growth is approximately $10 - 5 = 5\%$.

Question 22 (Answer: **B**)

- The standard macroeconomic objectives are economic growth, low unemployment, price stability and a sustainable balance of payments.
- Income *equality* is a desirable outcome but not one of the four standard objectives.
- So it is the one that does not belong on the list.

A-Level Economics: **w25 12**

Question 25 (Answer: **C**)

- Rapid growth typically brings pollution, resource depletion and a widening current account deficit as imports rise.
- It also tends to raise inflation if capacity cannot keep up.
- What it does *not* usually bring is falling employment – growth normally reduces unemployment.

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Question 3 (Answer: **D**)

- Opportunity cost is what has to be given up to get something.
- To grow faster an economy must devote resources to capital goods now.
- So the cost of growth is the consumer goods forgone in the present.

A-Level Economics: **w25 14**

Question 17 (Answer: **A**)

- If aggregate demand rises and capacity does not, prices are bid up.
- So preventing inflation requires the supply side to expand at the same time.
- Additional productive capacity is what allows output to rise without the price level rising.

A-Level Economics: **Specimen 2**

1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.
0	No creditable response.

A-Level Economics: **Specimen 2**

1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.
0	No creditable response.

1(a)	**Using the data in Table 1.1, compare Vietnam's balance of trade in goods and services between 2009 and 2011 with that from 2015 to 2017.** • Between 2009 and 2011, the balance of trade was in deficit; from 2015 to 2017, there was an increasing surplus. **(1)** • The deficits decreased over time to 2011; the surpluses were less stable. **(1)** **Guidance:** Correct terminology and clear comparisons must be made for **(2)**
1(b)(i)	**Explain the relationship you would expect between the annual change in the balance of trade in goods and services and the annual change in real GDP growth.** • A positive relationship might be expected. **(1)** • Exports are a component of AD so rising exports lead to faster economic growth. **(1)**
1(b)(ii)	**Consider the extent to which this relationship is evident in the data in Table 1.1.** • The relationship is not very obvious in the data in Table 1.1. **(1)** • There is some evidence that the highest growth rates produce the largest surpluses. **(1)** • A time lag in the data seems to be a reasonable consideration. **(1)** **(max 2)**
1(c)	**Using the information provided, explain <u>one</u> supply-side reason why Vietnam has experienced 'spectacular economic growth'.** • Reason (supply side). **(1)** • Explanation linking the reason to comparative increases in output. **(1)** **Guidance:** Various possibilities in the data such as use of supply-side policies (education, infrastructure) and access to export markets through free trade agreements.

1(d)	**Assess the likely macroeconomic effects of pressure on the exchange rate of the Vietnamese dong arising from Vietnam's increased exports.** **Up to 4 marks for explanation/analysis:** • Explanation that an increase in Vietnam's exports will lead to a rise in the value of the dong. **(1)** The price of exports will rise and import prices will fall. **(1) (max 2)** • Analysis of the likely impact of the rise in the dong on macroeconomic indicators such as employment, national output, inflation and the trade balance. **(max 2)** **Guidance:** Award 2 marks if detailed analysis with reference to just 1 indicator or less detailed analysis of 2 indicators. Award 1 mark for less detailed analysis of 1 indicator. **Up to 2 marks for evaluation:** • Relevant evaluation which weighs up the factors on both sides. **(1)** • A conclusion on the likely overall effect. **(1)**
1(e)	**Assess whether Vietnam's 'economic miracle' is likely to persist over the next few years.** **Up to 4 marks for explanation/analysis:** • Reason why the miracle is likely to persist, e.g. ongoing dispute between US and China, rising GDP per head in Vietnam. **(1)** Explanation of how this reason leads to further economic growth such as boost to AD due to increased exports, increased consumption. **(1)** • Reason why the miracle may not persist such as US imposing additional tariffs on Vietnam's exports, downturn in global economy. **(1)** Explanation of how the reason could reduce economic growth such as lower exports reduce growth. **(1)** **Up to 2 marks for evaluation:** • Relevant evaluation such as Vietnam's heavy dependence on exports is a risk: if there is a world recession Vietnam's economic miracle is likely to end; **(1)** multinational companies (MNCs) could easily move elsewhere; **(1)** or any other relevant reason.