



GCE A LEVEL

A520U30-1



MONDAY, 13 JUNE 2022 – AFTERNOON

ECONOMICS – A level component 3
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.

Answer **one** question from Section A.

Answer **one** question from Section B.

Answer **one** question from Section C.

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 need for good English and orderly, clear presentation in your answers.

SECTION A

Answer **one** question from this section.

Either

1. UK fifth most unequal country in Europe

(a) Explain why governments might intervene to reduce income inequality. [10]

(b) Evaluate policies that a government could introduce to reduce income inequality in the UK. [20]

Or

2. “Monopolies always abuse their power”

(a) Explain how firms can sustain their monopoly power. [10]

(b) To what extent can a natural monopoly ever be efficient? Use a diagram(s) to support your answer. [20]

SECTION B

Answer **one** question from this section.

Either

3. Inflation likely to go above target in the UK

- (a) Explain the main costs of inflation to an economy. [10]
- (b) Evaluate possible policies that could be used to reduce the rate of inflation. [20]

Or

4. Sajid Javid: “Austerity is over” (September 2019)

- (a) Explain why it may be difficult for governments to achieve their macroeconomic policy objectives at the same time. [10]
- (b) Discuss the extent to which the use of expansionary fiscal policy is appropriate during economic downturns. [20]

SECTION C

Answer **one** question from this section.

Either

5. IMF: Weak governance a key obstacle to growth and development

- (a) Explain why poor governance can be an obstacle to economic growth and development in LEDCs. [10]

- (b) Consider how effective the interventionist policies of import substitution and export-led industrialisation are likely to be in raising the levels of economic growth and development in LEDCs. [20]

Or

6. Germany runs permanent current account surplus

- (a) Explain why some countries have long-term current account surpluses on their balance of payments. [10]

- (b) Evaluate the view that a current account surplus is always beneficial to an economy. [20]

END OF PAPER