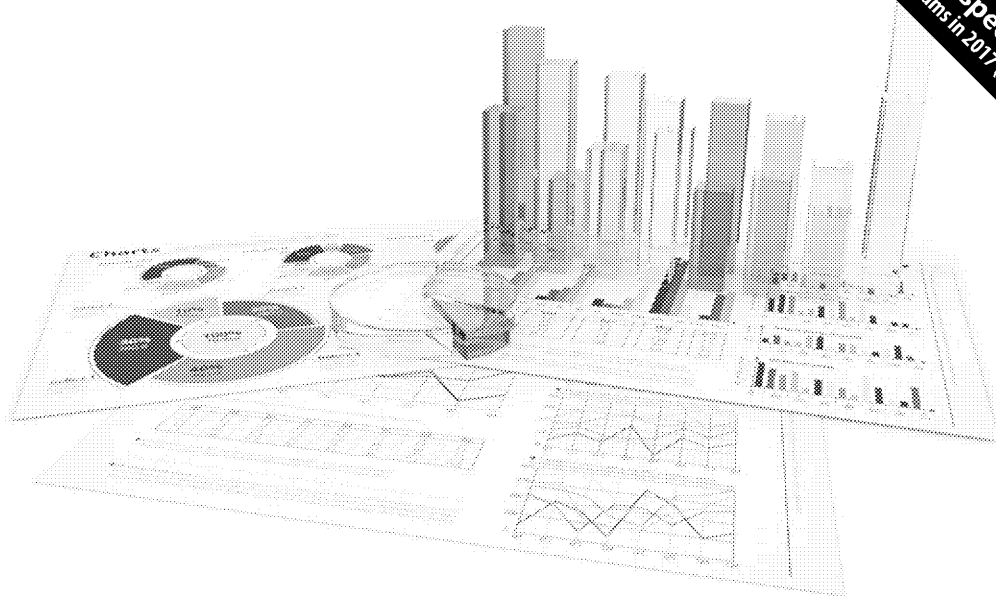


**2015 specification**  
first exams in 2017 (2016 for AS)



# Topic Tests for AS / A Level AQA Economics

Macroeconomics: Year 1

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# Teacher's Introduction

This resource consists of a set of Topic Tests that have been written to support the teaching of A Level AQA Year 1 Macroeconomics. It allows teachers and students to check their understanding and consolidate knowledge of each part of the AQA specification. In each Topic Test there is a mixture of numerical, multiple-choice, short-answer and essay-style questions of a variety of different difficulties. There are 6 Topic Tests in this resource, following the topics of the A Level specifications.

Importantly, each Topic Test is accompanied by a set of detailed answers that could be handed out to students as a basis for 'model' answers in the examination. Note that although the Topic Test questions aren't always in exam format, the questions within have been written carefully with the intention of testing the range of Assessment Objectives and often borrow aspects that are similar to those in the exam.

Most of the case studies in the Topic Tests include up-to-date economic data and scenarios that should place economic theory in recent history, enrich students' general knowledge of the subject, and prepare students for the Data Response aspects of the examination. Moreover, the resource also includes plenty of opportunities for students to practise the Quantitative Skills outlined in the Appendix of the AQA specification.

Most Topic Tests contain 30–40 marks worth of questions, although some tests are shorter to cover each specification topic appropriately according to its scope. It is intended that the longer Topic Tests will take about one hour to complete and should be presented to students *after* teaching the parts of the specification that are to be tested. However, the Topic Tests could also be given to students as homework in order to consolidate their knowledge outside of the classroom, or certain aspects could be used as a supplement to in-class learning.

It is important to note that this resource should be used as a complement to other resources such as textbooks and practice exam papers, and not in isolation. These Topic Tests include plenty of explanation of the theory in the mark scheme, but students should be encouraged to access information as widely as possible.

It is hoped that this resource, as well as offering support for teaching the essential elements of the AQA macroeconomics specification, will help students fully prepare for their A Level examinations. The economic environment is constantly in flux, and full of fascinating current issues. This resource attempts to share some of these current issues as a basis for teaching in the most interesting way possible, meanwhile encouraging further study from the next generation of Economists!

Happy teaching!

November 2019

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Register your email address to receive any future free updates\* made to this resource or other Economics resources your school has purchased, and details of any promotions for your subject.

\* resulting from minor specification changes, suggestions from teachers and peer reviews, or occasional errors reported by customers

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**Mark Scheme: Levels of Response Tables for Long-answer Questions****10 marks**

Knowledge (2), application (2) and analysis (2)		
	0	No relevant answer given.
Level 1	1–2	A few concepts may be identified correctly, but inconsistently, and without thought behind the causes and effects.
Level 2	3–4	Some knowledge of economic concepts is shown, partially linked to reasoning skills, but may focus too much on one side of an argument.
Level 3	5–6	Knowledge of the economic concepts is very accurate. Links to the question and examples. Analysis is well reasoned and logical, and appropriate for the question.
Evaluation (4)		
	0	No evaluation.
Level 1	1–2	Limited attempt at evaluation – may be only loosely related to the question and insufficient reasoning.
Level 2	3–4	Accurate, balanced evaluative comments are made, supporting a response directly to the question.

**12 marks**

Knowledge (2), application (2) and analysis (4)		
	0	No relevant answer given.
Level 1	1–2	A few concepts and examples may be identified correctly, but may lack thought behind the causes and effects.
Level 2	3–5	Some knowledge of economic concepts is shown, partially linked to reasoning skills, but may focus too much on one side of an argument.
Level 3	6–8	Knowledge of the economic concepts is accurate. Links to the question and examples. Analysis is well reasoned, logical and appropriate for the question.
Evaluation (4)		
	0	No evaluation.
Level 1	1–2	Limited attempt at evaluation – may be only loosely related to the question and insufficient reasoning and evidence.
Level 2	3–4	Accurate, balanced evaluative comments are made, supporting a response directly to the question.

**15 marks**

Knowledge (3), application (3) and analysis (3)		
	0	No relevant answer given.
Level 1	1–3	A few concepts may be identified correctly, but inconsistently, and without thought behind the causes and effects.
Level 2	4–6	Some knowledge of economic concepts is shown, partially linked to reasoning skills, but may focus too much on one side of an argument.
Level 3	7–9	Knowledge of the economic concepts is very accurate. Links to the question and examples. Analysis is well reasoned and logical, and appropriate for the question.
Evaluation (6)		
	0	No evaluation.
Level 1	1–2	Limited attempt at evaluation – may be only loosely related to the question and insufficient reasoning.
Level 2	3–4	Clear evidence of evaluative comments, though they may be unfair or one-sided. Reasoning / supporting evidence is provided but may be weak.
Level 3	5–6	Accurate, balanced evaluative comments are made, supporting a response directly to the question.

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20 marks

Knowledge (4), application (4) and analysis (6)		
	0	No relevant answer given.
Level 1	1–3	A few concepts may be identified correctly, but inconsistently, and thought behind the causes and effects.
Level 2	4–6	Some knowledge of economic concepts is shown, partially linked to or basic reasoning skills.
Level 3	7–10	Good knowledge of the relevant economic concepts is displayed, linked to evidence to support the main arguments. Analysis is well developed on one side of an argument.
Level 4	11–14	Knowledge of the economic concepts is very accurate. Links to the examples. Analysis is well reasoned and logical, and appropriate for the question.
Evaluation (6)		
	0	No evaluation.
Level 1	1–3	Limited attempt at evaluation – may be only loosely related to the question and insufficient reasoning.
Level 2	4–6	Clear evidence of evaluative comments, though they may be unfair or one-sided. Reasoning / supporting evidence is provided but may be weak.
Level 3	5–6	Accurate, balanced evaluative comments are made, supporting a reasoned conclusion directly to the question.

25 marks

Knowledge (4), application (4) and analysis (8)		
	0	No relevant answer given.
Level 1	1–4	A few concepts may be identified correctly, but inconsistently, and thought behind the causes and effects.
Level 2	5–8	Some knowledge of economic concepts is shown, partially linked to or basic reasoning skills.
Level 3	9–12	Good knowledge of the relevant economic concepts is displayed, linked to evidence to support the main arguments. Analysis is well developed on one side of an argument.
Level 4	13–16	Knowledge of the economic concepts is very accurate. Links to the examples. Analysis is well reasoned and logical, and appropriate for the question.
Evaluation (6)		
	0	No evaluation.
Level 1	1–3	Limited attempt at evaluation – may be only loosely related to the question and insufficient reasoning.
Level 2	4–6	Clear evidence of evaluative comments, though they may be unfair or one-sided. Reasoning / supporting evidence is provided but may be weak.
Level 3	7–9	Accurate, balanced evaluative comments are made, supporting a reasoned conclusion directly to the question.

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## Mark Breakdown Test-by-test

Test	
4.2.1 The Measurement of Macroeconomic Performance	
4.2.2 How the Macroeconomy Works: Aggregate Demand (Part 1)	
4.2.2 How the Macroeconomy Works: Aggregate Demand (Part 2)	
4.2.3.1 Economic Growth and the Economic Cycle	
4.2.3.2–3 Employment and Inflation	
4.2.4–5 Macroeconomic Policy	



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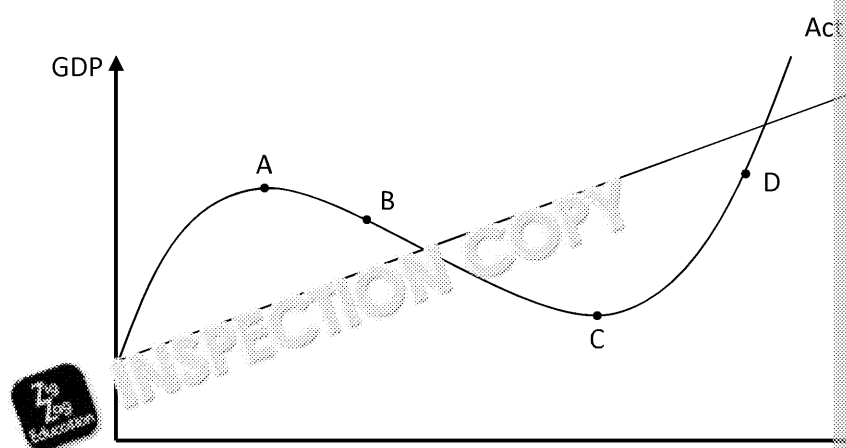
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### 4.2.3.1 Economic Growth and the Economic Cycle

1. Figure 1 displays a diagram of the business cycle.

Figure 1



- (i) In Figure 1, which of the labels A–D is the point that correlates to the recession economy cycle?
- (ii) In Figure 1, which of the labels A–D is the point that correlates to a 'boom' economy cycle?
2. Which of the following definitions explains the concept of a 'recession'.
- A When there is a decline in GDP for a total of two quarters during a period.
  - B National or international crises that affect GDP negatively.
  - C When there is a sustained decline in GDP for more than four consecutive quarters such as trade and production is reduced.
  - D When there is a sustained decline in GDP for two or more consecutive quarters such as trade and production is reduced.
3. What is the difference between nominal and real GDP?
4. If an economy's growth rate of GDP fell from 10% to 8% between 2015 and 2016, this would describe the change in this economy's output?
- A Increasing
  - B Decreasing
  - C Constant
  - D Not possible to answer with the information above.

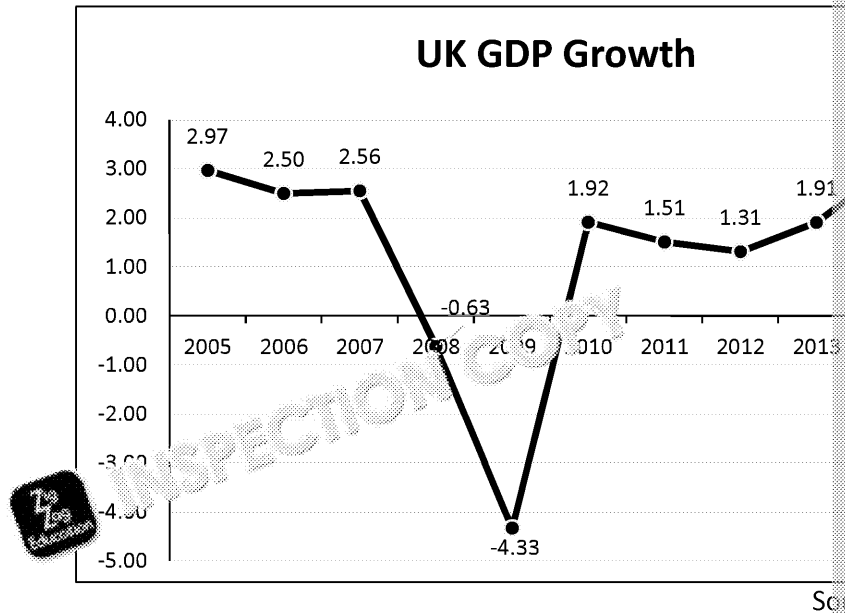
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5. Figure 2 displays information about the UK's GDP growth rate between 2005

Figure 2



What do you think would be the consequences in the UK of the period starting in 2010?

6. Using a production possibility diagram, explain the difference between short and long-run economic growth.
7. Illustrate, using an AD/AS diagram, the difference between short-run and long-run economic growth.
8. Explain the causes of economic growth in the long-run.
9. Illustrate, using an appropriate diagram, a *negative* output gap.
10. Explain the potential causes of a negative and positive output gaps.
11. Evaluate **two** potential consequences of an output gap.

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## **Preview of Questions Ends Here**

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### 4.2.3.2–3 Employment and Inflation

- Which of the following scenarios would constitute 'frictional' unemployment?
  - Unemployment that is associated with different parts of the business cycle.
  - Unemployment that exists within an economy because of the time spent finding employment or the delays associated with moving between jobs.
  - Unemployment that exists because of changes in industrial organisation – e.g. the decline of the UK's manufacturing sector because of foreign competition.
  - Unemployment that differs according to changing levels of demand according to the business cycle.
- Explain what is meant by structural unemployment.
- Each year, Paul, an almost-retired actor, dresses up as Santa Claus and visits houses in the streets of his hometown around Christmas. However, on the 25<sup>th</sup> of December he always sees the streets empty.

Which of the following types of unemployment can best describe Paul's situation?

  - Cyclical unemployment
  - Structural unemployment
  - Seasonal unemployment
  - Voluntary unemployment
- Explain **two** causes of unemployment.
- In the UK, the unemployment rate used to be measured mainly by the 'claimant count measure of unemployment'. Explain how the claimant count measure is calculated.
  - What are **two** difficulties associated with using the claimant count measure?
- What is the ILO measure of the unemployment rate?
  - What is the definition of an unemployed person according to the ILO?
- Explain, using one or more diagrams, how real-wage unemployment can be caused.
- Which of the following is the correct definition of inflation?
  - Inflation refers to an increase in the money supply of an economy.
  - Inflation refers to a sustained decrease in the aggregate price level of an economy over a period of time, expressed as a rate of percentage change.
  - Inflation refers to a sustained increase in the aggregate price level of an economy over a period of time, expressed as a rate of percentage change.
  - Inflation refers to an increase in aggregate price level of an economy.
- Distinguish between *disinflation* and *deflation*.
- Assess the factors that cause inflation.
- Table 1 shows information about the UK's CPI.

Table 1

Year (base = 2010)	2011	2012	2013
Consumer Price Index	104.484	107.432	110.117

- Calculate the rate of inflation in the UK between 2011 and 2013 to two decimal places.
  - Calculate the rate of inflation in the UK between 2014 and 2015.
- Explain **two** reasons why changes in foreign economies can affect the inflation rate in the UK.

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## **Preview of Answers Ends Here**

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