



**GCE A LEVEL – NEW**

1520U40-1



**ECONOMICS – A2 unit 4**  
**Evaluating Economic Models and Policies**

TUESDAY, 13 JUNE 2017 – AFTERNOON

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 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.

**SECTION A**

*Answer one question from this section.*

**Either,**

1. (a) Explain, using diagrams, the shape of short-run and long-run average cost curves. [10]
- (b) Using examples to support your answer, evaluate the costs and benefits of business mergers. [20]

**Or,**

2. (a) Explain, using an appropriate diagram, the ways in which a firm may be regarded as efficient. [10]
- (b) Using examples to support your answer, discuss the view that privatisation always leads to greater efficiency. [20]

**SECTION B**

*Answer one question from this section.*

**Either,**

3. (a) Explain, using a diagram, how increased factor market flexibility can lead to economic growth. [10]  
(b) "Economic growth is always beneficial for an economy." Discuss. [20]

**Or,**

4. (a) Explain, using diagrams, the shape of the short-run and long-run Phillips curves. [10]  
(b) To what extent are supply side policies effective in reducing unemployment in an economy? [20]

**SECTION C**

*Answer one question from this section.*

**Either,**

5. (a) With reference to the principle of comparative advantage, explain the circumstances under which free international trade will be beneficial. [10]
- (b) Evaluate the likely economic impact of continuous expansion of the European Union for both existing and prospective member states. [20]

**Or,**

6. (a) Explain the possible ways in which a government may implement protectionist policies. [10]
- (b) Using examples to support your answer, discuss the reasons why the governments of LEDCs may find it difficult to raise the level of economic development in their country. [20]

**END OF PAPER**