

Total Marks

Economics A
Advanced
PAPER 3: Microeconomics and
Macroeconomics

Friday 7 June 2024 – Morning

Time: 2 hours

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

YOU MUST HAVE

Nil

YOU WILL BE GIVEN

Data Booklet

INSTRUCTIONS

There are two sections in this Question Paper.

In Section A, answer ALL questions 1(a) to 1(c) and ONE question from 1(d) or 1(e).

In Section B, answer ALL questions 2(a) to 2(c) and ONE question from 2(d) or 2(e).

Answer the questions in the spaces provided in this Question Paper or on the separate data sheets – there may be more space than you need.

INFORMATION

The total mark for this paper is 100.

The marks for EACH question are shown in brackets – use this as a guide as to how much time to spend on each question.

Calculators may be used.

Turn over

ADVICE

Read each question carefully before you start to answer it.

Check your answers if you have time at the end.

SECTION A

Read Figures 1 and 2 and extracts A to C in the Data Booklet before answering Question 1.

Answer ALL Questions 1(a) to 1(c), and EITHER Question 1(d) OR 1(e).

Write your answers in the spaces provided.

You are advised to spend 1 hour on this section.

Question 1

The energy market

1. (a) With reference to Figure 1 and Extract A in the Data Booklet, explain what is meant by ‘price inelastic demand’ (line 11).
(5 marks)

- (b) Examine ONE likely externality that arises when a producer generates electricity by burning gas. Use a diagram to show the external costs of production.
There is space on pages 11 and 18 in the Data Booklet if you wish to use it.
(8 marks)

(continued on the next page)

1. continued.

(c) With reference to Figure 2 and Extract B in the Data Booklet, discuss the possible constraints on business growth for firms supplying energy to households in the UK.

(12 marks)

EITHER

(d) Evaluate the microeconomic and macroeconomic factors that explain gender–based wage differences in the UK oil and gas industry.

(25 marks)

OR

(e) Evaluate the microeconomic and macroeconomic advantages for a country specialising in energy production using gas.

(25 marks)

(continued on the next page)

Turn over

1. continued.

(a) With reference to Figure 1 and Extract A in the Data Booklet, explain what is meant by ‘price inelastic demand’ (line 11).

(5 marks)

Answer lines continue on the next two pages.

Turn over

1. (a) continued.

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1. (a) continued.

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1. continued.

(b) Examine ONE likely externality that arises when a producer generates electricity by burning gas. Use a diagram to show the external costs of production.

There is space on pages 11 and 18 in the Data Booklet if you wish to use it.

(8 marks)

Answer lines continue on the next four pages.

1. (b) continued.

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1. (b) continued.

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1. (b) continued.

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(c) With reference to Figure 2 and Extract B in the Data Booklet, discuss the possible constraints on business growth for firms supplying energy to households in the UK.

(12 marks)

Answer lines continue on the next six pages.

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1. (c) continued.

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1. continued.

EITHER

- (d) Evaluate the microeconomic and macroeconomic factors that explain gender—based wage differences in the UK oil and gas industry.
(25 marks)**

OR

- (e) Evaluate the microeconomic and macroeconomic advantages for a country specialising in energy production using gas.
(25 marks)**

(continued on the next page)

1. continued.

Indicate which question you are answering by marking a cross in the box. If you change your mind, put a line through the box and then indicate your new question with a cross.

Chosen question number:

Question 1(d)

☐

Question 1(e)

☐

Write your answer here.

Answer lines continue on the next twelve pages.

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(Total for Question 1 = 50 marks)

TOTAL FOR SECTION A = 50 MARKS

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Section B

Read Figure 3 and extracts D to F in the Data Booklet before answering Question 2.

Answer ALL Questions 2(a) to 2(c), and EITHER Questions 2(d) OR 2(e).

Write your answers in the spaces provided.

You are advised to spend 1 hour on this section.

Question 2

Ghana – cocoa and chocolate production

2. (a) Explain ONE reason why a country might operate a managed exchange rate. Refer to Extract D in the Data Booklet in your answer. (5 marks)
- (b) With reference to the second paragraph of Extract E in the Data Booklet, examine TWO likely problems for the expansion of the chocolate industry in Ghana. (8 marks)
- (c) Discuss factors influencing the level of aggregate demand in Ghana. Use an aggregate demand and aggregate supply diagram in your answer. There is space on pages 17 and 19 in the Data Booklet if you wish to use it. (12 marks)

2. continued.

EITHER

(d) Evaluate the microeconomic and macroeconomic effects of high interest rates in Ghana, or another developing country of your choice.

(25 marks)

OR

(e) Evaluate the microeconomic and macroeconomic effects of Ghana joining the African Continental Free Trade Agreement (Extract F in the Data Booklet).

(25 marks)

(continued on the next page)

Turn over

2. continued.

- (a) Explain ONE reason why a country might operate a managed exchange rate. Refer to Extract D in the Data Booklet in your answer. (5 marks)**

Answer lines continue on the next two pages.

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2. (a) continued.

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2. continued.

(b) With reference to the second paragraph of Extract E in the Data Booklet, examine TWO likely problems for the expansion of the chocolate industry in Ghana.

(8 marks)

Answer lines continue on the next four pages.

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2. (b) continued.

2. (b) continued.

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2. continued.

- (c) Discuss factors influencing the level of aggregate demand in Ghana. Use an aggregate demand and aggregate supply diagram in your answer.**

There is space on pages 17 and 19 in the Data Booklet if you wish to use it.

(12 marks)

Answer lines continue on the next six pages.

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EITHER

- (d) Evaluate the microeconomic and macroeconomic effects of high interest rates in Ghana, or another developing country of your choice.
(25 marks)**

OR

- (e) Evaluate the microeconomic and macroeconomic effects of Ghana joining the African Continental Free Trade Agreement (Extract F in the Data Booklet).
(25 marks)**

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2. continued.

Indicate which question you are answering by marking a cross in the box. If you change your mind, put a line through the box and then indicate your new question with a cross.

Chosen question number:

Question 2(d)

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Question 2(e)

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Write your answer here.

Answer lines continue on the next twelve pages.

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(Total for Question 2 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS

TOTAL FOR PAPER = 100 MARKS

END OF PAPER