

وزارة التربية والتعليم



مركز القياس والتقويم التربوي
The Center for Educational Assessment and Measurement (CEAM)

امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)

الفصل الدراسي الأول - الدور الأول

للعام الدراسي ١٤٤٨/١٤٤٧ هـ - ٢٠٢٥ / ٢٠٢٦ م

تنبيه:
- المادة: الإقتصاد
- الأسئلة في (٩) صفحات.
- زمن الإجابة: ساعتان.
- الإجابة في الورقة نفسها.

تعليمات مهمة:

- يجب الحضور إلى قاعة الامتحان قبل عشر دقائق على الأقل من بدء زمن الامتحان.
- يجب إحضار أصل ما يثبت الهوية وإبرازها للعاملين بالامتحانات.
- يجب الالتزام بالزي (الدشداشة البيضاء والمصر أو الكمة للذكور) والزي المدرسي للطالبات ، ويستثنى من ذلك الدارسون من غير العمانيين بشرط الالتزام بالذوق العام، ويمنع على جميع المتقدمات ارتداء النقاب داخل المركز وقاعات الامتحان.
- يحظر على الممتحنين اصطحاب الهواتف النقالة وأجهزة النداء الآلي وآلات التصوير والحواسيب الشخصية والساعات الرقمية الذكية والآلات الحاسبة ذات الصفة التخزينية والمجلات والصحف والكتب الدراسية والدفاتر والمذكرات والحقائب اليدوية والآلات الحادة أو الأسلحة أياً كان نوعها وأي شيء له علاقة بالامتحان.
- يجب على الممتحن الامتثال لإجراءات التفتيش داخل المركز طوال أيام الامتحان.
- يجب على الممتحن التأكد من استلام دفتر امتحانه، مغلفاً بغلاف بلاستيكي شفاف وغير ممزق ، وهو مسؤول عنه حتى يسلمه لمراقبي اللجنة بعد الانتهاء من الإجابة.
- يجب الالتزام بضوابط إدارة امتحانات دبلوم التعليم العام وما في مستواه وأية مخالفة لهذه الضوابط تعرضك للتدابير والإجراءات والعقوبات المنصوص عليها بالقرار الوزاري رقم ٥٨٨ / ٢٠١٥.
- يقوم المتقدم بالإجابة عن أسئلة الامتحان المقالية بقلم الحبر (الأزرق أو الأسود).
- يقوم المتقدم بالإجابة عن أسئلة الاختيار من متعدد بتظليل الشكل (▭) وفق النموذج الآتي:

س – عاصمة سلطنة عمان هي:

▭ القاهرة ▭ الدوحة

■ مسقط ▭ أبوظبي

ملاحظة: يتم تظليل الشكل (■) باستخدام القلم الرصاص وعند الخطأ، امسح بعناية لإجراء التغيير.

صحيح ■ **غير صحيح** ▭ ◉ ◔ ☒ ☑

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Question One: Multiple Choice (Items 1 – 8) (8 Marks)

Shade in the bubble (○) next to the correct answer for each of the following items.

1) Governments can achieve price stability in the case of:

- ○ zero inflation at all times.
- ○ steady and low rate of inflation.
- ○ constant prices for all goods and services.
- ○ elimination of all price fluctuations in financial markets.

2) Government budget surplus occurs when:

- ○ the national debt is falling.
- ○ the government prints more money.
- ○ the government spending exceeds tax revenue.
- ○ the tax revenue exceeds government spending.

3) Maria buys a new book from a store. At the checkout, she is charged an extra 5% on top of the book's price as a government sales tax.
What type of tax has Maria just paid?

- ○ A direct tax
- ○ An income tax
- ○ An indirect tax
- ○ A corporate tax

4) The central bank is concerned about falling prices and weak consumer demand and aims to increase economic activity and avoid recession.
Which combination of monetary policy actions would support this goal in terms of interest rate, money supply, and exchange rate?

	Interest rate	Money supply	Exchange rate
○	increase	increase	increase
○	decrease	increase	decrease
○	increase	decrease	increase
○	decrease	decrease	decrease

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Question One: (continued)

5) The increase in real GDP that occurs when output increases is known as:

- ☐ trend economic growth.
- ☐ actual economic growth.
- ☐ potential economic growth.
- ☐ sustainable economic growth.

6) Given below are data on real GDP and potential GDP for country X in US$ for the years 2009-2013:

Year	Actual GDP	Potential GDP
2009	12,570	12,300
2010	13,190	12,700
2011	13,650	12,920
2012	13,320	13,540
2013	13,280	13,900

Based on the data provided, in which two years did country X experience a negative output gap?

- ☐ 2009 and 2010
- ☐ 2010 and 2011
- ☐ 2011 and 2012
- ☐ 2012 and 2013

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Question One: (continued)

7) Double coincidence of wants can be defined as:

- ☐ a situation where two people each have something the other one wants.
- ☐ an item which is acceptable as a means of payment.
- ☐ the total amount of money in an economy.
- ☐ the money used for spending and saving.

8) Which one of the following is a role of the central bank?

- ☐ Providing businesses with loans.
- ☐ Providing payment services for people.
- ☐ Printing currency and issuing banknotes.
- ☐ Accepting various types of deposits from businesses.

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Question Two: Extended Response Items (9-18) (32 Marks)

Answer ALL questions in the space provided.

9) The table below shows key economic indicators for three countries for the year 2021.

Country	GDP Growth Rate (%)	Inflation Rate (%)	Unemployment Rate (%)
X	13.4	1.4	1.9
Y	5.7	9.5	6.3
Z	3.1	6.4	5.1

a. Based on the data provided, which country has the best overall macroeconomic performance?

_____ [1]

b. Justify your answer in part (a) by comparing one macroeconomic indicator.

_____

_____

_____

_____ [1]

10) Define the following:

a. Progressive tax.

_____

_____ [1]

b. Regressive tax.

_____

_____ [1]

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Question Two: (continued)

11) In country Z, people earning $15,000 pay $3,000 as income tax. People earning $50,000 pay $10,000.

Which type of tax is this? Justify your answer.

_____

_____ [1]

12) Central banks use monetary policy tools to control the economic activity.

a. Complete the following table by writing the monetary policy type (expansionary or contractionary) that represents each action below:

Action	**Monetary policy type** (expansionary or contractionary)
Lowering the value of the national currency.	_____
Increasing reserve requirements for commercial banks.	_____

[2]

b. Explain how each of the two actions in part (a) would affect the equilibrium level of national income by changing the level of aggregate demand in the economy.

_____

_____

_____

_____ [2]

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Question Two: (continued)

13) "Singapore has become one of the world's leading technology-driven nations through its Smart Nation Initiative, which focuses on using digital innovation. The government supports universities to drive technology development through funding, tax incentives, and collaboration programs. Universities such as NUS and NTU receive research grants from agencies like "A*STAR" and the "National Research Foundation (NRF)" to advance innovation in areas like AI, clean energy, and biotechnology."

From the context of the case study above, **explain** how Singapore's government support for universities can lead to technological progress and how this progress could increase economic output. Then, **predict** one possible effect on employment.

[5]

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Question Two: (continued)

14) Complete the following table by writing the correct missing phase of the business cycle:

Order in a cycle	Phases of the business cycle
1	Upturn
2	a. _____
3	b. _____
4	c. _____

[1]

[1]

[1]

15) A country is experiencing rapid economic growth driven by an increase in industrial activities.

a. Describe **TWO** possible effects this growth might have on the country's environment.

1- _____

_____

2- _____

_____

[2]

b. State **ONE** policy that the government could implement to mitigate the environmental effects, you described in part 15 (a).

Then, evaluate this policy by weighing **ONE** benefit against **ONE** possible drawback of using it.

_____

_____

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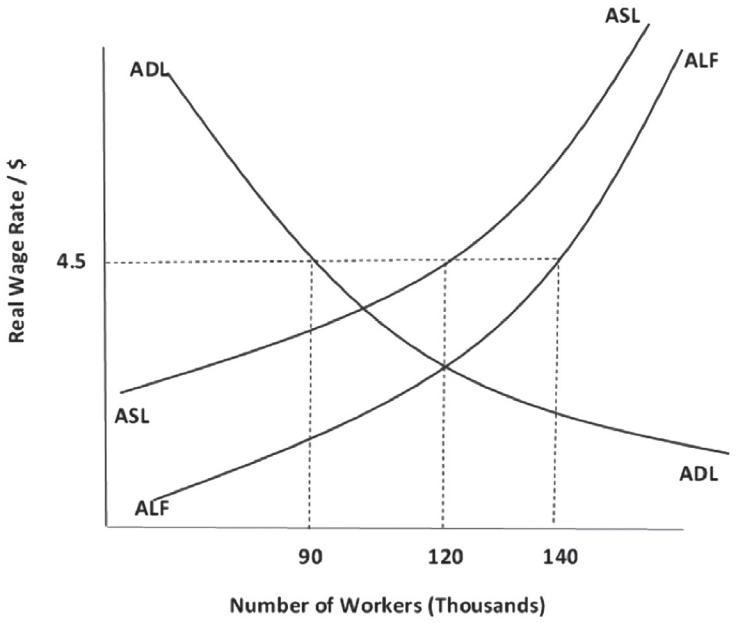
_____

_____ [3]

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Question Two: (continued)

16) The figure below shows a country's labour market. ADL is the aggregate demand for labour, ASL represents the aggregate supply of labour, and ALF is the aggregate labour force.



a. Based on the above graph, determine the following:

The number of employed workers at a wage rate: W = 4.5.	_____ _____
The total amount of unemployment at the real wage rate: W = $4.5.	_____ _____
The amount of disequilibrium unemployment	_____ _____
The amount of equilibrium unemployment.	_____ _____

[4]

b. Is the resulting equilibrium unemployment voluntary or involuntary?

_____ [1]

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Question Two: (continued)

17) Define narrow money and state **TWO** of its components.

[2]

18) "Keynesianism focuses on government spending to control the economy, while Monetarism focuses on managing the money supply to control the economy. "

a. How does the Keynesian theoretical approach influence the level of economic activity?

[2]

b. Both the Keynesian and Monetarist theories have their own strengths and weaknesses.

From your perspective, briefly explain why modern economic approaches tend to combine elements of both theories rather than rely on one exclusively.

[1]

[End of the Examination]

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مركز القياس والتقويم التربوي
The Center for Educational Assessment and Measurement (CEAM)

وزارة التربية والتعليم

Marking Guide for General Education Diploma for Private schools (Bilingual)

Semester One – First Session

Academic Year: 2025/2026

Subject: Economics

Note: There are 6 pages in this guide

First: Answers for the Multiple-Choice Items (8 Marks):

Item N.	Answer	Mark	Page Reference	Learning Outcome	Assessment Objective
1	Steady and low rate of inflation	1	215	5.1.1	AO1
2	the tax revenue exceeds government spending.	1	221	5.2.1	AO1
3	An indirect tax	1	224	5.2.2.b	AO2
4	Decrease- Increase - Decrease	1	234- 235	5.3.2	AO2
5	Actual economic growth	1	452	6.1.1	AO1
6	2012 and 2013	1	454	6.1.2	AO2
7	a situation where two people each have something the other one wants.	1	478	6.3.1	AO1
8	Printing currency and issuing banknotes.	1	484	6.3.7	AO1

Second: Answers for the Extended Response Items (32 Marks):

General Notes

- There may be different ways of answering questions, but a basic requirement for all answers is that they are RELEVANT.
- If the answer is clearly not relevant, and the student has clearly made no attempt to answer the question that was set, NO marks should be awarded. However, if the student has genuinely attempted the answer, but his answer is only partly relevant, then a reduced mark (not zero) should be awarded.

Item N.	Correct Answer	Mark	Marking Guidance	Learning Outcome	Page Reference	Assessment Objective
9.a	The country that has the best overall macroeconomic performance is **X**.	1	-	5.1.3	215-216	AO2
9.b	Country X shows the best performance because it has the lowest unemployment rate (1.9%) and the lowest inflation rate (1.4%), indicating strong employment and stable prices.	1	-	5.1.3	215-216	AO2
10.a ,b	A **progressive tax** takes an increasing proportion of income as income rises. [1] A **regressive tax** takes a decreasing proportion of income as income rises. [1]	2	-	5.2.2.c	225	AO1
11	This is a proportional tax. [0.5 mark] Justification: In each case, the tax paid is 20% of income ($3,000/$15,000 = 20%; $10,000/$50,000 = 20%), meaning the average tax rate remains constant regardless of income level. [0.5]	1	-	5.2.2.c	225	AO2
12.a	Expansionary [1] Contractionary [1]	2	-	5.3.3	235	AO1
12.b	Lowering the currency value boosts export demand, which increases aggregate demand [0.5] and raises the equilibrium level of national income [0.5]. Increasing reserve requirements reduces the amount of funds available for lending by commercial banks, which lowers borrowing and investment in the economy. As a	2	-	5.3.4	238	AO3

	result, aggregate demand decreases [0.5], leading to a lower equilibrium level of national income [0.5].					
13.	The Singapore government provides financial and policy support to universities, which encourages them to carry out advanced research in areas like AI and biotechnology [1 mark-AO2]. This support enables technological progress by funding innovation and making collaboration with private companies more feasible [1 mark-AO2]. As a result, new technologies can be developed that improve production methods, increase efficiency, and reduce costs. Such improvements raise productivity, which allows for more goods and services to be produced, leading to an increase in economic output [1 mark- AO2] One possible effect on employment is that automation may replace low-skilled workers in some industries [1 mark-AO3], which can lead to job losses unless retraining is available. [1 mark-AO3].	5	**3 marks –AO2:** 1 mark: Identifies how government support (grants, incentives) enables universities to develop new technology. 1 mark: Applies how technological progress improves productivity or efficiency. 1 mark: Links increased productivity to higher economic output, using the context or example. Award all 3 marks if the answer is clearly applied to Singapore's context and the output mechanism is accurately explained. **2 marks- AO3:** 2 marks: Reasoned prediction of one employment effect (positive or negative), with an explanation of its impact.	5.4.4	243 - 245	AO2-3 marks AO3-2 marks
14. a,b,c	a. Peak [1] b. Downturn [1] c. Trough [1]	3	-	6.1.6	455	AO1

15.a	1. Increased manufacturing may lead to higher carbon dioxide emissions from burning fossil fuels [1]. 2. Industrial expansion may lead to more waste and water pollution [1].	2	1 mark per valid, applied **environmental** effect.	6.1.8	459	AO2
15.b	The government could impose stricter environmental regulations on manufacturers, such as limits on emissions and proper waste disposal requirements [1]. This policy would help reduce pollution and protect ecosystems [1], but it could also increase production costs and reduce competitiveness for some firms [1].	3	[3 marks-AO3]: 1 mark: Identification and explanation of ONE valid and relevant policy. 2 marks: Evaluation of the policy (a benefit vs a drawback).	6.1.9	460	AO3
16.a	At W = $4.5: The number of employed workers is 90 thousand [1]	4	-	6.2.3	466-467	AO2
	At W = $4.5: ADL = 90, and ALF = 140. Total unemployment = 140-90 = 50 thousand [1]		-			
	Disequilibrium unemployment = 120 – 90 = 30 thousand [1]		-			
	Equilibrium unemployment = 140 – 120 = 20 thousand [1]		-			

16.b	voluntary unemployment	1	-	6.2.3	466-467	AO2
17	**Narrow money** is the money that is used as a medium of exchange. [1] The components of narrow money (any two of the following, each is worth 0.5 mark [2*0.5=1 mark]): • notes in circulation • cash held in banks • balances held by commercial banks at the central bank	2	-	6.3.1	479	AO1
18.a	Keynesian theory influences economic activity primarily through manipulating aggregate demand, which is the total spending on goods and services [1]. Keynesian theory posits that fluctuations in aggregate demand, which include consumption, investment, and government spending, and this drive the level of economic activity [1].	2	-	6.3.4	480 - 481	AO2
18.b	Because neither the Keynesian nor the monetarist approach is definitively more effective; both have strengths and weaknesses and are more suited to different economic situations and policy goals.	1	-	6.3.4	480 - 481	AO3

[The End of the Marking Guide]

وزارة التعليم

امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)

الفصل الدراسي الأول - الدور الثاني

للعام الدراسي ١٤٤٨/١٤٤٧ هـ - ٢٠٢٥ / ٢٠٢٦ م

تنبيه:
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س - عاصمة سلطنة عمان هي:

▭ القاهرة ▭ الدوحة

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ملاحظة: يتم تظليل الشكل (■) باستخدام القلم الرصاص وعند الخطأ، امسح بعناية لإجراء التغيير.

صحيح ■ **غير صحيح** ▭ ◉ ◒ ⊗ ☑

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Question One: Multiple Choise (Items 1 – 8) (8 Marks)

Shade in the bubble (⬭) next to the **correct** answer for each of the following items.

1) A low and stable inflation rate is a government macroeconomic objective related to:

- ⬭ price stability.
- ⬭ economic growth.
- ⬭ low unemployment.
- ⬭ perfect income equality.

2) If a government increases income tax rates during a period of high inflation, this is an example of:

- ⬭ contractionary fiscal policy.
- ⬭ expansionary fiscal policy.
- ⬭ supply-side policy.
- ⬭ monetary policy.

3) Which of the following is an example of capital government spending?

- ⬭ Interest payments on national debt
- ⬭ Job seekers' monthly allowance
- ⬭ Building a new railway line
- ⬭ Teachers' salaries

4) The central bank of country Z noticed that inflation is rising rapidly. To slow down spending, it requires commercial banks to hold a larger percentage of their deposits as reserves.

Which monetary policy tool is being used in this case?

- ⬭ Interest rate
- ⬭ Money supply
- ⬭ Exchange rate
- ⬭ Credit regulation

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Question One: (continued)

5) A gig economy can be defined as:

- ☐ a system where all employment is based on long-term contracts.
- ☐ a labour market where people work independently on short-term jobs.
- ☐ an economy where most workers are employed in government-owned enterprises.
- ☐ a type of economy where firms only pay workers in non-monetary compensation.

6) A country increases its output by making better use of existing resources, such as employing previously unemployed workers.

Which type of economic growth is this?

- ☐ Actual growth
- ☐ Trend growth
- ☐ Potential growth
- ☐ Gradual growth

7) The function of money that is known as a measure of value is a:

- ☐ store of value.
- ☐ unit of account.
- ☐ medium of exchange.
- ☐ standard of deferred payment.

8) The central bank helps commercial banks to overcome financial difficulties by:

- ☐ issuing banknotes.
- ☐ lending to commercial banks.
- ☐ acting as the banker to the government.
- ☐ implementing government monetary policy.

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Question Two: Extended Response (Items 9 – 19) (32 Marks)

Answer ALL questions in the space provided.

9) The table below shows the inflation targets and actual inflation rates for country X over a three-year period.

Year	Inflation Target Range (%)	Actual Inflation Rate (%)
2021	1.5 - 2.5	1.9
2022	1.5 - 2.5	5.2
2023	1.5 - 2.5	5.2

Based on the information in the table above, would you consider the central bank has succeeded in controlling inflation? Justify your answer.

_____

_____

_____

_____ [2]

10) The table below shows different income ranges, and the tax rate applied for each income range:

Income Range per year ($)	Tax Rate (%)
0 – 5,000	0
5,001 – 20,000	20
20,001 – 40,000	30
40,001 +	35

Based on the given data:

a. Name the type of tax applied in this case.

_____ [1]

b. Justify your answer in part **10** (**a**).

_____

_____ [1]

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Question Two: (continued)

11) State **ONE** reason for taxation.

_____ [1]

12) Central banks use monetary policy to manage the economy and adjust the aggregate demand. This policy involves adjusting key tools such as interest rates and the money supply to influence the level of economic activity.

a. In this context, write the correct action (increase or decrease) taken under each type of monetary policy in the following table:

	Policy tools	Interest rate	Money supply
(i)	Expansionary policy	_____	_____
(ii)	Contractionary policy	_____	_____

[1]

[1]

b. Explain how each of the two mentioned types of monetary policy can affect the price level by changing the level of aggregate demand in the economy:

(i) Expansionary policy:

_____

_____

_____ [1]

(ii) Contractionary policy:

_____

_____

_____ [1]

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Question Two: (continued)

13) "Supply-side policy tools aim to increase an economy's productive capacity by making it more efficient and competitive."

Describe how the three main supply-side policy tools are used, and analyze the impact of any two of them on the real output.

[5]

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Question Two: (continued)

14) Write the correct term that represents each of the following definitions from the following grid:

Economic growth	Negative output gap	Positive output gap
Output gap	Potential economic growth	Sustainable economic growth

a. The difference between actual and potential output.

_____ [1]

b. The situation where actual output is below potential output.

_____ [1]

c. Maintaining the growth rate without causing other economic problems and continuing over time.

_____ [1]

15) Write the correct phase of the business cycle that is described by each of the following cases:

a. Consumer confidence is high, borrowing and investment are rising, and employment levels are increasing.

_____ [1]

b. The economy is shrinking, investment is falling, and many firms are reducing output or closing.

_____ [1]

16) Analyze **TWO** negative effects of economic growth on the environment and recommend **ONE** solution that mitigates this effect.

_____

_____

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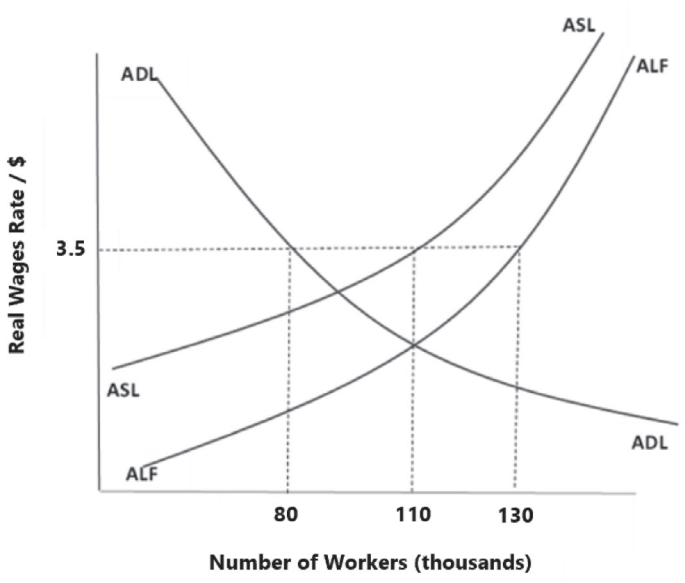
_____ [3]

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Question Two: (continued)

17) The figure below shows a country's labour market. **ADL** is the aggregate demand for labour. **ASL** represents the aggregate supply of labour, and **ALF** is the aggregate labour force.



a. Based on the above graph, determine the following in thousands:

The number of employed workers at a wage rate W = 3.5.	
The total amount of unemployment at the real wage rate W = $3.5.	
The amount of disequilibrium unemployment	
The amount of equilibrium unemployment.	

[4]

b. Is the resulting equilibrium unemployment voluntary or involuntary?

_____ [1]

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Question Two: (continued)

18) State **TWO** main objectives of commercial banks.

1- _____

2- _____

[2]

19) You are given the following data for the variables of the quantity theory of money (Fisher equation):

- Velocity of money circulation (V) = 5
- The Money Supply (M) = $ 100 billion
- The transactions (Output) = $ 4 billion

a. Differentiate between Monetarist and Keynesian in terms of money supply.

_____

_____

_____

_____

_____ [2]

b. Justify the impact of increasing the money supply by 10% based on the Fisher equation.

_____

_____

_____ [1]

[End of the Examination]

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وزارة التعليم

Marking Guide for General Education Diploma for Private schools (Bilingual)

Semester One – Second Session

Academic Year: 2025/2026

Subject: Economics

Note: There are 8 pages in this guide

First: Answers for the Multiple-Choice Items (8 Marks):

Item N.	Answer	Mark	Page Reference	Learning Outcome	Assessment Objective
1	price stability	1	215-216	5.1.1	AO1
2	contractionary fiscal policy	1	228-229	5.2.2. e.	AO1
3	Building a new railway line	1	227	5.2.2.d	AO2
4	Credit regulation	1	235	5.3.2	AO2
5	a labour market where people work independently on short-term jobs.	1	457	6.1.1	AO1
6	Actual growth	1	452	6.1.3	AO2

7	Unit of account	1	478	6.3.2	AO1
8	lending to commercial banks	1	484	6.3.7	AO1

Second: Answers for the Extended Response Items (32 Marks):

General Notes

- There may be different ways of answering questions, but a basic requirement for all answers is that they are RELEVANT.
- If the answer is clearly not relevant, and the student has clearly made no attempt to answer the question that was set, NO marks should be awarded. However, if the student has genuinely attempted the answer, but his answer is only partly relevant, then a reduced mark (not zero) should be awarded.

Item N.	Correct Answer	Mark	Extra Guidance	Learning Outcome	Page Reference	Assessment Objective
9	No, the central bank is not controlling the inflation successfully. [1] **Justification:** The bank has failed to meet its target for two consecutive years (2022 and 2023) by a very large margin [0.5]. This demonstrates a sustained inability to control inflation [0.5].	2	-	5.1.3	215	AO2
10.a	Progressive income tax.	1	-	5.2.2	225	AO1
10.b	Because it takes a higher percentage of income as the income increases.	1	-	5.2.2	225	AO2
11	Student can write **one** of these: To raise the revenue. To influence aggregate demand. To reduce public sector demand. To help fund essential public services. To distribute income more evenly. To discourage the consumption of certain products.	1	-	5.2.3	226	AO1
12. a-I,ii	i. Decrease interest rate [0.5], Increase money supply [0.5]. ii. Increase interest rate [0.5], Decrease money supply [0.5].	2	-	5.3.3	235	AO1

12. b-i	Lower interest rates and increased money supply lead to higher consumer spending and investment, which raise aggregate demand [0.5], and cause the price level to increase [0.5].	1	-	5.3.4	236	AO3
12. b-ii	Higher interest rates and reduced money supply lower consumer spending and investment, which decrease aggregate demand [0.5]. This helps reduce inflationary pressure, leading to a lower or more stable price level [0.5].	1		5.3.4	236	AO3

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دائرة إدارة الامتحانات والاختبارات

13	**Governments use education and training** by funding schools, colleges, and vocational programs. These initiatives aim to improve labour productivity by developing the skills of the workforce [1-AO2]. **Promoting infrastructure development** involves government investment in transport networks, energy supply, and communication systems. This improves efficiency in production and distribution across the economy [1-AO2]. **Support for technological improvement** includes providing tax incentives or subsidies for research and development (R&D), helping firms invest in innovation and new production techniques [1-AO2]. Better education increases the quality and productivity of labour, which shifts the long-run aggregate supply (LRAS) to the right and raises real output [1-AO3]. Improved infrastructure reduces production costs and delays, which also increases the economy's productive capacity, leading to higher real output [1-AO3].	5	**The provided answer is just a sample answer; a full mark answer must contain the following parts:** - A clear explanation of how the three MAIN tools of supply-side policy are used by governments. AO2 (Each is worth 1 mark (1*3=3 marks)). - A clear analysis of how (Only two) of the three policies impact the real output. AO3 Each is worth 1 mark (1*2=2 marks)). **Additional Impact Explanation for the Third Tool (Support for technological improvement):** Technological improvement increases the efficiency of production through innovation and automation. New technology enables firms to produce more with the same or fewer inputs. This also shifts LRAS to the right, raising real output over time.	5.4.4	243 - 245	AO2 [3] AO3 [2]
14.a	Output Gap	1	-	6.1.1	452	AO1

14.b	Negative output gap	1	-	6.1.1	454	AO1
14.c	Sustainable economic growth	1	-	6.1.1	458	AO1
15.a	Upturn	1	-	6.1.6	454	AO2
15.b	Downturn	1	-	6.1.6	454	AO2
16	Economic growth affects the environment through increased industrial emissions [1], which increase air pollution that leads to climate change and global warming [1]. To mitigate this effect, the growth may be accompanied by investment in clean transport or stricter environmental regulations. [1].	3	-	6.1.8	459-460	AO3
17. a	At W = 3.5 The number of employed workers is 80 thousand [1]	4	-	6.2.3.a	466-467	AO2
	At W = $3.5, ADL = 80, and ALF = 130. Total unemployment = 130-80 = 50 thousand [1]					
	Disequilibrium unemployment = 110 – 80 = 30 thousands [1]					

	Equilibrium unemployment = 130 – 110 = 20 thousands [1]					
17. b	voluntary unemployment.	1		6.2.3.b	466-467	AO2
18	Any two of the following: - Profitability, - Liquidity, - Security	2	Each is worth 1 mark (1*2=2 marks)	6.3.6	482	AO1
19.a	Monetarists assume that V and T are constant, not being affected by changes in the money supply, so the change in the money supply causes an equal percentage change in the price level. The monetarist view is that inflation is a monetary phenomenon. Keynesians argue that the equation cannot be turned into a theory since V and T can change with a change in the money supply and so no predictions can be made about what effect a change in M will have on P.	2	-	6.3.3	479	AO2
19.b	The increase in the money supply (M) by 10% will lead to a rise in the price level (P) by 10% [1].	1	-	6.3.3	479	AO3

[The End of the Marking Guide]