

HL1 + SL1

M14/3/ECONO/HP1/ENG/TZ2/XX

Answer one question from this section.

Macroeconomics

3. (a) Explain how the aggregate demand curve can be shifted by a reduction in interest rates. [10 marks]

(b) Evaluate the effectiveness of monetary policy to increase aggregate demand during a recession. [15 marks]

SL 1 2006-May

2(a) Identify the components of aggregate demand and briefly explain two factors which might determine each of these components. 10/25 marks
(b) Evaluate the likely impact on an economy of a substantial rise in the level of interest rates. 15/25 marks.

SL2 + HL3

SL2 + HL2

SL 2 2007-May

3 d Using information from the text and graphs and your own knowledge of economics evaluate the Federal Reserve's decision to raise interest rates (paragraph 4) (8/20 marks)

HL 3 2006May

3 d Using information from the text and graphs and your own knowledge of economics evaluate the use of interest rates as a tool for controlling inflation. (8/20 marks)

HL 3 2005 May

2 d Using information from the text and graphs and your own knowledge of economics evaluate the view that a cut in interest rates is all that would be necessary to stimulate an economic recovery in the USA (8/20 marks)