**webnote 264**

**HL1 + SL1**

**SL paper 1 2010-May**

**2b Evaluate the effectiveness of and increase in investment expenditure on the performance of an economy.**

**15/25**

**HL paper 1 2010-May**

**2b Evaluate the likely effects on the economy of relying on demand-side policies to reduce the unemployment rate. 15/25**

**SL paper 1 2009-May**

**2b Evaluate the view that the unemployment rate can be most effectively reduced through the use of measures designed to increase aggregate demand in an economy. 15/25 marks**

**SL paper 1 2008-May**

**2 (a) Explain how fiscal policy could be used to integrate aggregate demand. 10/25 marks**

**(b) “ In the long run, a country’s economic performance can only be improved through the implementation of supply-side policies.” Evaluate this statement.**

**15/25 marks**

**HL 1 2006-Nov**

**2 (a) Explain how interest rates can be used to bring about an increase in economic activity. 10/25 marks**

**(b) Discuss the strengths and weaknesses of demand side policies. 15/25 marks**

**Section 2.3 Past Exam Questions: (Demand-side and supply-side policies)**

**SL2 + HL3**

**SL paper 2 2010-May**

**3d Using information from the text/data and your knowledge of economics,evaluate whether demand-side policies or supply side policies should be used to recuce the current level of unemployment in Ireland. 8/20 marks**

**(note: also posted on webnote 339)**

**HL3 2010-May**

**2d Using information from the text/data and your knowledge of economics, evaluate the role of fiscal policy in stimulating the USA economy. 8/20 marks**

**HL 3 2008-May**

**3 d Using information from the text and graphs and your own knowledge of economics evaluate the consequences for New Zealand of raising domestic interest rates.**

**(8/20 marks)**

**HL 3 2007-Nov**

**4 d Using information from the text and graphs and your own knowledge of economics evaluate the policies that might be used by the Greek government to improve the performance of its economy.**

**(8/20 marks)**

**note: 2006-May SP2 “Polish economy”. A 1(d) 8/20 marks)**

**HL2**

**HL2 2008-May**

**4. A government decides to raise personal income tax rates. Using diagrams, explain one possible demand- side consequence and one possible supply-side consequence of this decision.**

**HL2 2006-Nov**

**3 Explain how an increase in government spending can lead to crowding out.**

**HL2**

**HL2 2008-May**

**4. A government decides to raise personal income tax rates. Using diagrams, explain one possible demand- side consequence and one possible supply-side consequence of this decision.**

**HL2 2006-Nov**

**3 Explain how an increase in government spending can lead to crowding out.**

**SL2 + HL3**

**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)**

**SL2 2006-Nov**

**Using information from the text and your knowledge of economics, evaluate two supply side policies that the Canadian government could use to reduce the unemployment rate. 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)**

**HL1 + SL1**

**HL 1 2006-May**

**2 (a) Explain the difference between demand-side and supply-side economic policies. 10/25 marks**

**(b) “Higher economic growth can only be achieved through the implementation of supply-side policies.” Discuss. 15/25 marks**

**HL1 + SL1**

**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.**

**2 (a) Using suitable examples, explain the difference between the multiplier and the accelerator. 10/25 marks**

**(b)Evaluate the proposition that the most effective way to reduce unemployment is through the use of demand-side policies. 15/25 marks**

**webnote 338**

**Section 3.4 Past Exam Questions: (Demand-side and supply-side policies)**