2.11 Macroeconomic Objectives and Policy Goals: 10-minute Pack

AQA 7136 · Calculators not allowed · about 10 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer all questions. Write full sentences for the longer questions and for any explanation that carries more than 2 marks. Time guidance: 10 minutes total. A non-calculator paper.

1 List three core macroeconomic objectives a government might prioritise and give one short reason why the government could legitimately prioritise one of them over the others in a given year.

(Total for Question 1 is 3 marks)

2 State the government objective of a satisfactory current account and give one reason why this objective matters for the government.

(Total for Question 2 is 2 marks)

3 Define the secondary macroeconomic objective of reducing income inequality and state one policy consequence for households if inequality falls.

(Total for Question 3 is 2 marks)

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Mark scheme · 2.11 Macroeconomic Objectives and Policy Goals: 10-minute Pack

Question 1

one core objective named, e.g. economic growth	**B1**
second objective named, e.g. low and stable inflation	**B1**
third objective named or a short reason why one might be prioritised, e.g. prioritise inflation control when inflation is well above target to protect purchasing power	**B1**

Answer: E.g. economic growth, low and stable inflation, low unemployment. A government could prioritise controlling inflation if inflation is well above target because high inflation erodes real incomes and creates economic uncertainty.

Question 2

objective: a sustainable balance on the current account, avoiding large persistent deficits or surpluses	**B1**
reason for government: avoids excessive external debt and exchange rate pressures, protecting macroeconomic stability	**B1**

Answer: A satisfactory current account means a sustainable balance of exports and imports to avoid persistent large deficits or surpluses; it matters to government because it helps prevent build up of external debt and reduces exchange rate vulnerability.

Question 3

definition: reducing the gap in income or wealth between richest and poorest groups in society	**B1**
policy consequence for households: improved access to services and higher disposable income for lower income households, reducing poverty	**B1**

Answer: Reducing income inequality means narrowing the income and wealth gap between rich and poor; if inequality falls, lower income households typically gain higher disposable income and better access to services, reducing poverty and raising living standards.

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