

**Economics**  
**Standard level**  
**Paper 1**

Wednesday 26 October 2022 (afternoon)

1 hour 15 minutes

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**Instructions to candidates**

- Do not turn over this examination paper until instructed to do so.
- You are not permitted access to a calculator for this paper.
- Answer one question.
- Use fully labelled diagrams where appropriate.
- The maximum mark for this examination paper is **[25 marks]**.

Answer **one** question.

1. (a) Explain **two** forms of government intervention in markets. [10]  
(b) Using real-world examples, discuss the view that governments should intervene if markets fail to provide public goods. [15]
  
  2. (a) Explain **two** goals of fiscal policy. [10]  
(b) Using real-world examples, evaluate the use of fiscal policy to close a deflationary/recessionary gap. [15]
  
  3. (a) Explain **two** factors that might cause an appreciation of a currency. [10]  
(b) Using real-world examples, discuss the consequences for an economy of an appreciation of its currency. [15]
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