

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

**A2 GCE**

**F585/01**

**ECONOMICS**

**The Global Economy**

**TUESDAY 3 JUNE 2014: Morning**

**DURATION: 2 hours**

**plus your additional time allowance**

**MODIFIED ENLARGED**

<b>Candidate forename</b>		<b>Candidate surname</b>	
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<b>Centre number</b>						<b>Candidate number</b>				
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**Candidates answer on the Question Paper.**

**OCR SUPPLIED MATERIALS:**

**Clean copy Stimulus Material**

**OTHER MATERIALS REQUIRED:**

**Calculators may be used**

<p><b>A CALCULATOR MAY BE USED FOR THIS PAPER</b></p>
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**READ INSTRUCTIONS OVERLEAF**

## **INSTRUCTIONS TO CANDIDATES**

**Refer to the Stimulus Material in the separate booklet. You must NOT bring your original copy into the examination.**

**Write your name, centre number and candidate number in the boxes on the front page. Please write clearly and in capital letters.**

**Use black ink. HB pencil may be used for graphs and diagrams only.**

**Answer ALL the questions.**

**Read each question carefully. Make sure you know what you have to do before starting your answer.**

**Write your answer to each question in the space provided. If additional space is required, you should use the lined pages at the end of this booklet. The question number(s) must be clearly shown.**

## **INFORMATION FOR CANDIDATES**

**The number of marks is given in brackets [ ] at the end of each question or part question.**

**The total number of marks for this paper is 60.**

**The quality of your written communication will be taken into account in the marking of your answer to question 3. All answers should be in continuous prose.**

**Any blank pages are indicated.**

**Answer ALL questions.**

- 1 (a) (i) Other than surveillance, state TWO roles of the International Monetary Fund (IMF).**

**1** \_\_\_\_\_

\_\_\_\_\_

**2** \_\_\_\_\_

\_\_\_\_\_

**[2]**

- (ii) What is meant by the term ‘balanced budget fiscal expansion’?**

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\_\_\_\_\_ **[2]**

**(b) In Extract 2, one estimate of the UK's output gap is minus 9% of GDP.**

**Analyse why this output gap supports the case for a more expansionary fiscal policy in the UK. [6]**

[illegible]

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**(c) Comment on the extent to which fiscal expansion necessarily conflicts with the UK Government's Deficit Reduction Plan. [10]**

[illegible]

[illegible]

[illegible]

- 2 (a) Explain TWO ways in which a fixed exchange rate, such as Latvia's peg to the euro, might be maintained when it comes under pressure to devalue.**

**1** \_\_\_\_\_  
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**2** \_\_\_\_\_  
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**[4]**

**(b) Analyse TWO potential benefits for an economy of adopting the euro. [6]**

**1** \_\_\_\_\_

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**2** \_\_\_\_\_

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**[10]**

[illegible]

[illegible]

[illegible]

**3 Discuss the extent to which economic development in the resource-rich economies of sub-Saharan Africa is likely to be promoted by international trade. [20]**

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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**END OF QUESTION PAPER**

**ADDITIONAL ANSWER SPACE**

**If additional answer space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margins.**





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