

Modified Enlarged 24pt
OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Monday 22 May 2023 – Morning

AS Level Economics

H060/02 Macroeconomics

Time allowed: 1 hour 30 minutes
plus your additional time allowance

YOU CAN USE:

a scientific or graphical calculator
the Resource Booklet (with this document)

Please write clearly in black ink.

Centre number

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Candidate number

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First name(s) _____

Last name _____

READ INSTRUCTIONS OVERLEAF



INSTRUCTIONS

Use black ink. You can use an HB pencil, but only for graphs and diagrams.

Write your answer to each question in the space provided. If you need extra space use the lined pages at the end of this booklet. The question numbers must be clearly shown.

Answer ALL the questions in Sections A and B and ONE question in Section C.

INFORMATION

The total mark for this paper is 60.

The marks for each question are shown in brackets [].

Quality of extended response will be assessed in questions marked with an asterisk (*).

ADVICE

Read each question carefully before you start your answer.

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SECTION A

Write your answer to each question in the box provided.

1 Which of these is a tool of monetary policy? [1]

A Income tax

B Interest rates

C Subsidies to firms

D Welfare payments

Your answer

2 Frictional unemployment occurs when:

A cheap steel from abroad reduces demand for UK steelworkers

B farm workers do not have a job during the winter months

C the economy is in a period of recession

D workers are transferring between jobs

Your answer [1]

3 Which economic activity is found in the secondary sector? [1]

A Banking

B Growing corn

C Producing cars

D Providing insurance

Your answer

4 Competition policy is an example of:

A exchange rate policy

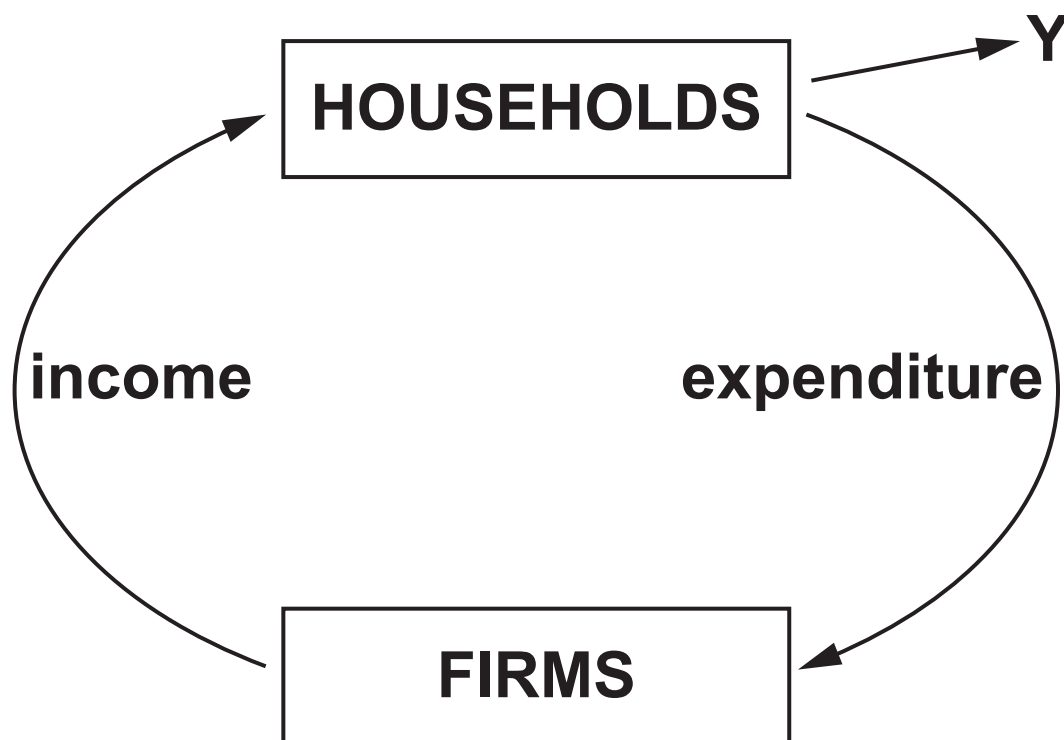
B fiscal policy

C monetary policy

D supply side policy

Your answer **[1]**

- 5 The diagram shows the circular flow of income.



Which of these could be shown by Y on the diagram? [1]

- A Exports
- B Government expenditure
- C Investment
- D Savings

Your answer

6 What is INCLUDED in the calculation of RPI inflation but EXCLUDED from the calculation of CPI inflation? [1]

A Children's clothes

B Council tax

C Medicines

D Petrol

Your answer

7 What will lead to an upward movement along the aggregate demand curve? [1]

A An increase in consumption

B An increase in government expenditure

C An increase in investment

D An increase in the price level

Your answer

- 8 The table shows components of the balance of payments for a country in 2020.**

	£bn
Capital transfers	15
Exports of goods and services	75
Foreign direct investment	20
Imports of goods and services	60
Portfolio investment	30
Primary income	25
Secondary income	10

What was the current account balance in 2020? [1]

- A £50 bn**
- B £100 bn**
- C £115 bn**
- D £170 bn**

Your answer

9 Which of these is a method to calculate a country's gross domestic product? [1]

A Expenditure

B Financial account

C Input

D Labour force survey

Your answer

10 The table shows the tax paid by an individual at different levels of income.

Annual income	Tax paid
£20 000	£1000
£25 000	£2000
£30 000	£3000
£35 000	£3500
£40 000	£4500

What is the change in the average tax rate for an individual if their annual income increases from £25 000 to £30 000? [1]

A 2%

B 8%

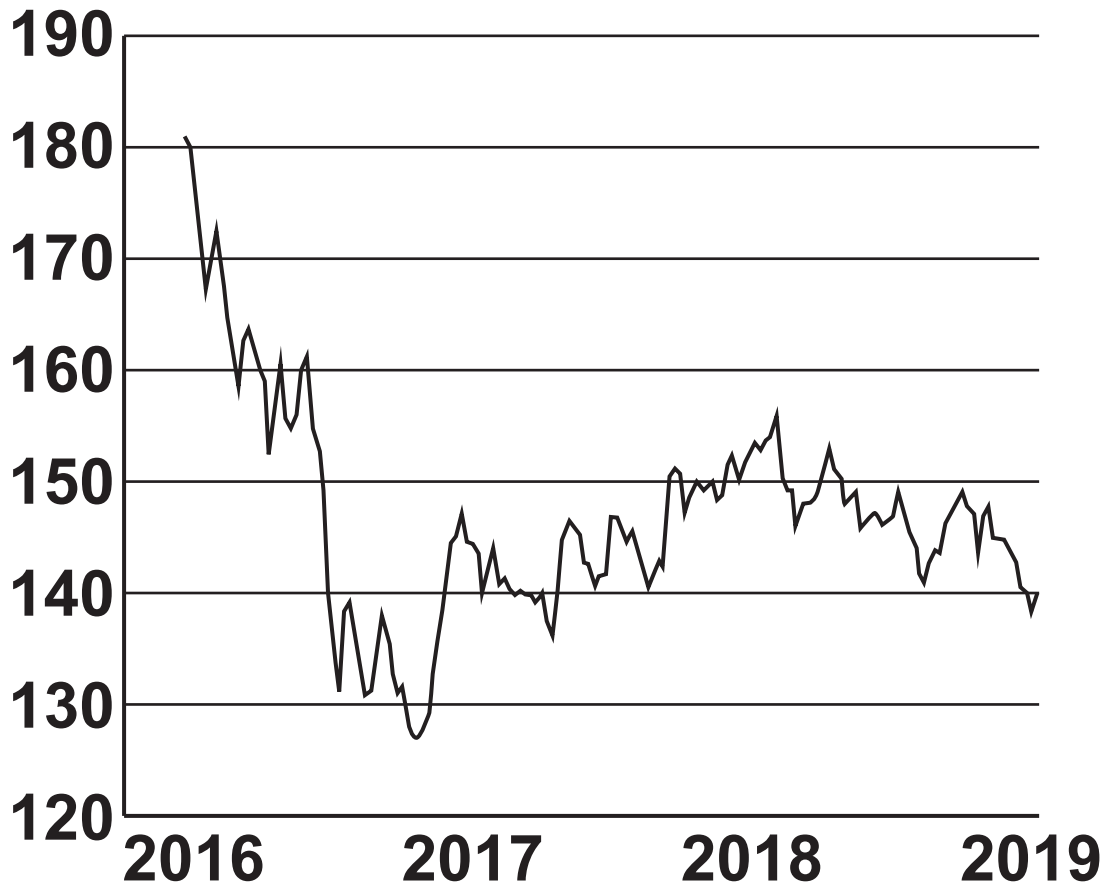
C 10%

D 20%

Your answer

11 The chart shows the Yen to Sterling (£) exchange rate between 2016 and 2019.

Yen per £1



What was the change in the exchange rate between 2016 and 2019? [1]

A Sterling appreciated by 29%

B Sterling depreciated by 22%

C Yen appreciated by 29%

D Yen depreciated by 22%

Your answer

12 What is the MOST likely impact of legislation to reduce the power of trade unions? [1]

- A Aggregate demand shifts left**
- B Aggregate demand shifts right**
- C Aggregate supply shifts left**
- D Aggregate supply shifts right**

Your answer

13 The table shows the nominal GDP for a country.

Year	Nominal GDP (£m)
2020	200 000
2021	300 000

Between 2020 and 2021 the rate of inflation was 5%.

The population of the country was 10 million in 2020 and increased by 8% in 2021.

What is the country's real GDP per capita in 2021, at 2020 prices (to the nearest pound)? [1]

A £19 444

B £26 455

C £27 778

D £28 571

Your answer

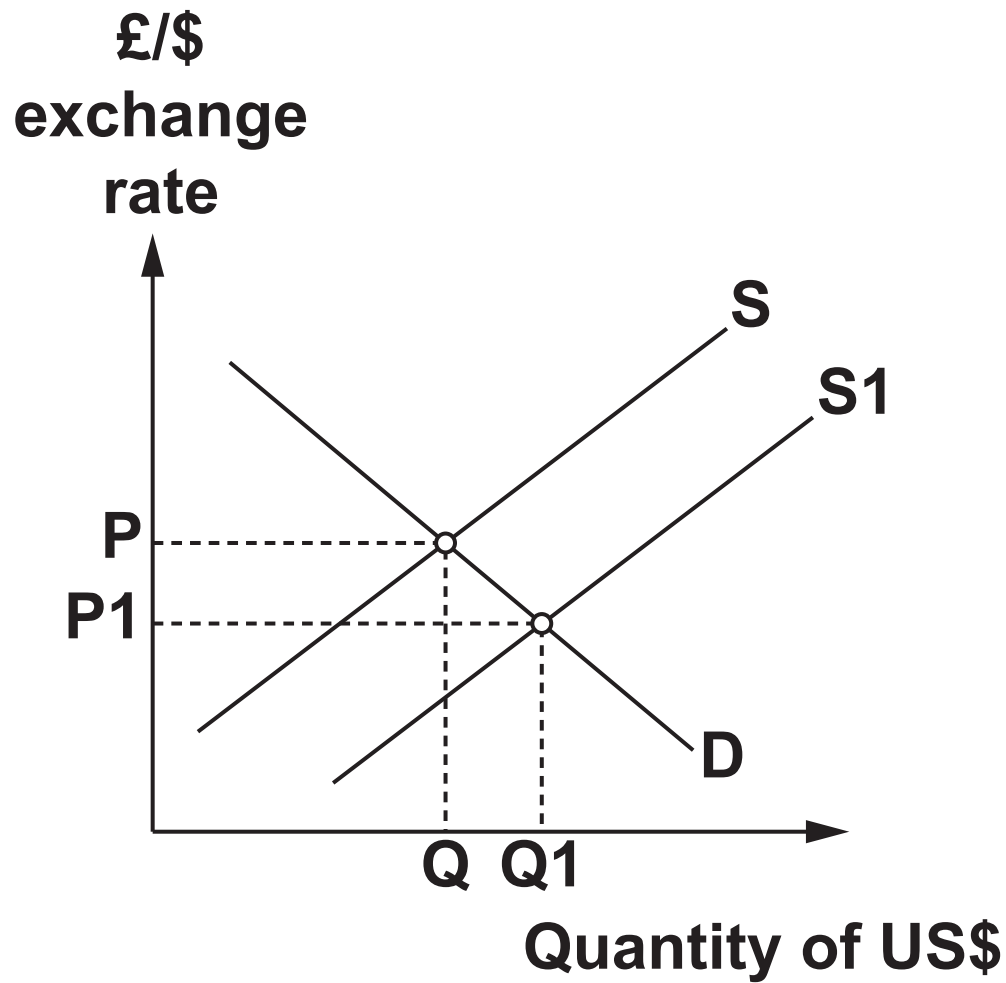
14 Which of these would be the MOST effective in reducing expenditure on imports? [1]

- A Increased government expenditure on welfare payments**
- B Increased indirect taxation**
- C Reduced interest rates**
- D Reduced research and development subsidies for UK firms**

Your answer

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15 The diagram shows the exchange rate of Sterling (£) to US dollars (\$).



What may have caused the supply curve for US dollars to shift from S to S1? [1]

- A A decrease in exports from the US**
- B A decrease in imports to the US**
- C An increase in exports from the US**
- D An increase in imports to the US**

Your answer

SECTION B

- 16 (a) Using FIG. 1 in the Resource Booklet, explain the difference between the government budget deficit and the national debt.**

[3]

- (b) (i) Using FIG. 2 in the Resource Booklet, explain at what stage of the economic cycle the UK economy was in Q2 2020.**

[2]

- (ii) LINES 21–23 in the Resource Booklet refer to increases in welfare payments for the unemployed.**

Explain ONE impact this may have on the supply of labour.

[2]

(c) LINES 27–38 refer to a number of training initiatives announced by the UK government.

Using a diagram, explain what impact this is likely to have on long run economic growth in the UK.

[4]

(d) Using information from the case study, explain the difference between government current expenditure and government capital expenditure.

[4]

(e)* Evaluate how the change in income for employees placed on furlough may have affected UK consumption. [10]

[illegible]

[illegible]

[illegible]

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SECTION C

Answer Question 17 OR Question 18.

**17* The Central Bank of Australia's inflation rate target is between 2% and 3%.
In 2019, Australia's inflation rate increased from 1.3% to 1.8%.
During 2019, the interest rate in Australia was gradually reduced from 1.5% to 0.75%.**

Evaluate, using an appropriate diagram(s), the effects of a change in interest rates on the Australian government's ability to achieve macroeconomic objectives. [20]

OR

18* Governments have a number of economic objectives that they would like to achieve in the long run. In developing countries, such as Botswana, governments may need to focus on different objectives compared to developed countries. In 2019, the unemployment rate in the UK was 4% whilst it was 18% in Botswana.

Evaluate, using an appropriate diagram(s), the effects of an increase in aggregate demand on macroeconomic indicators. [20]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

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



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