



ADVANCED GCE ECONOMICS

The Global Economy

F585

Candidates answer on the Question Paper

OCR Supplied Materials:

- Clean copy of Stimulus Material

Other Materials Required:

- Calculators may be used

Friday 25 June 2010**Morning****Duration: 2 hours**

Candidate Forename		Candidate Surname	
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Centre Number						Candidate Number			
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INSTRUCTIONS TO CANDIDATES

- Refer to the Stimulus Material given in a separate booklet. You must **not** bring your original copy into the examination.
- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- Do **not** write in the bar codes.
- 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.
- You will be assessed on the quality of your written communication in question 3. All answers should be in continuous prose.
- The total number of marks for this paper is **60**.
- This document consists of **16** pages. Any blank pages are indicated.



A calculator may
be used for this
paper

Answer **all** questions

- 1 (a) For **two** of the key macro-economic variables, describe the consequences of a period of negative economic growth such as that experienced by the UK economy in 2008–2009.

[4]

- [4]

- (b) Despite the Bank of England cutting interest rates earlier and more aggressively than the European Central Bank, the UK economy had not emerged from recession by the third quarter of 2009.

Analyse the reasons why this was the case.

. [6]

- (c) Comment on the extent to which an economy's macroeconomic performance, such as that of Estonia, Lithuania and Latvia, is affected by its decision to operate a fixed exchange rate regime.

[10]

[10]

- 2 (a) Distinguish between the fiscal rules of the UK and those of the European Union's Stability and Growth Pact.

[4]

- [4]

- (b)** Analyse the impact on economies such as France, Spain and Greece, of adhering to the fiscal rules of the European Union's Growth and Stability Pact in a time of recession.

. [6]

- (c) Comment on the case for restricting imports, such as the US tariffs on imported tyres from China, in a time of recession.

[10]

. [10]

- 3** The discussions which took place in Copenhagen in December 2009 as part of the United Nations Framework Convention on climate change, together with the Kyoto Protocol are examples of international agreements aimed at promoting sustainability.

Discuss the extent to which international agreements are useful in promoting sustainability. [20]

Additional pages. When using this space please make sure your answers are numbered carefully.

PLEASE DO NOT WRITE ON THIS PAGE



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