

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

**Monday 6 June 2022 – Afternoon**

**A Level Economics**

**H460/02 Macroeconomics**

**Time allowed: 2 hours**

**plus your additional time allowance**

**YOU MUST HAVE:**

**Stimulus Material (with this document)**

**YOU CAN USE:**

**a scientific or graphical calculator**

**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 Section A, ONE question in Section B and ONE question in Section C.**

## **INFORMATION**

**The total mark for this paper is 80.**

**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.**

## SECTION A

Read the stimulus material and answer ALL parts of Question 1 which follow in this section.

- 1 (a) Using information from the stimulus material, identify TWO reasons why crowding out may NOT occur.

1 \_\_\_\_\_  
\_\_\_\_\_  
2 \_\_\_\_\_  
\_\_\_\_\_  
[2]

- (b) Using FIG. 1, explain how savings can promote economic growth.

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

**(c) Using FIG. 2, explain the relationship between the Gini coefficient and economic growth rate.**

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[4]

**(d) Using information from the stimulus material, calculate the UK's 12 month inflation rate in January 2020.**

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**[2]**

- (e) Using information from the stimulus material, evaluate whether setting an inflation rate target is likely to result in low and stable inflation.**

[illegible]

- (f) Using information from the stimulus material, evaluate whether an increase in national debt will harm an economy. [12]**

[illegible]

[illegible]

## **SECTION B**

**Answer EITHER Question 2 OR Question 3.**

**EITHER**

- 2\* Poland's unemployment rate fell from 10.3% in 2013 to 3.3% in 2019 while its inflation rate rose from 0.9% to 2.3% over this period.**

**Evaluate, with the use of an appropriate diagram(s), whether the Phillips curve is useful for economic policy makers. [25]**

**OR**

- 3\* In 2020, several governments were considering cutting taxes to get their countries out of recession.**

**Evaluate, with the use of an appropriate diagram(s), whether a cut in tax rates will end a recession. [25]**

**Question No. \_\_\_\_\_**

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[illegible]

[illegible]

[illegible]

## **SECTION C**

**Answer EITHER Question 4 OR Question 5.**

**EITHER**

- 4\* In some recent years, Mongolia has experienced high rates of economic growth. In 2019, its government adopted a long term development strategy known as Mongolia's Sustainable Development Vision 2030.**

**Evaluate whether a country with a high economic growth rate can achieve sustainable development. [25]**

**OR**

- 5\* In recent years there has been a rise in protectionism. For example, the US Trump administration argued that higher tariffs on Chinese imports would reduce US unemployment.**

**Evaluate whether protectionism always reduces unemployment. [25]**

**Question No. \_\_\_\_\_**

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[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).**

[illegible]





[illegible]






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