

Candidate Name	Centre Number	Candidate Number



OXFORD CAMBRIDGE AND RSA EXAMINATIONS
Advanced Subsidiary GCE

ECONOMICS

2883/AB

THE NATIONAL AND INTERNATIONAL ECONOMY

Tuesday **18 JANUARY 2005** Morning 1 hour

Additional materials:
 Separate question paper.
 Candidates answer in this designated Answer Booklet.

TIME 1 hour

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces provided at the top of this page.
 Answer **all** the questions.

Write all your answers in the spaces provided on this separate answer booklet.

The spaces should be sufficient for your answers but if you require more space use the lined pages at the end of this booklet and number your answers carefully.

INFORMATION FOR CANDIDATES

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

The quality of your written communication will be taken into account in marking your answer to the question labelled with an asterisk (*).

FOR EXAMINER'S USE	
Total mark	

This answer booklet consists of 5 printed pages, 2 lined pages and 1 blank page.

(a) Define the following terms:

(i) aggregate demand (lines 2–3);

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.....[2]

(ii) unemployment (line 6).

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.....[2]

(b) (i) Identify **one** of the three ways of measuring Gross Domestic Product (GDP).

.....[1]

(ii) Identify, from the passage, **two** ways of increasing GDP.

1

2[2]

(iii) With reference to Table 1, discuss the extent to which the bold policy changes (line 10) have been effective in raising the rate of economic growth.

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(c) One reason why interest rates were cut in the USA was to reduce unemployment.

(i) Explain **two** economic costs of unemployment.

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(ii) With the aid of a diagram, analyse the effects of a cut in interest rates on an economy.

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(d) Explain **two** policy measures a government could use to reduce a current account deficit on the balance of payments.

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***(e)** Discuss the effectiveness of supply-side policies in reducing unemployment.

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If you use the following lined pages or additional sheets to complete an answer to any question, the question number must be clearly shown.

Lined area for writing answers, consisting of numerous horizontal dotted lines.

Dotted lines for writing.

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