

**ADVANCED SUBSIDIARY GCE
ECONOMICS**

2883/AB

The National and International Economy

THURSDAY 17 JANUARY 2008

Morning
Time: 1 hour

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



Candidate Forename

Candidate Surname

Centre Number

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Candidate Number

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INSTRUCTIONS TO CANDIDATES

- Write your name in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use blue or 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.
- Write your answers in the spaces provided in 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 for each question is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **45**.
- 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	

This document consists of **6** printed pages and **2** lined pages.

(a) Identify **three** macroeconomic policy objectives.

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(b) (i) Using Table 1, describe the relationships between interest rates and inflation rates for the countries shown.

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(ii) Explain how a rise in the rate of interest may reduce the rate of inflation.

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(c) Explain how a European country's pattern of trade might change if it joined the European Union.

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(d) (i) Define the term 'exchange rate' (line 4).

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(ii) State and explain **two** factors which could cause a fall in a country's exchange rate.

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(e) (i) Describe **two** benefits of economic growth.

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(ii) Comment on the effectiveness of **one** supply-side policy in promoting economic growth.

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