OCR
RECOGNISING ACHIEVEMENT

ADVANCED SUBSIDIARY GCE **2883/AB**

ECONOMICS

The National and International Economy

WEDNESDAY 4 JUNE 2008

Afternoon
Time: 1 hour

Additional materials (enclosed): Separate question paper
Candidates answer in this designated Answer Booklet

Additional materials (required):
None

CUP/T44815

Candidate Forename		Candidate Surname	

Centre Number						Candidate Number				

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.
- Do **not** write in the bar codes.
- Do **not** write outside the box bordering each page.
- Write your answer to each question in the space provided.
- 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 Mark	

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

 © OCR 2008 [D/100/3482] OCR is an exempt Charity

For Examiner's Use

(a) **(i)** Define the terms:

- fiscal policy (line 13);

.....

.....

.....[2]

- the unemployment rate (line 7).

.....

.....

.....[2]

(ii) Identify the **two** components of aggregate demand mentioned in the extract.

1 .....

2 .....[2]

(b) State and explain **two** possible economic reasons why Germany is so successful at exporting.

.....

.....

.....

.....

.....

.....

.....

.....[4]

(c) Using Fig. 1, compare the changes in the unemployment rate which occurred in the three countries shown.

.....

.....

.....

.....

.....

.....

.....

..... [4]

(d) Explain the likely relationship between economic growth and unemployment.

.....

.....

.....

.....

.....

..... [3]

(e) Identify **three** factors which could cause an **increase** in aggregate supply.

1 .....

.....

2 .....

.....

3 .....

..... [3]

For Examiner's Use

(f) **(i)** State and explain **two** reasons why consumer expenditure may fall.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....[6]

(ii) Comment on the effectiveness of a cut in the rate of income tax as a way of increasing aggregate demand.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....[7]

For Examiner's Use

***(g)** Discuss the extent to which an increase in exports will improve an economy's macroeconomic performance.

.....

.....

.....

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

For Examiner's Use

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (OCR) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

OCR is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.

© OCR 2008