

Candidate forename						Candidate surname					
Centre number						Candidate number					

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**  
**AS GCE**  
**F582/01**  
**ECONOMICS**

**The National and International Economy**

**FRIDAY 25 MAY 2012: Morning**

**DURATION: 1 hour 30 minutes**

**MODIFIED ENLARGED**

**Candidates answer on the Question Paper.**

**OCR SUPPLIED MATERIALS:**

**None**

**OTHER MATERIALS REQUIRED:**

- **Calculators may be used**

**READ INSTRUCTIONS OVERLEAF**

## **INSTRUCTIONS TO CANDIDATES**

- **Write your name, centre number and candidate number in the boxes on the first page. Please write clearly and in capital letters.**
- **Use black ink. HB pencil may be used for graphs and diagrams only.**
- **Answer ALL the questions.**
- **Read each question carefully. Make sure you know what you have to do before starting your answer.**
- **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.**
- **The total number of marks for this paper is 60.**
- **Your quality of written communication will be taken into account when marking your answer to the question labelled with an asterisk (\*).**
- **This document consists of 20 pages. Any blank pages are indicated.**

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## **AFRICA – LEADING THE WORLD**

**Between 2000 and 2010 six of the world's ten fastest growing economies came from sub-Saharan Africa. The region is also predicted to provide seven of the top ten places in the next decade. A number of sub-Saharan African countries had impressive economic growth rates in 2010 – see Fig. 1.**

**Although South Africa is the region's largest economy, accounting for 40 per cent of sub-Saharan Africa's total Gross Domestic Product (GDP), it is not yet in the top ten fastest growing economies. The South African Government has set itself a target of a 6 per cent annual economic growth rate for the period 2011–2015. The country does, however, face a number of challenges in achieving this objective.**

**5**

**One of the country's main economic problems is unemployment. It has one of the world's highest unemployment rates, which in 2010 reached 25 per cent, with 4.5m people officially registered as unemployed. The country has a relatively small informal sector (unrecorded economic activity) but a high number of discouraged workers, that is people who would like to work but think there is little point in registering as unemployed.**

**10**

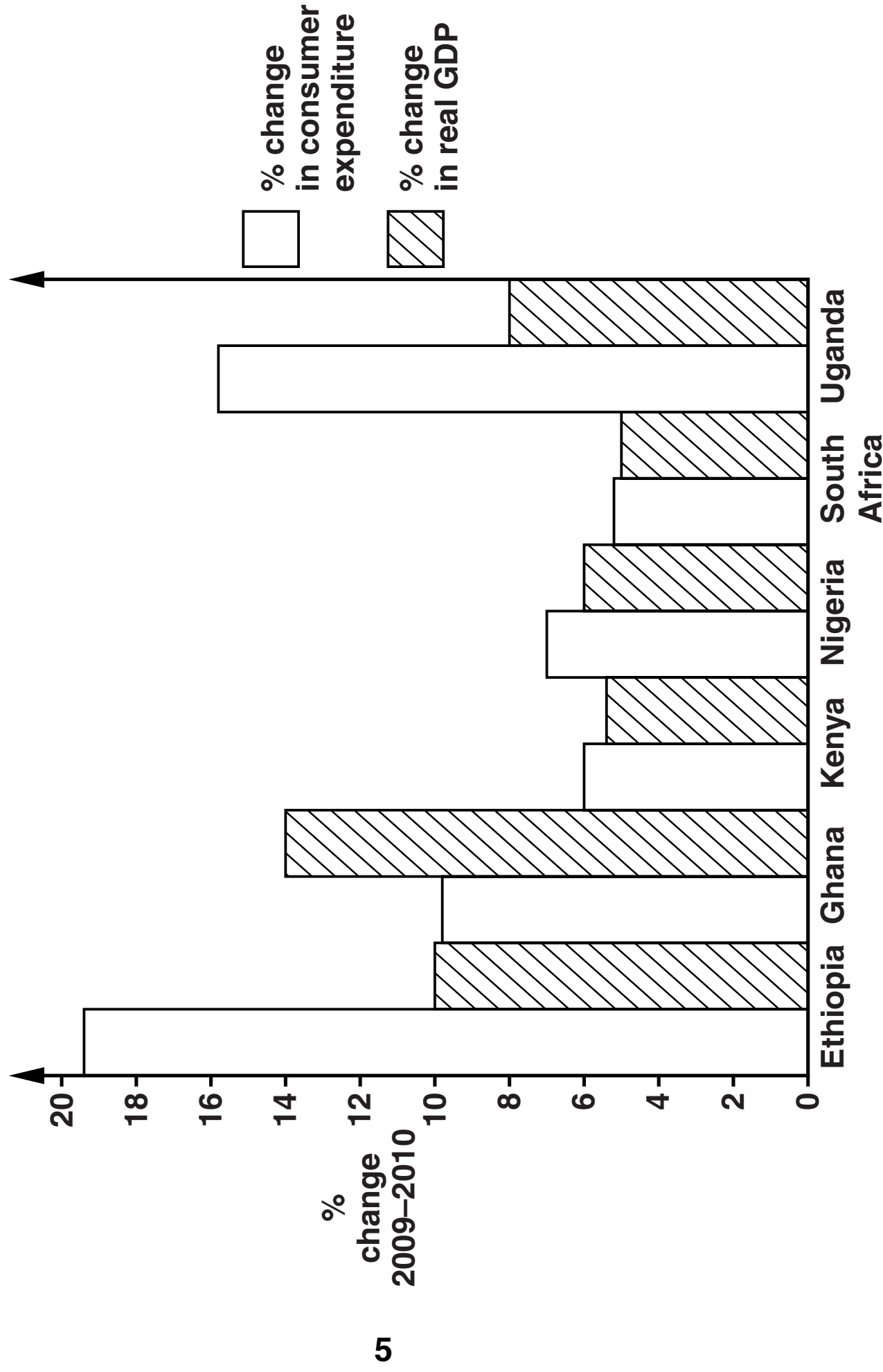
**15**

**Forty three per cent of the country's 49m people live on US\$2 a day or less. Poverty arises not only because of unemployment but also because a relatively high number of unskilled workers are poorly paid. Poor educational standards mean that, whilst the country is experiencing high unemployment, it is also encountering skills shortages. The government spends 6 per cent of**

**20**

**25**

**FIG. 1 CHANGES IN REAL GDP AND CONSUMER EXPENDITURE IN SELECTED SUB-SAHARAN AFRICAN COUNTRIES 2009–2010**



**the country's GDP on education which is more than many countries, but over half of all students leave school without any qualifications and only 11 per cent go on to university.** **30**

**South Africa's trade position, however, is looking more promising. South African firms are engaging more in international trade. The country's exports more than doubled between 1994 and 2010. Inflation has fallen and has become more stable but some economists suggest that a further reduction would help to reduce the country's trade in goods deficit and overall current account deficit.** **35**

**The country also has relatively low levels of saving and investment. Low rates of interest have not stimulated investment significantly and this has led some economists to argue in favour of a cut in corporation tax, that is a tax on companies' profits. Others suggest the government should help to develop a stronger financial sector since a higher proportion of the country's population having bank accounts would provide more funds for investment. The ability of the South African Government to reduce taxation and promote the banking sector is, however, constrained by its budget deficit.** **40**  
**45**  
**50**

**There are a number of uncertainties facing the South African economy but many think it has the potential to join its neighbours in the top ten fastest growing economies.**

**Answer ALL questions.**

**1 (a) Define the term 'inflation'.**

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[2]

**(b) State THREE costs of inflation.**

1 

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2 

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3 

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[3]

**2 Using information from the case study, calculate the size of South Africa's labour force in 2010.**

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[2]

- 3 (a) Using information from the case study, analyse two reasons why the level of saving is low in South Africa.**

**1** \_\_\_\_\_

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\_\_\_\_\_

**2** \_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_ **[6]**



[illegible]

- 4 (a) Apart from trade in goods, identify TWO other components of the current account of the balance of payments.**

**1** \_\_\_\_\_

\_\_\_\_\_

**2** \_\_\_\_\_

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

- (b) Describe TWO advantages firms may gain from engaging in international trade.**

**1** \_\_\_\_\_

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**2** \_\_\_\_\_

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\_\_\_\_\_ **[4]**

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[6]

- 5 (a) Explain the expected relationship between changes in consumer expenditure and real GDP.**

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**[2]**

- (b) Using Fig. 1, describe the relationship between the percentage change in consumer expenditure and the change in real GDP in the group of countries shown.**

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**[3]**

- 6 (a) Using information from the case study, explain two possible reasons why the South African Government was keen to increase the country's economic growth rate.**

**1** \_\_\_\_\_

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\_\_\_\_\_

**2** \_\_\_\_\_

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\_\_\_\_\_ **[6]**

[illegible]

[illegible]

[illegible]



[illegible]

### ADDITIONAL ANSWER SPACE

**If you use these lined pages you MUST write the question number next to your answer.**

[illegible]

[illegible]



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