

Tuesday 3 June 2014 – Morning

A2 GCE ECONOMICS

F585/01 The Global Economy

*
1
0
6
5
8
2
3
4
5
0
*

Candidates answer on the Question Paper.

OCR supplied materials:

- Clean copy Stimulus Material

Other materials required:

- Calculators may be used

Duration: 2 hours



Candidate forename					Candidate surname				
--------------------	--	--	--	--	-------------------	--	--	--	--

Centre number						Candidate number			
---------------	--	--	--	--	--	------------------	--	--	--

INSTRUCTIONS TO CANDIDATES

- Refer to the Stimulus Material in the separate booklet. You must **not** bring your original copy into the examination.
- Write your name, centre number and candidate number in the boxes above. 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.
- Do **not** write in the bar codes.

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**.
- The quality of your written communication will be taken into account in the marking of your answer to question 3. All answers should be in continuous prose.
- This document consists of **16** pages. Any blank pages are indicated.



A calculator may
be used for this
paper

Answer **all** questions.

- 1 (a) (i) Other than surveillance, state **two** roles of the International Monetary Fund (IMF).

1

.....

2

.....

[2]

- (ii) What is meant by the term 'balanced budget fiscal expansion'?

.....

.....

.....

.....

.....

.....

.....

.....

[2]

- (b)** In Extract 2, one estimate of the UK's output gap is minus 9% of GDP.

Analyse why this output gap supports the case for a more expansionary fiscal policy in the UK.

. [6]

- (c) Comment on the extent to which fiscal expansion necessarily conflicts with the UK Government's Deficit Reduction Plan. [10]

- 2 (a) Explain **two** ways in which a fixed exchange rate, such as Latvia's peg to the euro, might be maintained when it comes under pressure to devalue.

1

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

[4]

(b) Analyse **two** potential benefits for an economy of adopting the euro.

1

.....

.....

.....

.....

.....

.....

.....

.....

.....

2

.....

.....

.....

.....

.....

.....

.....

.....

[6]

- (c) Comment on the view that exchange rate devaluation might be a better way to deal with a country's external imbalances than internal devaluation. [10]

- 3** Discuss the extent to which economic development in the resource-rich economies of sub-Saharan Africa is likely to be promoted by international trade. [20]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

If additional answer space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margins.

A large sheet of paper featuring a vertical margin line on the left side. To the right of this line are 21 horizontal dotted lines, spaced evenly apart, intended for handwritten responses. The paper is otherwise blank.



Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Document. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, First Floor, 9 Hills Road, Cambridge CB2 1GE

For queries or further information please contact the Copyright Team, First Floor, 9 Hills Road, Cambridge CB2 1GE.

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.