

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Thursday 23 May 2019 – Morning

A Level Economics

H460/02 Macroeconomics

Time allowed: 2 hours plus your additional time allowance

YOU WILL NEED:

Insert for Section A

YOU MAY USE:

a scientific or graphical calculator

Please write clearly in black ink.

Centre number

--	--	--	--	--

Candidate number

--	--	--	--

First name(s) _____

Last name _____

READ INSTRUCTIONS OVERLEAF



INSTRUCTIONS

Use black ink. You may use an HB pencil for graphs and diagrams.

Read each question carefully before you start to write your answer.

Section A: Answer ALL questions in this section.

Sections B and C: Answer ONE question in each of these sections.

Write your answer to each question in the space provided. If additional space is required, use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.

INFORMATION

The total mark for this paper is 80.

The marks for each question are shown in brackets [].

Quality of extended responses will be assessed in questions marked with an asterisk (*).

SECTION A

Read the stimulus material in the Insert and answer ALL parts of question 1 which follow in this section.

- 1 (a) Distinguish between absolute advantage and comparative advantage.

[2]

- (b) Explain how FIG. 1 in the Insert illustrates the Harrod-Domar model.

[2]

- (c) (i) Using TABLE 1 in the Insert, explain which country's government made a negative contribution to the country's aggregate demand.**

[2]

- (ii) Using TABLE 1 in the Insert, calculate Russia's GDP in 2017.**

[2]

- (d) Using information from the stimulus material in the insert, calculate the UK's marginal propensity to import in 2017.

[2]

(e) Using TABLE 2 in the Insert, evaluate to what extent differences in corporate tax rates explain differences in foreign direct investment in countries. [8]

(f)* Evaluate whether the growth of emerging economies will benefit the UK economy. [12]

[illegible]

[illegible]

SECTION B

Answer EITHER question 2 OR question 3.

EITHER

- 2* In 2018 the Australian government, concerned about the possibility of an economic downturn, used a number of policy measures intended to increase private sector investment.**

Evaluate, with the use of an appropriate diagram(s), whether an increase in private sector investment will help a government achieve its macroeconomic objectives. [25]

OR

- 3* Cuts to welfare benefits of £2.5bn affected eleven million families in the UK in 2018.**

Evaluate, with the use of an appropriate diagram(s), whether a cut in government spending on welfare benefits will increase income inequality. [25]

SECTION B

Question No _____

Start your answer here

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

SECTION C

Answer EITHER question 4 OR question 5.

EITHER

- 4* Over the last twenty years China has experienced rapid economic growth but surveys suggest that this has not increased happiness.**

Evaluate whether economic growth increases happiness. [25]

OR

- 5* In 2018 the UK Prime Minister said she would put financial services at the heart of a new trade deal with the EU.**

Evaluate whether the UK financial sector makes a positive contribution to the UK economy. [25]

SECTION C

Question No _____

Start your answer here

[illegible]

[illegible]

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

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

[illegible]

[illegible]

[illegible]

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 Booklet. 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 OCR Copyright Team,
The Triangle Building, Shaftesbury Road, Cambridge CB2 8EA.**

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.