

**Modified Enlarged 36pt
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]

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]

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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]

