

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

**Tuesday 2 June 2020 – Morning**

**A Level Economics**

**H460/02 Macroeconomics**

**Time allowed: 2 hours  
plus your additional time allowance**

**YOU MUST HAVE:  
the Resource Booklet (with this document)**

**YOU CAN USE:  
a scientific or graphical calculator**

**Please write clearly in black ink.**

**Centre number**

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**Candidate number**

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**First name(s)** \_\_\_\_\_

**Last name** \_\_\_\_\_

**READ INSTRUCTIONS OVERLEAF**



## **INSTRUCTIONS**

**Use black ink. You can use an HB pencil, but only for graphs and diagrams.**

**Write your answer to each question in the space provided. If you need extra space use the lined pages at the end of this booklet. The question numbers must be clearly shown.**

**Answer ALL the questions in Section A, ONE question in Section B and ONE question in Section C.**

## **INFORMATION**

**The total mark for this paper is 80.**

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

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

## **ADVICE**

**Read each question carefully before you start your answer.**

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## SECTION A

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

- 1 (a) Using information from the stimulus material in the Resource Booklet, identify TWO causes of globalisation.

Cause 1

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Cause 2

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[2]

- (b) Using Fig. 1 in the Resource Booklet, explain the relationship between GDP per head and life expectancy. [4]

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**(c) Using Fig. 2 in the Resource Booklet, explain the difference between short run and long run economic growth.**

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[2]

- (d) Using information from Fig. 3 in the Resource Booklet, explain whether Bangladesh had a budget deficit or a budget surplus in 2017.**

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**[2]**

- (e) Using information from the stimulus material in the Resource Booklet, evaluate whether a cut in corporate tax rates in Bangladesh would benefit the UK economy. [8]**

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[illegible]

**(f) Using information from the stimulus material in the Resource Booklet, evaluate whether the gap in GDP per head between low-income and high-income countries will narrow in the future. [12]**

8



[illegible]

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## **SECTION B**

**Answer EITHER question 2 OR question 3.**

**EITHER**

- 2\* Between 2017 and 2018, households in Denmark saved more. Household saving as a percentage of disposable income rose from 5.6 to 5.9.**

**Evaluate, with the use of an appropriate diagram(s), whether an increase in the amount households save will harm an economy. [25]**

**OR**

- 3\* In 2018, the US President accused China and Russia of lowering the value of their currencies to artificially low levels.**

**Evaluate, with the use of an appropriate diagram(s), whether a central bank's decision to reduce the exchange rate to an artificially low level will benefit its economy. [25]**

**Question No \_\_\_\_\_**

**Start your answer here**

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[illegible]

[illegible]

[illegible]

[illegible]



[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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## SECTION C

Answer EITHER question 4 OR question 5.

**EITHER**

- 4\*** In recent years, the UK government has cut both corporation and income tax rates. The 2013 cut in the top rate of income tax from 50% to 45% has been estimated to have reduced government tax revenue by £8.6 bn between 2013/14 and 2017/18.

**Evaluate whether a cut in direct tax rates will always reduce tax revenue. [25]**

**OR**

- 5\*** Microfinance has grown significantly in recent years. There has been a growth in microfinance institutions and microfinance is now available in most developing countries.

**Evaluate whether microfinance promotes economic development. [25]**

**Question No \_\_\_\_\_**

**Start your answer here**

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[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]



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**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]









