

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Friday 8 October 2021 – Afternoon

A Level Economics

H460/02 Macroeconomics

Time allowed: 2 hours

plus your additional time allowance

YOU MUST HAVE:

Stimulus Material Insert (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.

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

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.

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.

SECTION A

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

- 1 (a) Using information from the stimulus material, identify TWO stages of the economic cycle.**

1 _____

2 _____

[2]

- (b) Using FIG. 1, explain the relationship between changes in consumer expenditure and changes in income.**

[2]

(c) Calculate Switzerland's marginal propensity to withdraw.

[2]

(d) Using FIG. 3, explain what is likely to have happened to UK share prices at the start and the end of the period shown. [4]

(e) Using information from the stimulus material, evaluate whether a recession will increase the number of people unemployed. [8]

[illegible]

[illegible]

(f)* Using information from the stimulus material, evaluate whether a negative interest rate would help the government achieve its macroeconomic objectives. [12]

[illegible]

SECTION B

Answer EITHER question 2 OR question 3.

EITHER

- 2* In 2017 Bosnia had a significant output gap while it was estimated that Slovenia did not have an output gap.**

Evaluate, with the use of an appropriate diagram(s), whether a government should always seek to reduce an output gap. [25]

OR

- 3* In March 2018 the French government announced that children would have to start school at age 3 rather than age 6 from September 2019.**

Evaluate, with the use of an appropriate diagram(s), whether a fall in the compulsory school starting age will benefit an economy. [25]

Question _____

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

SECTION C

Answer EITHER question 4 OR question 5.

EITHER

- 4*** The UK's deficit on the current account of its balance of payments in the first quarter of 2018 was £17.7bn (3.4% of GDP). This was a reduction on the deficit of £19.5bn (3.8% of GDP) in the last quarter of 2017.

Evaluate whether the UK would benefit from a reduction in the deficit on the current account of the balance of payments. [25]

OR

- 5*** In 2018 both Australia and Ireland had a high Human Development Index (HDI), 0.939 and 0.938. They did, however, have different rates of poverty.

Evaluate whether a country with a high HDI is likely to have a low rate of poverty. [25]

Question _____

[illegible]

[illegible]

[illegible]

[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).

