

OCR

Oxford Cambridge and RSA

Wednesday 6 June 2018 – Afternoon**GCSE ECONOMICS****A593/01** The UK Economy and Globalisation

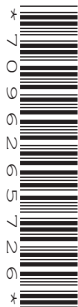
Candidates answer on the Question Paper.

OCR supplied materials:

- Stimulus material (A593/01/SM)

Other materials required:

- Calculators may be used

Duration: 1 hour 30 minutes

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 barcodes.

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 **80**.
- The quality of your written communication will be taken into account in the marking of your answer to question 7.
- This document consists of **12** pages. Any blank pages are indicated.



**A calculator may
be used for this
paper**

2

Answer **all** questions.

Using your knowledge of economics and with reference to the given figures in the Stimulus Material, answer the following questions in the spaces provided.

Use Fig. 1 in answering the following questions.

- 1 (a) In the table below, tick (✓) the **two** statements which are correct.

Statement	Tick (✓)
The UK's current account deficit decreased by £20 billion between 2014 and 2015	
After 2011, the UK's current account deficit increased every year	
The UK's current account deficit was lowest in 2011	
The UK's current account deficit increased by £40 billion between 2009 and 2010	
The UK's current account deficit was larger in 2016 than it was in 2006	

[2]

- (b) Identify **two** components of the current account.

Component 1

Component 2 [2]

- (c) Other than the exchange rate, state and explain **two** reasons for a current account deficit.

Reason 1

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Reason 2

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Use Fig. 2 in answering the following questions.

- 2 (a) In September 2007, the exchange rate was £1 = US\$2.02. By January 2017, the exchange rate was £1 = US\$1.24.

In September 2007, a UK firm sold a product in the UK for £1000. By January 2017, the same product sold for £1200. The firm also sold the product to the United States. As a UK export, the price of the product was in US dollars (\$).

Calculate by how much the price of the UK export changed in **US dollars (\$)** between September 2007 and January 2017. Show your working.

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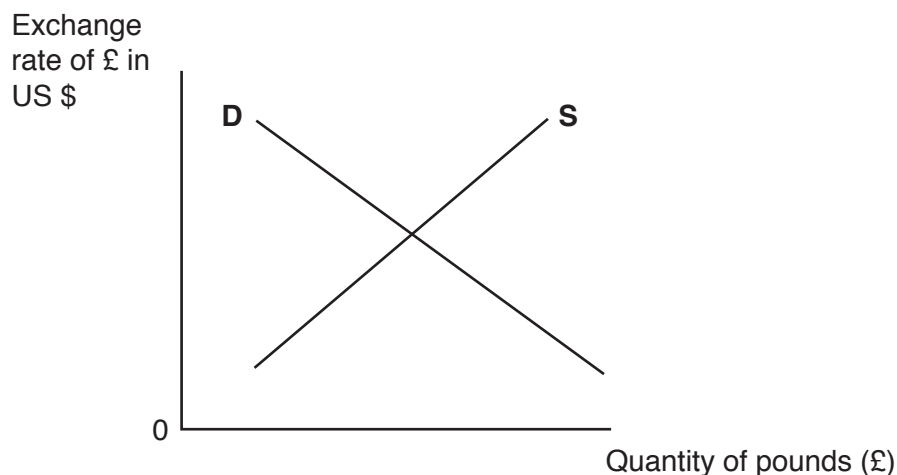
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..... [3]

- (b) The diagram below shows the market for the UK pound sterling (£) and its price against the US dollar (\$).

On the diagram below:

- draw and label a new demand curve to show the effect of a rise in the UK's rate of interest
- label the changes in the exchange rate of the pound sterling and in the quantity of pounds. [3]



Use Figs. 3, 4, and 5 in answering the following questions.

- 3 (a) Explain what is meant by a 'current account surplus'.

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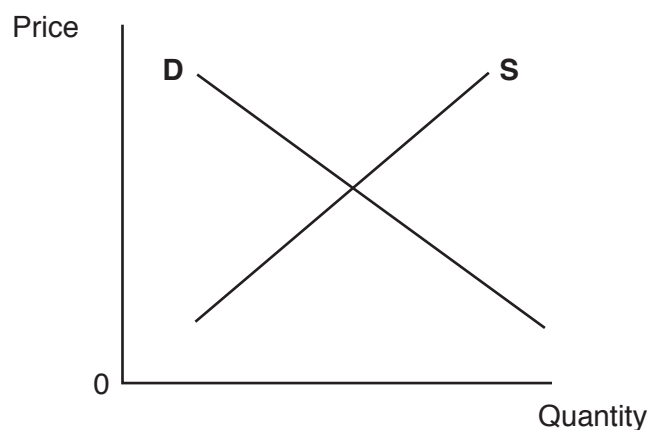
- (b) In the table below, tick (✓) the **two** statements which are true of free trade.

Statement	Tick (✓)
Free trade is giving food aid to poor countries	
Free trade means that labour is used at no cost	
Free trade means that there are no subsidies on exports	
Free trade means that domestic goods and imports compete for customers more fairly	
Free trade means governments make domestic firms buy only from domestic suppliers	

[2]

- (c) Fig. 5 shows that China gives production subsidies to its glass and paper industries.

Using the diagram below, explain how a production subsidy would affect the equilibrium price and the quantity sold of exports of Chinese paper.



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- (d) Other than to improve the balance of payments, analyse **two** reasons why countries use protectionism.

Reason 1

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Reason 2

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Use Figs. 6 and 7 in answering the following questions.

- 4 (a) The table below includes statements about absolute poverty and relative poverty. Tick (✓) the **two** statements which refer to absolute poverty and the **two** which refer to relative poverty.

Statement	Absolute poverty (✓)	Relative poverty (✓)
Minimum standards for all people anywhere in the world		
Less than 60% of median household income		
Measures how the poor keep up with the growth of average incomes		
A level of income needed to survive		

[4]

- (b) Using Fig. 7, compare the percentage of the population living in absolute poverty in East Asia and Pacific with the percentage of the population living in absolute poverty in Sub-Saharan Africa between 1987 and 2013.

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[10]

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Turn over for the next question

- 7** Using the information in the case study and your own knowledge of economics, evaluate the importance of sustainable economic growth.

[12]

END OF QUESTION PAPER

