

Wednesday 20 June 2012 – Morning

A2 GCE ECONOMICS

F585/01 The Global Economy

Candidates answer on the Question Paper.

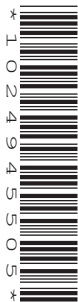
OCR supplied materials:

- Clean copy Stimulus Material

Other materials required:

- Calculators may be used

Duration: 2 hours



Candidate forename		Candidate surname	
Centre number		Candidate number	

MODIFIED LANGUAGE

INSTRUCTIONS TO CANDIDATES

- Refer to the Stimulus Material in a 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 bar codes.

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 **60**.
- You will be assessed on the quality of your written communication in question 3. All answers should be in continuous prose.
- This document consists of **16** pages. Any blank pages are indicated.



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

[illegible]

..... [6]

[illegible]

- 2 (a)** Fig. 2.2 shows growing divergence between China's real (PPP) and nominal exchange rates since 2008.

State and explain **two** reasons for this growing divergence.

1.

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2.

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.....[4]

- (b)** When an economy is operating a fixed exchange rate, it is difficult to increase interest rates in order to control inflation.

Analyse why this is difficult.

[6]

- (c)** Comment on the case for using an adjusted economic indicator, such as the Index of Sustainable Economic Welfare (ISEW), to assess China's success in achieving sustainable economic development.

[illegible]

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Additional pages. When using this space please make sure your answers are numbered carefully.

[illegible]

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