

Candidate forename						Candidate surname					
Centre number						Candidate number					

OXFORD CAMBRIDGE AND RSA EXAMINATIONS
A2 GCE
F585/01
ECONOMICS
The Global Economy

WEDNESDAY 20 JUNE 2012: Morning
DURATION: 2 hours
plus your additional time allowance
MODIFIED ENLARGED

Candidates answer on the Question Paper.

OCR SUPPLIED MATERIALS:

Clean copy Stimulus Material

OTHER MATERIALS REQUIRED:

Calculators may be used

READ INSTRUCTIONS OVERLEAF

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 on the first page. 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.

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.

Answer ALL questions.

1 (a) Describe TWO benefits of inflation targeting.

1. _____

2. _____

_____ **[4]**

- (b) “Inflation is likely to pick up to between 4% and 5% in the near term, and to remain well above the 2% target throughout 2011.” (Bank of England Inflation Report, February 2011)**

With the aid of a diagram, analyse why the Bank of England expected inflation to rise at a time when there was significant spare capacity in the UK economy.

[6]

[illegible]

[illegible]

[10]

- 2 (a) State and explain TWO reasons for the growing divergence between China's real (PPP) and nominal exchange rates since 2008 as shown in Fig. 2.2.**

1. _____

2. _____

[4]

[illegible]

[6]

[illegible]

[illegible]

[10]

3 Discuss the case for China banning the export of certain key raw materials from 2015. [20]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]



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