



Tuesday 3 June 2014 – 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	
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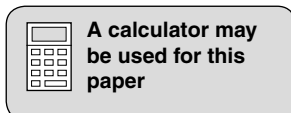
Centre number						Candidate number				
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INSTRUCTIONS TO CANDIDATES

- 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 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 **80**.
- The quality of your written communication will be taken into account in the marking of your answer to question 5.
- This document consists of **16** pages. Any blank pages are indicated.



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 Figs 1 and 2 in answering the following question.

1 (a) Using Fig. 2, identify **one** country which is a member of the European Union (EU).

..... [1]

(b) What is meant by 'capital' as a factor of production?

.....
..... [1]

(c) In the table below, place a tick (✓) against the **two** features involved in the creation of the EU Single Market.

Features	Tick (✓)
Removal of protectionist measures between EU countries.	
The adoption of a single currency for all EU countries.	
All EU countries adopting the same interest rate.	
Free movement of people throughout the EU.	

[2]

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

- 2 (a) (i)** Identify the country which was the largest export market for UK goods.
..... [1]
- (ii)** Identify the country with the largest percentage rise in exports from the UK.
..... [1]
- (b) (i)** Explain what is meant by a 'trade deficit'.
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..... [2]
- (ii)** Using Figs 3 and 4, calculate the UK's balance of trade with Germany. Show your working.
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..... [3]
- (c)** Using Fig. 5, compare the UK's balance of trade in goods and services in 2010 and 2011.
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..... [3]

Use Figs 6 and 7 in answering the following question.

- 3 (a) (i) In the table below, place a tick (✓) against the **two** arguments used in favour of free trade.

Arguments	Tick (✓)
Firms may benefit from economies of scale.	
It guarantees a more equal distribution of income across the world.	
It encourages firms to be more efficient.	
It reduces the level of negative externalities.	

[2]

- (ii) Explain what is meant by ‘absolute advantage’.

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..... [2]

- (iii) State and explain **two** benefits to UK consumers arising from free trade.

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2

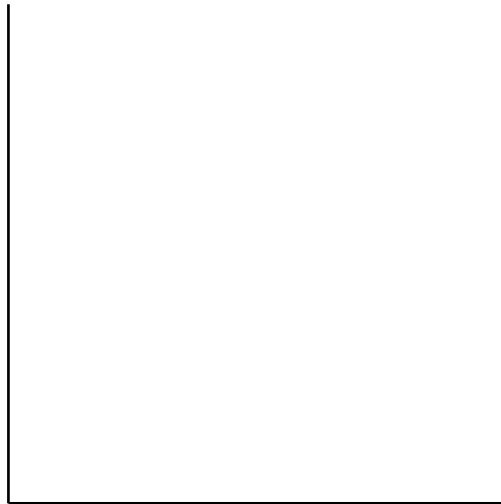
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..... [4]

(b) Fig. 7 states that the EU has an annual quota which allows 48 200 tonnes of beef from the USA and Canada into the EU each year.

With the aid of a supply and demand diagram, explain the impact of a quota on the equilibrium price and quantity bought of an imported good.



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..... [6]

Use Figs 8, 9 and 10 in answering the following question.

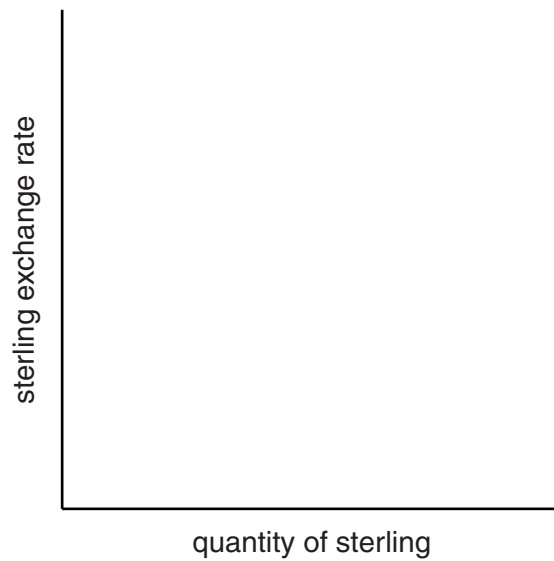
4 (a) (i) Explain what is meant by the term 'exchange rate'.

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..... [2]

(ii) Using Fig. 8, describe what happened to the value of the pound against the euro between June 2011 and June 2012.

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..... [2]

(b) Using a supply and demand diagram, explain the impact of a rise in UK interest rates on the value of the pound.



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..... [6]

(c) State and explain **two** advantages of the euro as a single currency.

1

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2

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[6]

ADDITIONAL ANSWER SPACE

If additional answer space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margins.

A large area of lined paper for writing answers. It features a vertical margin line on the left side and horizontal dotted lines for writing. The lines are evenly spaced and extend across the width of the page.

15
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