



**GENERAL CERTIFICATE OF SECONDARY EDUCATION
ECONOMICS**

A593

The UK Economy and Globalisation

**Tuesday 15 June 2010
Morning**

Duration: 1 hour 30 minutes

Candidates answer on the Question Paper

OCR Supplied Materials:

- Stimulus Material

Other Materials Required:

- Calculators may be used



Candidate Forename		Candidate Surname	
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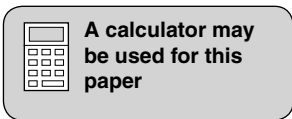
Centre Number								Candidate Number				
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INSTRUCTIONS TO CANDIDATES

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each **question** carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- Do **not** write in the bar codes.
- 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 **80**.
- You will be awarded marks in question 7 for the quality of written communication of your answer.
- This document consists of **12** pages. Any blank pages are indicated.



2

Answer **all** questions.

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

1 Use Figs. 1 and 2 in answering the following questions.

(a) Name **one** country which uses the euro as its currency.

..... [1]

(b) Tick **two** statements, which are true of free trade.

Statements	Tick
All goods are traded for no cost	
No tariffs are imposed on goods and services	
There are no import quotas imposed on goods and services	
There are no costs for labour	

[2]

(c) Using Fig. 2, compare economic growth in the Euro area with that in China between 1998 and 2008.

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..... [4]

2 Use Fig. 3 in answering the following questions.

(a) Describe the changes in China's current account on the balance of payments between 1998 and 2008.

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..... [4]

(b) Explain what is meant by 'an export'.

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..... [2]

(c) The current account on the balance of payments shows how much countries trade with each other. Identify and explain **two** reasons why countries trade with each other.

Reason:

Explanation:

Reason:

Explanation:

[4]

3 Use Figs. 4, 5 and 6 in answering the following questions.

(a) (i) State the value of EU exports of transport equipment to China.

..... [1]

(ii) Calculate the balance of trade in clothing. Show your working.

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..... [3]

(b) Explain how a quota reduces imports.

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(c) Other than a quota, explain **one** method by which a country could reduce imports.

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(d) Using Fig. 6, explain **one** reason why European manufacturers might not be able to compete with cheaper imports from China.

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(c) Explain what has happened to the value of the pound against the euro between 2007 and 2008.

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..... [3]

(d) How will the change in the exchange rate between 2000 and 2008 have affected the international competitiveness of UK trade with the rest of the EU? Give reasons for your answer.

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(e) Other than the exchange rate, state **two** factors that might influence the competitiveness of UK exports.

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..... [2]

5 Use Fig. 8 in answering the following questions.

(a) Compare the changes in UK inflation with that of the Euro area between 2002 and 2008.

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(b) Explain what is meant by 'inflation'.

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..... [2]

(c) The UK imports a large quantity of goods from China. Explain how the rate of inflation in China between 2006 and 2008 may affect the UK economy.

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..... [6]

6 Use Figs. 9 and 10 in answering the following questions.

(a) (i) In which year was investment highest as a percentage of GDP in the UK?

..... [1]

(ii) What percentage of GDP was investment in that year?

..... [1]

(b) Explain how the changes in investment between 2003 and 2007 may have affected productivity in the UK.

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..... [4]

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