



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	
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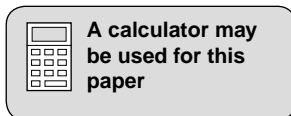
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**INSTRUCTIONS TO CANDIDATES**

- 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.



2

Answer **all** questions.

1 (a) Describe **two** benefits of inflation targeting.

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**3**

- (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.

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Turn over





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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.

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

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