

Centre Number	
71	

**Candidate Number** 

# General Certificate of Secondary Education 2013

# **Economics**

Paper 2

[G9272]

## **MONDAY 3 JUNE, MORNING**



TIME

2 hours.

### **INSTRUCTIONS TO CANDIDATES**

You should answer all questions in the spaces provided in this question and answer booklet. If you do not have enough space to complete your answer, extra lined pages are provided at the back of the booklet.

Answer all questions in **Section A**.

Answer both questions in Section B.

Answer one question from questions 6, 7, 8 and 9 in Section C.

### **INFORMATION FOR CANDIDATES**

The total mark for this paper is 90.

Your quality of written communication will be taken into account in assessing your answers to **all parts** of the question you choose to answer from **Section C**.

#### **ADVICE TO CANDIDATES**

You should take into account the maximum marks available when deciding how much time to spend on each question.

	miner's only
Question Number	Marks
Secti	on A
1	
2	
3	
Sect	ion B
4	
5	
Secti	on C

Total	
Marks	

# **Section A**

		Section A		Examin	er Only
		Anguage all guardians in this continu		Marks	Remark
		Answer all questions in this section.			
1		ut in Corporation Tax could see a reduction of £300m in public ending in Northern Ireland.			
	(a)	Give <b>two</b> other examples of taxes.			
		1	[1]		
		2	[1]		
	(b)	What is the possible opportunity cost to Northern Ireland's economy a cut in Corporation Tax?	of		
	(c)	Give <b>one</b> reason why the government might wish to cut Corporation Tax in Northern Ireland.	l		
			[2]		

	Adapted from Travel Weekly 18 July 2011 www.travelweekly	.co.uk	
(a)	What is meant by a merger?		
		[2]	
(b)	Briefly explain the type of integration involved if Thomas Cook and Co-operative Travel were to merge.		
		_	
	-	_ [2]	
(c)	Briefly explain one other type of integration.		
(C)	Ziverity explains evice currently per evintuagications.		
		[2]	
		[2]	
		[2]	
		[2]	
		[2]	

	pour is one of the factors of production. It is possible to increase our bugh the division of labour.	tput	Examiner Or Marks Rer	nly mark
(a)	Identify two factors of production other than labour.			
	1	_ [1]		
	2	_ [1]		
(b)	Briefly explain what is meant by the division of labour.			
		_ [2]		
(c)	Give <b>one</b> advantage and <b>one</b> disadvantage of the division of labo	ur.		
	Advantage			
		_ [2]		
	Disadvantage			
		[0]		
		_ [2]		

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(Questions continue overleaf)

#### **Section B**

#### Answer **both** questions in this section.

Peter runs a farm near Portrush. To earn extra income he is considering opening a caravan park. The supply of caravans to rent in the Portrush area is estimated to be 500 per night. Research has indicated that the demand for caravans to rent per night in Portrush during the summer season is likely to be as follows:

Price per night in pounds (£s)	Quantity of caravans demanded per night
10	800
15	700
20	600
25	500
30	400
35	300
40	200

- (a) Plot the demand and supply for caravans in Portrush on the graph paper opposite. Label your diagram carefully and show clearly the equilibrium price and quantity. [6]
- (b) In the following summer, the demand for caravans increases by 200 per night at every price. On your graph, indicate the effect of this change on equilibrium price and quantity.

6

Marks Remark

	Examiner Only  Marks Remark
	Walks Remark

;)	Outline <b>two</b> factors which could cause an increase in the demand for caravans.					
	1					
		_ [2]				
	2					
		_ [2]				
)	In order to set up the caravan site Peter needs to raise finance. Identify <b>two</b> possible sources of finance for Peter's business idea.					
	1					
	2					
			1 1			

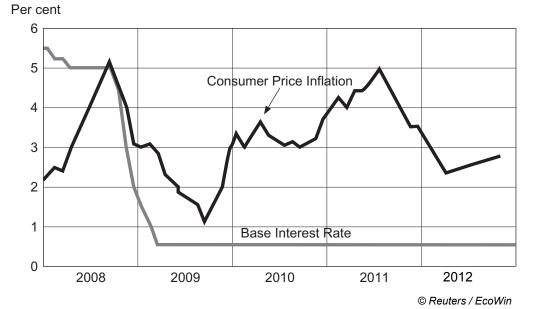
		_ [4]	

UK Inflation and Bank of England Interest Rates (%)

5

Examiner Only

Marks Remark



The UK base rate of interest has been kept at the record low of 0.5% despite the rise in the Consumer Prices Index (CPI) to 4.5%.

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(a)	Explain	what is	meant by	the following:
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(i)	The Consumer Prices Index (CPI).
	Г

(ii)	The	base	rate	of	interest
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The base rate of interest.		
-		
		[3

10

<b>o</b> )	Describe what has happened to the CPI since January 2008.		Examin	
			Marks	Remar
		[4]		
	Explain how a rise in the base rate of interest may affect the rate of			
	inflation.			
	illiation.			
		[4]		
		[דו		
			1	ì

(d)	Exp infl	plain how low interest rates at a time when there is significant ation would affect:		Examiner Only  Marks Remark
	1	Savers		
	2	Borrowers		
			[3]	

# **Section C Examiner Only** Marks Remark Answer one question from questions 6, 7, 8 and 9. 6 Unemployment rose by 80 000 to reach 2.51 million in the three months to July 2011. According to the Office for National Statistics, 77 000 of the newly unemployed were 18 to 24 year-olds. Source: Daily Telegraph 14 September 2011 (a) Explain what is meant by unemployment. \_\_\_\_\_ [6]

[9]	

inemployment.		7

afte	Financial Services Authority (FSA) were criticised for not having looker the interests of consumers. The Chancellor has announced the	ed Marks F
	ation of a new Financial Conduct Authority (FCA) which will be given consibility for protecting consumers of financial services.	
	Source: Guardian 27 June 20	011
(a)	Explain how the financial services industry contributes to the UK economy.	
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 [9]

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8	a m nun incl	thern Ireland's electricity market for household consumers is no longer nonopoly. Households now have a choice between Power NI and a nber of new providers that have been allowed to enter the market uding Airtricity, Budgetpower and Electricity Ireland. Airtricity expects to lercut prices by about 14% initially.	Marks	er Only Remark
	(a)	Explain what is meant by a monopoly.		
		· <u> </u>		
		[6]		

		[0]	
		_ [9]	

		_ [15]	

er of the population.	© Crown copyright / Office for National Stati.	stics
Explain what is meant by ar	n "ageing population".	
,		
	<del></del>	
		[6]
		_ [0]

Examine the economic effects of an ageing population.	Examii Marks
	[9]

iscuss how the UK government should respond to an ageing opulation.	Marks	
5pa.a.o.n		
	[15]	
	r - 1	

Continuation page (Use this page if you need extra space to complete your answers.)		Examine Marks	er Only Remark
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Continuation page (Use this page if you need extra space to complete your answers.)	Examii Marks	Remark
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