

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**  
**GCSE**

**A592/01**

**ECONOMICS**

**How the Economy Works**

**WEDNESDAY 22 MAY 2013: Afternoon**

**DURATION: 1 hour**

**plus your additional time allowance**

**MODIFIED ENLARGED**

<b>Candidate forename</b>		<b>Candidate surname</b>	
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<b>Centre number</b>						<b>Candidate number</b>				
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**Candidates answer on the Question Paper.**

**OCR SUPPLIED MATERIALS:**

**None**

**OTHER MATERIALS REQUIRED:**

**Calculators may be used**

<p><b>A calculator may be used for this paper</b></p>
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**READ INSTRUCTIONS OVERLEAF**

## **INSTRUCTIONS TO CANDIDATES**

- **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.**
- **The quality of your written communication will be taken into account in marking your answers to the questions marked with an asterisk (\*).**
- **Any blank pages are indicated.**

**Answer ALL questions.**

- 1 Fig. 1 shows some information about recent tax changes in the United Kingdom.**

**FIG. 1**

**In the UK, VAT is imposed on a wide range of products which includes tobacco and alcoholic drinks. In January 2011, the rate of VAT rose from 17.5% to 20%.**

**In March 2011, the excise duty on tobacco and alcoholic drinks was increased by 2% above the rate of inflation.**

- (a) (i) What is the full name of VAT?**

**V \_\_\_\_\_ A \_\_\_\_\_ T \_\_\_\_\_ [1]**

- (ii) Both VAT and excise duties are examples of which type of tax? Circle ONE phrase which best describes these taxes.**

**Direct taxes**

**Indirect taxes**

**Stealth taxes [1]**

**(b) (i) Explain what is meant by the rate of inflation.**

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[2]

**(ii) Explain how the rate of inflation is measured.**

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[2]

**(c) Explain how rises in VAT and excise duties may affect the distribution of incomes between low-income and high-income groups.**

[illegible]

[illegible]

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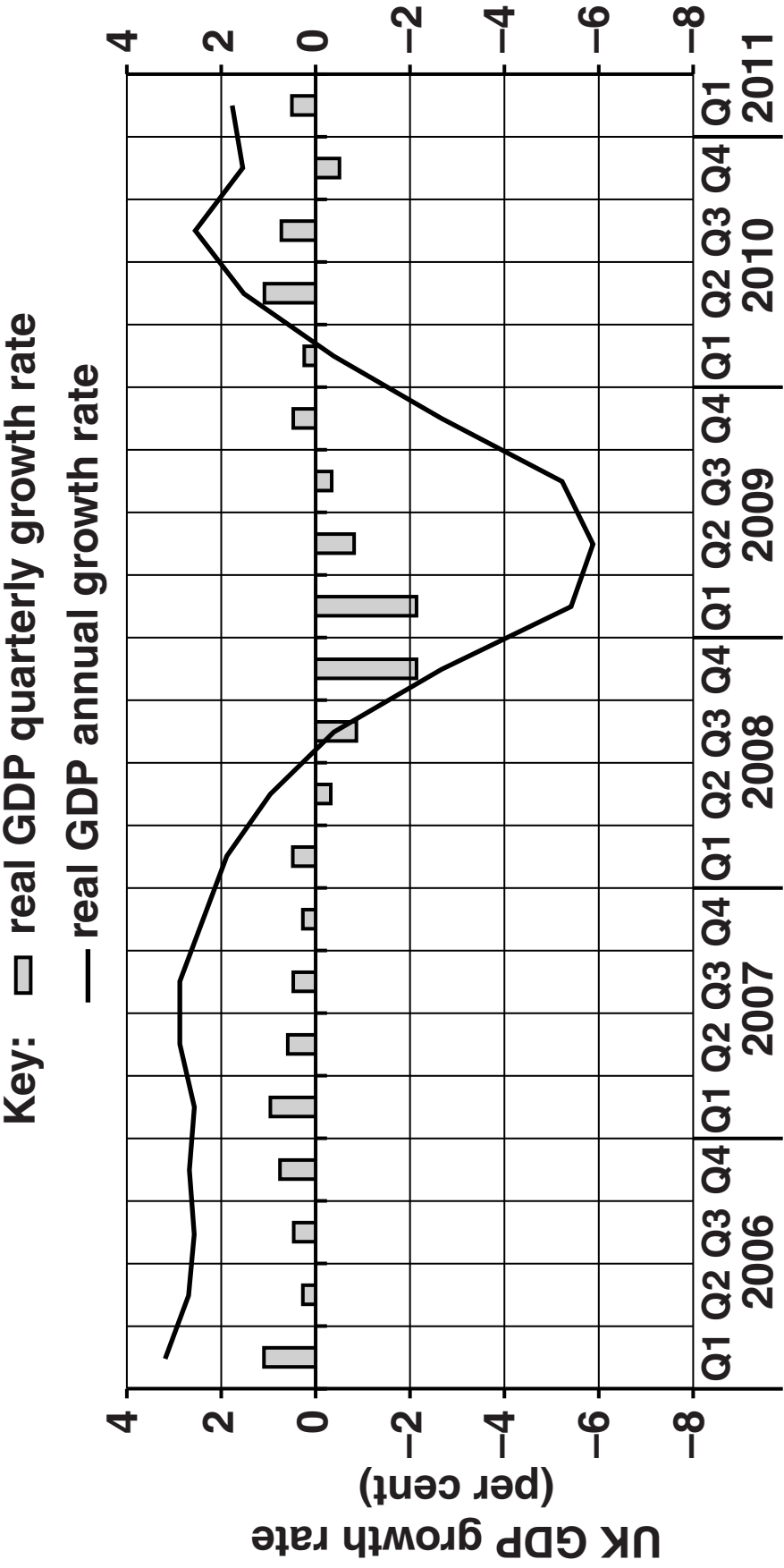
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2 Fig. 2 shows economic growth rates in the UK between 2006 and 2011.

FIG. 2 – UNITED KINGDOM GDP GROWTH RATES, 2006–11





**(a) A recession is a period of negative economic growth.**

**With reference to Fig. 2:**

**circle the year in which the UK economy ENTERED recession**

**2007**

**2008**

**2009**

**circle the length of the recession.**

**4 quarters**

**6 quarters**

**8 quarters**

**[2]**

[illegible]

[illegible]

11

**(d)\*Economic growth may occur for a number of reasons.**

## Evaluate causes of economic growth.

**[8]**

[illegible]

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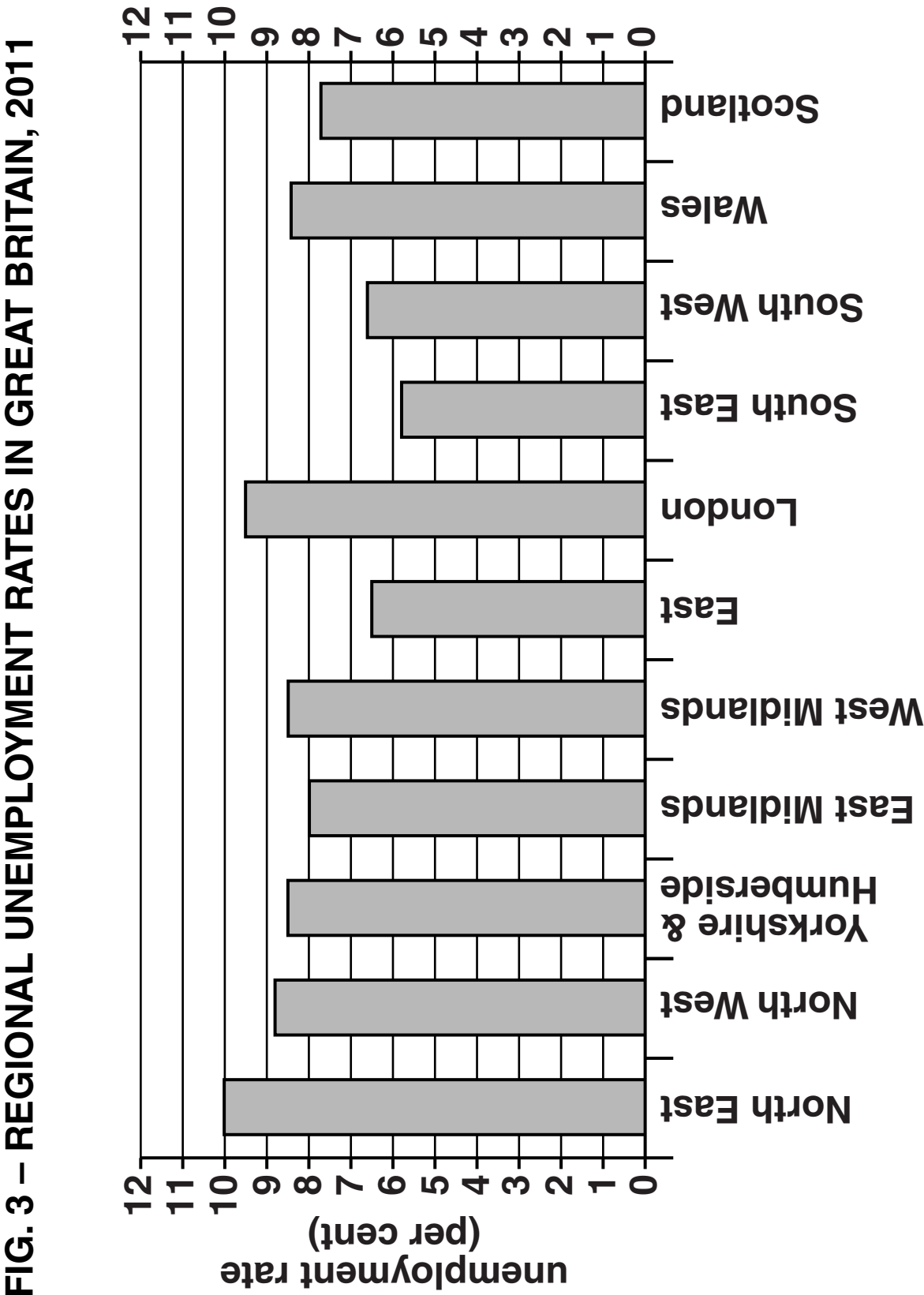
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3 Fig. 3 shows regional unemployment rates in Great Britain in 2011.



- (a) (i) Using Fig. 3, identify the region which has:  
the highest regional unemployment rate

\_\_\_\_\_

the lowest regional unemployment rate.

\_\_\_\_\_ [2]

- (ii) Using Fig. 3, compare the regional unemployment rate of the East with that of London.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ [2]

- (b) In the table below, place a tick (✓) against the TWO correct measures of unemployment in the UK.

MEASURE	TICK (✓)
Census of population	
Claimant count	
Labour force survey	
Trade union membership	

[2]

**(c) Explain the cause of each of the following types of unemployment:**

**cyclical unemployment**

**[6]**

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**voluntary unemployment.**

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**(d)\* Discuss whether the problems caused by a high rate of unemployment are greater than the problems caused by a high rate of inflation. [8]**

[illegible]

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**END OF QUESTION PAPER**

### 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.**

[illegible]



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