

**ADVANCED GCE UNIT
ECONOMICS**

Transport Economics

MONDAY 25 JUNE 2007

2885

Afternoon

Time: 1 hour 30 minutes

Additional materials: Answer Booklet (8 pages)



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INSTRUCTIONS TO CANDIDATES

- Write your name, Centre number and candidate number in the spaces provided on the answer booklet.
- Answer Question 1 and **one** question from Section B.
- Write all your answers on the separate answer booklet provided.
- If you need to use additional answer sheets, fasten these sheets securely to the answer booklet.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The quality of your written communication will be taken into account in the marking of your answer to Section B.

This document consists of **4** printed pages.

Section A

Answer this question.

1

Transport Trends

An extract has been removed due to third party copyright restrictions

Details:

An extract from the department of transport stating statistics on the number of journeys in Britain over the past few years.

A graph has been removed due to third party copyright restrictions

Details:

A graph showing the number of trips per person in Britain and the method of transport used

Source: Department for Transport (Driving Force) , www.nationalstatistics.gov.uk

Source: Department for Transport (Travel and Tourism) , www.nationalstatistics.gov.uk

- (a) Using Fig. 1 summarise the changes in trips per person between 1994 and 2004. [3]
- (b) On average people travelled 6,800 miles within Great Britain in 2004 (lines 1–3).
Explain why miles travelled per person is a better measure of passenger transport demand than trips per person. [3]
- (c) (i) State and explain **two** possible economic reasons for the decline in the number of bus journeys outside London (line 17). [4]
- (ii) Comment on **one** government transport policy aimed at reversing this decline. [4]
- (d) Discuss the extent to which these transport trends promote greater sustainability. [6]

Section B

Answer **one** question.

- 2 (a) Explain the likely effects of an increase in demand in an oligopolistic market. [10]
- (b) Discuss the impact of deregulation on the structure of the air passenger transport industry. [15]
- 3 (a) Explain how the environmental costs associated with transport use result in a misallocation of resources. [10]
- (b) Discuss the contribution that estimating such environmental costs can make towards correcting the market failure associated with increased transport use. [15]
- 4 (a) Explain the economic benefits of constructing new and improved motorways and trunk roads. [10]
- (b) Discuss whether forecasts of demand for road traffic on their own should be the basis for making decisions on road construction. [15]

Copyright Acknowledgements:

Section A Source: Department for Transport (*Driving Force and Travel and Tourism*), www.nationalstatistics.gov.uk
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