

Candidate Name	Centre Number	Candidate Number



OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced Subsidiary GCE

ECONOMICS

2882/AB

MARKET FAILURE AND GOVERNMENT INTERVENTION

Tuesday **18 JANUARY 2005** Morning 1 hour

Additional materials:
 Separate question paper.
 Candidates answer in this designated Answer Booklet.

TIME 1 hour

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces provided at the top of this page.

Answer **all** the questions.

Write all your answers in the spaces provided on this separate answer booklet.

The spaces should be sufficient for your answers but if you require more space use the lined page at the end of this booklet and number your answers carefully.

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 marking your answer to the question labelled with an asterisk (*).

FOR EXAMINER'S USE	
Total mark	

This answer booklet consists of 7 printed pages and 1 lined page.

(a) (i) Define the term 'external benefits' (line 7).

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.....[2]

(ii) State and explain **one** possible external benefit to a local area that might arise from a beach having 'blue flag' status (line 5).

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.....[3]

(b) (i) State **two** characteristics of a 'public good'.

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2[2]

(ii) Discuss the extent to which beaches can be considered to be public goods.

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.....[5]

(c) Two approaches to controlling pollution are:

- regulations backed up by fines;
- taxes on the level of pollution created.

(i) The extract states that firms breaking the law can be fined up to £100,000 per day (line 19). Comment upon the effectiveness of using such regulation to control the problem of water pollution.

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.....[4]

- (iii) One alternative to regulation would be to impose a tax on firms which are responsible for creating pollution.

State and explain **two** arguments **against** using taxation to solve market failure.

Argument:

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Explanation:

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Argument:

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Explanation:

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.....[4]

