

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced GCE

ECONOMICS

2885

TRANSPORT ECONOMICS

Monday

27 JUNE 2005

Morning

1 hour 30 minutes

Additional materials:
8 page Answer Booklet.

TIME 1 hour 30 minutes

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 question paper consists of 4 printed pages.

Section A

Answer this question.

1

Crossrail

Extract 1 £10 billion Crossrail scheme backed in principle

The Government has declared. . . .

An extract has been removed due to third party copyright restrictions

Details:

An extract from The Guardian and The Independent about funding for the Crossrail scheme

.....already full to bursting.”

Source: All information adapted from articles in the The Guardian and The Independent on 15/07/03

Extract 2

£10 billion Crossrail faces axe

Senior Treasury officials are.....

An extract has been removed due to third party copyright restrictions

Details:

An extract from The Guardian about Crossrail not receiving enough funding

.....a private sector backer.

Source: Adapted from an article in The Guardian on 27 October 2003

- (a) (i) Identify and explain two private costs which might result from the Crossrail scheme. [4]
- (ii) Identify and explain two possible external benefits which might result from the Crossrail scheme. [4]
- (b) Outline why public-private finance is necessary to fund a major project such as Crossrail. [2]
- (c) In order to conduct a feasibility study (Extract 1, line 10), estimates of demand would be necessary.
- Comment on the problems likely to be faced by economists when estimating the demand for Crossrail. [4]
- (d) Discuss whether cost-benefit analysis would be an appropriate decision-making tool to use when considering whether to proceed with projects such as Crossrail. [6]

Section B

Answer one question.

- 2 In October 2003, proposals were introduced to reverse the deregulation of the local bus industry in order to reduce problems caused by some local monopolies within the industry.
- (a) Explain the main problems associated with monopolies. [10]
- (b) Discuss the possible impact of greater regulation on the local bus industry in the UK. [15]
- 3 (a) Explain the determinants of demand for the main modes of freight transport. [10]
- (b) Discuss the extent to which recent trends in freight transport are sustainable. [15]
- 4 Following the introduction of the congestion charge in London in 2003, there have been many suggestions for the introduction of road user charging in other UK cities.
- (a) Explain the economic basis for road user charging in cities. [10]
- (b) Discuss the likely impact on businesses of widespread road user charging in UK cities. [15]