

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

**Advanced Subsidiary GCE**

**ECONOMICS**

**2882/AB**

**MARKET FAILURE AND GOVERNMENT INTERVENTION**

**Revised Specimen Answer Book**

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** 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(\*).

The total mark for this paper is 45.

7812/3812/SP/EN/02

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**This answer booklet consists of 8 printed pages.**

## Government and the Environment

1. (a)(i) Define the term 'externality'.

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.....[2]

(ii) From the article, identify **two** examples of a negative externality.

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(iii) From the article, identify **two** examples of a positive externality.

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**(b)** The newspaper article talks about a large increase in fuel prices (lines 4–9).

**(i)** Give **one** group who might suffer financial hardship due to a large rise in fuel prices. Explain the reasons for your answer.

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[4]

**(ii)** Give **one** type of transport business that might benefit through a large increase in fuel prices. Explain the reasons for your answer.

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[4]

**(c) (i)** State **two** characteristics of 'public goods'.

Characteristic 1: .....

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Characteristic 2: .....

.....**[2]**

**(ii)** How far does the 'right to roam' (line 14) make the countryside more like a public good?

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.....**[5]**

**(d) (i)** Define the term 'subsidy'.

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.....**[2]**







If you use the following lined page, or additional sheets, to complete an answer to any question, the question number **must** be clearly shown.

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