

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

Government and the Environment

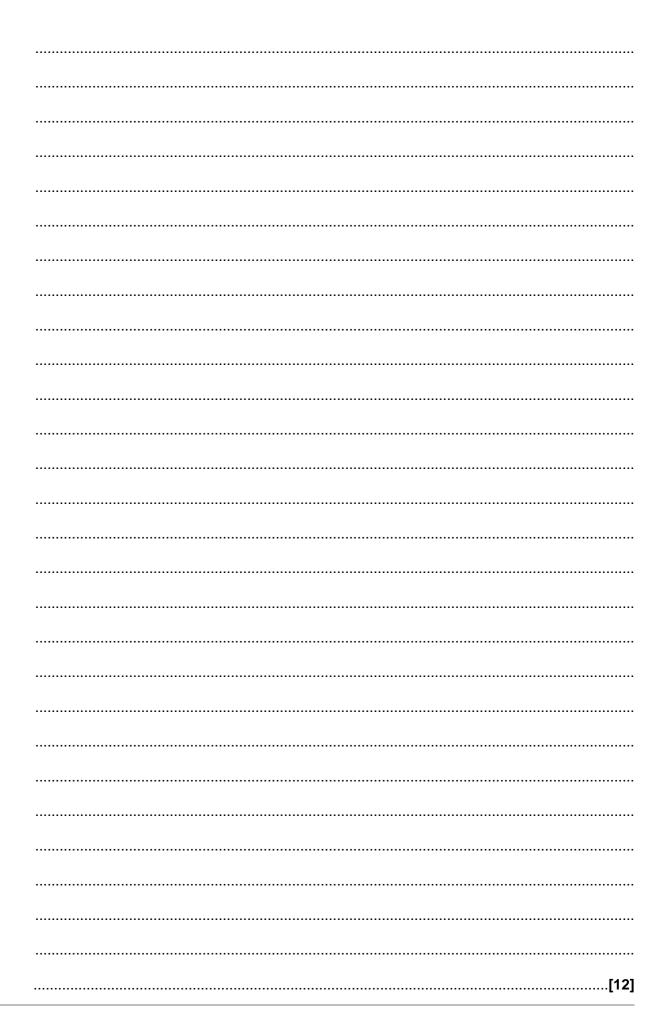
l. (a)(i)	Define the term 'externality'.	
		· • • • • •
		.[2]
(ii)	From the article, identify two examples of a negative externality.	
		· • • • • •
		· • • • • •
		.[2]
(iii)	From the article, identify two examples of a positive externality.	
		[2]

(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.
		[4]
		prices. Explain the reasons for your answer.
		[4

(c)	(i)	State two characteristics of 'public goods'.	
		Characteristic 1:	
		Characteristic 2:	
			.[2]
	(ii)	How far does the 'right to roam' (line 14) make the countryside more like a public good?	
			.[5]
(d)	(i)	Define the term 'subsidy'.	
			[2]

(ii)	Using a diagram, explain how a government subsidy paid to the renewable energy industry might increase the consumption of renewable energy.
	[10

?)*	Discuss the advantages and disadvantages to the government in using taxes to improve the quality of the environment.



question number must be clearly shown.