

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										

For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



General Certificate of Secondary Education
June 2013

Economics

413012

Unit 12 Investigating Economic Issues

Monday 3 June 2013 9.00 am to 10.15 am

You will need no other materials.
You may use a calculator.

Time allowed

- 1 hour 15 minutes

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 70.
- You are reminded of the need for good English and clear presentation in your answers. Quality of Written Communication will be assessed in Questions 1(d), 2(c) and 3(c).



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Answer **all** questions in the spaces provided.

Total for this question: 24 marks

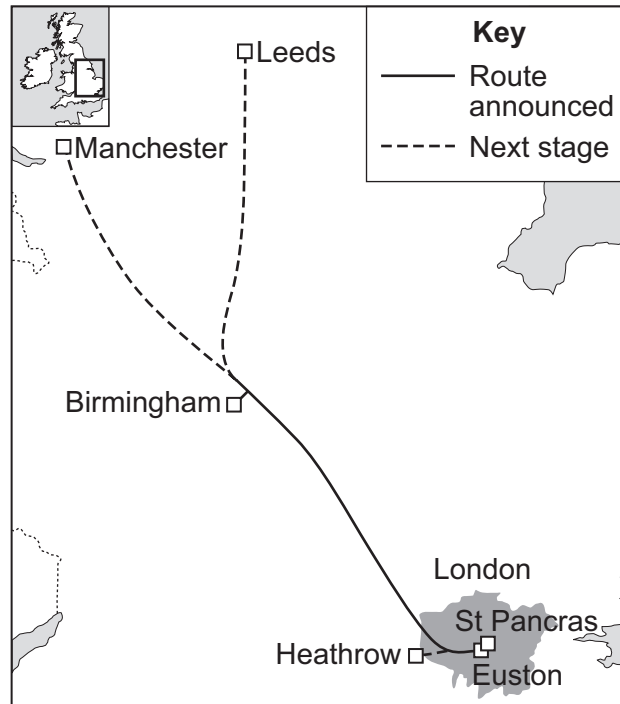
1 Read **Item A** and then answer the questions that follow.

Item A

High Speed 2

High Speed 2 (HS2) is a planned high speed railway between London, Birmingham and the North of England. The route will go from London to Birmingham before splitting into two routes. The trains will not stop between London and Birmingham. There is debate about which cities should be served and about the economic and environmental impacts of high speed rail.

The government says that HS2 will lead to economic benefits of up to £47 billion. The benefits include much shorter journey times between cities and an increase in the capacity of the rail network for both passengers and freight. This will allow carbon emissions to be reduced as more people can travel by train and less by car or plane. HS2 will also create jobs as well as make the UK more attractive as a place for foreign investment. This will help the government to meet some of its objectives for the economy. However, the construction of HS2 will cost £33 billion and is not set to begin until 2018, with the first section not opening until 2026. A number of pressure groups are concerned by the damaging effects the building of HS2 will have on the environment and question whether the social benefits of HS2 will exceed the social costs.



1 (a) HS2 is an example of a supply-side policy. State **two** other supply-side policies.

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(2 marks)

1 (b) Explain **two** social benefits of HS2.

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(4 marks)

Question 1 continues on the next page

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1 (c) Explain how HS2 might help the UK Government to meet **two** of its economic objectives.

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(6 marks)



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24



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ANSWER IN THE SPACES PROVIDED**

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Total for this question: 22 marks

2 Read **Item B** and then answer the questions that follow.

Item B

The Office of Fair Trading

The Office of Fair Trading (OFT) is a government department that enforces consumer protection and competition law. Its aim is to encourage fair competition between firms, so that markets work well for consumers. It investigates markets if there is a danger that a lack of fair competition exists.

The OFT recently investigated:

- 1) whether dairy farmers were being exploited by large supermarkets, and whether these supermarkets also worked together to increase prices of milk and cheese for consumers;
- 2) two airline companies for fixing the additional charges they made customers pay for airline tickets to allow for increases in fuel prices;
- 3) the major petrol companies and the big four supermarkets for not reducing petrol prices at their petrol stations after crude oil prices fell.

However, the OFT can find it difficult to gather enough evidence to prove that dominant firms are exploiting their position. Dominant firms also argue that they benefit consumers and the economy as a whole.

2 (a) Explain **one** method of control or regulation that the UK Government could use to deal with market dominance.

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(2 marks)



2 (b) Explain **two** ways in which firms in **one** of the industries in **Item B** might increase their market dominance.

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Extra space

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(6 marks)

Question 2 continues on the next page

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Total for this question: 24 marks**3** Read **Item C** and then answer the questions that follow.**Item C****Global Warming**

Global warming refers to the increasing temperature of the Earth's atmosphere and oceans. Many scientists are certain that the main cause of global warming is increasing levels of greenhouse gases caused by the burning of fossil fuels and by deforestation. Consequences of global warming include more extreme weather, loss of farmland, rising sea levels and increased flooding.

Economists point out the unfairness of global warming. They state that it is mainly caused by activities in developed countries. However, the consequences are often faced by citizens of developing countries who are less financially able to deal with them.

Many economists argue that global warming is an inevitable consequence of economic growth, and that it will reduce the ability of future generations to enjoy an improved standard of living. They argue that there is often a conflict between economic growth and sustainability.



Source: © Getty Images



3 (a) State and explain **two** possible human causes of global warming.

Human cause 1

Explanation

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Extra space

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Human cause 2

Explanation

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(4 marks)

3 (b) Explain **two** ways in which the economies of developing countries are affected by global warming.

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(6 marks)



