

| | | | | | | | | | | |
|---------------------|--|--|--|--|--|------------------|--|--|--|--|
| 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 2014

Economics

413012

Unit 12 Investigating Economic Issues

Tuesday 3 June 2014 1.30 pm to 2.45 pm

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).

Advice

- You are reminded that Questions 2 and 3 are based on the economic issues you will have investigated before this examination.



J U N 1 4 4 1 3 0 1 2 0 1

IB/G/Jun14/413012

413012

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

The UK in the European Union

The European Union (EU) is made up of 28 countries, with a total population of over 500 million people. The EU may grow further with up to 8 more countries hoping to join in the future. Some of these countries are likely to need a higher contribution from the EU budget to help modernise their economies.

The EU is a major source of trade for the UK and is therefore important for its balance of payments. In June 2013, the UK exported £12.9 billion of goods and services to other countries in the EU. In the same month, it imported £19.2 billion of goods and services from the EU. However, the growth of UK exports to the EU has slowed down as many countries are suffering from recession and high unemployment. Some people think that a bigger EU is good for the UK. Others think that there could be problems. Some views are expressed below.

My business sells a large share of its total sales to EU customers. With the enlargement of the EU, I am planning to build a new factory to meet the greater demand. However, I fear that there could be increased competition from businesses in the new EU nations.

UK businessperson

The EU is an important source of trade for the UK (48% of its exports and 50% of its imports). The growth of the EU will provide bigger markets but also additional competition for UK businesses.

UK government official

Being in the EU means I have a greater choice of where I can get work. However, as the EU gets bigger some of my friends are worried that it will be more difficult to find jobs in the UK. Some UK businesses are employing more workers from the countries which have recently become members of the EU. These workers are willing to work for lower wages.

UK worker

EU enlargement means a bigger choice of goods and services. However, if the UK government has to pay more into the EU budget we might have to pay more taxes.

UK citizen

Source: news reports, 2013



1 (a) Using **Item A**, calculate the UK's balance of payments with the EU in June 2013. **[2 marks]**

Extra space _____

1 (b) Explain **two** ways in which a fall in demand for UK exports to the EU might affect the UK economy. **[4 marks]**

1 _____

Extra space _____

2 _____

Extra space _____



1 (c) If the EU budget increases, the UK government may have to increase taxes.
Explain **two** effects that higher taxation might have on the UK economy.
[6 marks]

1 _____

Extra space _____

2 _____

Extra space _____



Turn over for the next question

**DO NOT WRITE ON THIS PAGE
ANSWER IN THE SPACES PROVIDED**



Turn over ►

Total for this question: 22 marks

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

Item B

Poverty in the UK

A recent report by the Joseph Rowntree Foundation (JRF) highlights some of the main causes of poverty in the UK, along with the effects of poverty.

In 2011, 13.2 million people in the UK were classed as living in relative poverty, equal to 21% of the population. Although unemployment is a major cause of poverty, 52% of people living in poverty in the UK are in a family where at least one person is in employment. In these cases, work is often part-time and wages are low. The JRF is concerned about the continuing high levels of unemployment as the economy recovers slowly. It is also concerned about government cuts to many welfare benefits and the effects this will have on poverty.

The JRF worries that people on low incomes and reduced benefits may have to take out expensive loans to survive, or may resort to crime. It is also concerned about the effect of poverty on life expectancy.

Possible government solutions to reduce poverty include introducing a 'living wage' which is high enough to cover the basic costs of living in different regions (currently £7.65 per hour outside London). The government is also considering reducing the income tax rate on those on low incomes and providing compulsory education or training for those over 17 years old.

Source: news reports, 2013

2 (a) Explain what is meant by the term 'relative poverty'.

[2 marks]

Extra space



2 (b)

Explain **two** possible effects on UK society of high levels of poverty in the country.

[6 marks]

1 _____

Extra space _____

2 _____

Extra space _____



2 (c) To reduce poverty, the government might consider:

- reducing the rate of income tax on those on low incomes
- providing compulsory education or training for those over 17 years old.

Recommend which method you think is better at reducing poverty in the UK. Use **Item B**, and what you have learnt from your investigation into this topic, to give reasons for your answer.

[14 marks]



Extra space _____

| |
|----|
| |
| 22 |



Total for this question: 24 marks

3 Read **Item C** and then answer the questions that follow.

Item C

Global Warming

Recently, the Chinese economy has grown by around 10% a year. This has improved the average living standards of its 1.3 billion population. However, rapid economic growth can contribute to global warming, through increasing carbon emissions, and this can lead to more extreme weather.

The governments of more developed economies, such as that of the USA, argue that developing economies, such as those of China and India, should do more to solve global warming for example, by reducing their emission levels. However, this may lead to reduced economic growth in these countries.

Countries such as China argue that many of the problems of global warming have been created by developed economies which grew rapidly in the past. They argue that these countries should do more to help developing economies. This would include providing more money to cope with the effects of extreme weather, such as flooding.

Table 1: Emissions and other data for USA and China (2011)

| Country | Share of global emissions | Share of global Gross Domestic Product (GDP) | Share of global population |
|---------|---------------------------|--|----------------------------|
| USA | 16.3% | 19.0% | 4.5% |
| China | 21.4% | 13.8% | 19.7% |

Source: news reports, 2013

3 (a) Explain **two** costs to an economy of extreme weather.

[4 marks]

1 _____

Extra space _____



2 _____

Extra space _____

3 (b) Explain **two** actions that governments might take to reduce global warming. **[6 marks]**

1 _____

Extra space _____

2 _____



Extra space

- 3 (c)** The governments of developed economies, such as the USA, are expecting governments of developing economies to do more to help solve global warming. Do you think that this is fair? Use **Item C**, and what you have learnt from your investigation into this topic, to give reasons for your answer.

[14 marks]



Extra space _____

Turn over ▶



| |
|-----------|
| |
| 24 |

END OF QUESTIONS

Acknowledgement of copyright-holders and publishers

Permission to reproduce all copyright material has been applied for. In some cases, efforts to contact copyright-holders have been unsuccessful and AQA will be happy to rectify any omissions of acknowledgements in future papers if notified.

Copyright © 2014 AQA and its licensors. All rights reserved

