

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
Specimen Paper

Business Subjects and Economics

4130/12

Unit 12 Investigating Economic Issues

Written Paper

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 space provided. Answers written in margins or on blank pages will not be marked.
- 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. All questions should be answered in continuous prose. Quality of Written Communication will be assessed in question 1 (c), 2 (c) and 3 (c).



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4130/12

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Pre-Issued Topics for Research

These relate to questions 2 and 3 only

Candidates should use a variety of data (both statistical and non-statistical) in their research. Care should be taken to guide candidates away from overly theoretical studies that would be inappropriate for their age and ability.

The UK Economy: Poverty

Areas for investigation:

- measurement of standard of living
- distribution of income
- the meaning of poverty
- types of poverty (absolute poverty versus relative poverty)
- causes of poverty
- effects of poverty
- possible solutions to poverty
- ethical considerations regarding poverty and its solutions.

Candidates should restrict their study to the last ten years.

The Global Economy: Developing Countries

Areas for investigation:

- measures of performance
- distribution of income
- causes of economic growth
- impact of economic growth on developing and developed countries
- ethical considerations regarding growth, eg externalities, equality issues, expectations
- sustainable development.

Candidates should focus on the study of India and China and developing countries in general. They should restrict their study to the last ten years.



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

Total for this question: 26 marks

Managing the Economy

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

Item A

‘You have never had it so good’

Year/Quarter	Inflation Rate (%)	Unemployment Rate (%)	GDP Growth (%)
2004 / 3	1.3	5.2	0.4
2004 / 4	1.4	5.0	0.6
2005 / 1	1.7	4.8	0.2
2005 / 2	2.0	4.9	0.5
2005 / 3	2.4	4.9	0.5
2005 / 4	2.1	5.3	0.7
2006 / 1	1.9	5.6	0.7
2006 / 2	2.3	5.7	0.7

For nearly 30 years the UK economy has enjoyed a period of considerable economic success. Indicators have been positive and although World and European events have had the potential to damage the economy, any effect that they have had has been limited and short term. In order to control the economy, the Bank of England uses interest rate policy, and in the last two years there have been regular small increases in the interest rate.

1 (a) Using **Item A**, and your economic knowledge:

1 (a) (i) State **two** methods of measuring the performance of the UK economy.

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(2 marks)

(Extra space).....

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1 (a) (ii) Using the methods you have identified in **question 1 (a) (i)**, briefly describe how the UK economy has performed over the given period.

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(4 marks)

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Question 1 continues on the next page



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- 1** (c) One of the most significant questions still to be decided about the UK economy is whether it should join the Euro.

Discuss whether or not the UK economy might benefit from remaining outside the Euro?

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Total for this question: 22 marks

The UK Economy: Poverty

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

Item B

The following recent newspaper headlines indicate the current concerns over child poverty in the UK and some of its possible causes and cures.

‘The proportion of children living in poverty in the UK has doubled in the last twenty years.’

‘Calls continue to reduce state benefits to encourage people back to work.’

‘The average tax paid by households in the UK continues to grow towards a 40% record.’

2 (a) State and explain **two** possible causes of poverty in the UK.

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2 (b) Explain **two** possible effects on the UK economy of a large number of people in the UK living in poverty.

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- 2 (c) Discuss **two** different methods of reducing income inequality, and recommend which **one** of these methods would be most effective in a developed country.

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Total for this question: 22 marks

The Global Economy: Developing Countries

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

Item C

The rapid economic growth of developing countries such as China and India has been a key world economic issue in the last 10 years. There has, however, been increasing concern over the environmental impact that such growth is having both on the countries themselves and on the world as a whole. There are also concerns that large parts of countries such as China and India do not appear to have benefited from this development and continue to remain poor.

3 (a) State and explain **two** factors that have contributed to the rapid economic growth of developing countries such as China and India.

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3 (b) Explain **two** possible environmental problems in developing countries caused by economic growth.

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- 3 (c)** Discuss **two** reasons why many parts of India and China continue to remain poor, and consider which **one** of these reasons is the most significant in causing them to remain poor.

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END OF QUESTIONS



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