

New Specification



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Candidate Number

General Certificate of Secondary Education
2011

Economics

Paper 2

[G9272]



G9272

MONDAY 6 JUNE, MORNING

TIME

2 hours.

INSTRUCTIONS TO CANDIDATES

You should answer all questions in the spaces provided in this question and answer booklet. If you have do not enough space to complete your answer, extra lined pages are provided at the back of the booklet.

- Answer **all** questions in **Section A**.
- Answer **both** questions in **Section B**.
- Answer **one** question from questions **6, 7, 8** and **9** in **Section C**.

INFORMATION FOR CANDIDATES

The total mark for this paper is 90.
Your quality of written communication will be taken into account in assessing your answers to **all parts** of the question you choose to answer from **Section C**.

ADVICE TO CANDIDATES

You should take into account the maximum marks available when deciding how much time to spend on each question.

For Examiner's use only	
Question Number	Marks
Section A	
1	
2	
3	
Section B	
4	
5	
Section C	
Total Marks	

Section A

Answer **all** questions in this section.

- 1 It costs £30 million each year to clean up litter from Northern Ireland's streets. Many people are unhappy about this use of scarce resources. Since the money comes from taxpayers, people would like to see it put to better use. For example, it could pay for 1400 extra nurses or be used to build five new primary schools.

Adapted from the News Letter 2 October 2009 © 2011 Johnston Publishing

- (a) What is meant by opportunity cost?

[2]

- (b) Using the information above, give **one** example of an opportunity cost.

[1]

- (c) Give **one** example of a tax that people pay.

[1]

- (d) Suggest **one** reason why the government may want to increase taxes.

[2]

Examiner Only	
Marks	Remark

3 “The latest figures show a slight increase in the rate of inflation and economists are worried that this will cause problems for the economy. The Monetary Policy Committee must decide whether the rate of interest should rise.”

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(a) What is meant by inflation?

[2]

(b) Briefly explain **one** possible cause of inflation.

[2]

(c) Give **one** economic effect of rising inflation.

[2]

(d) Suggest **one** reason why the Monetary Policy Committee might not increase the rate of interest.

[2]

Examiner Only	
Marks	Remark

(c) Explain **three** ways in which Paula and John might fund the deposit for their house.

1. _____

_____ [2]

2. _____

_____ [2]

3. _____

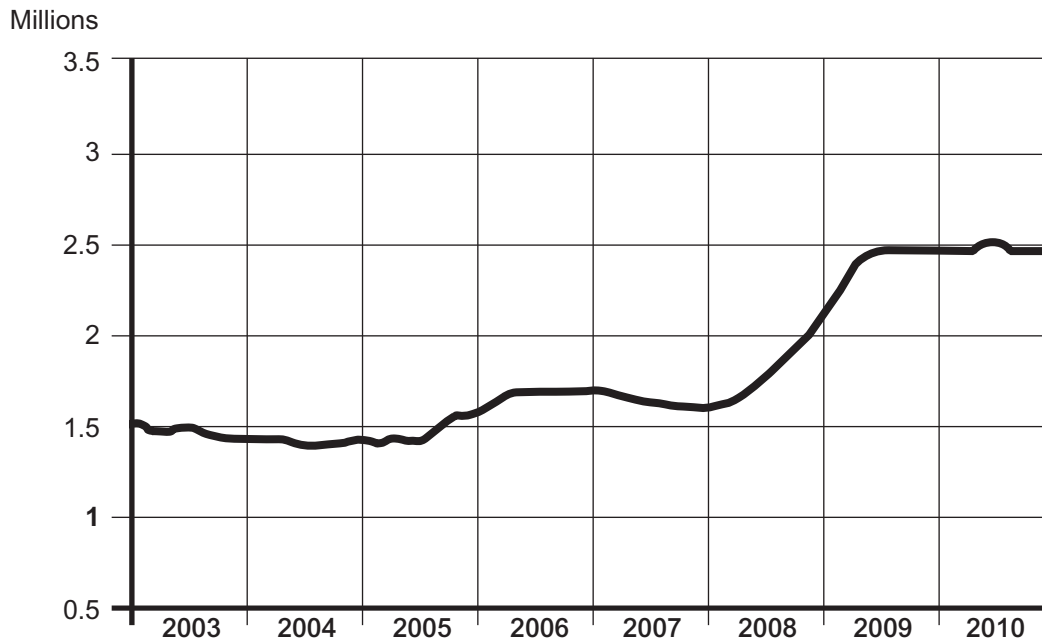
_____ [2]

Examiner Only	
Marks	Remark

5 Carefully study the information below and answer the questions that follow.

Examiner Only	
Marks	Remark

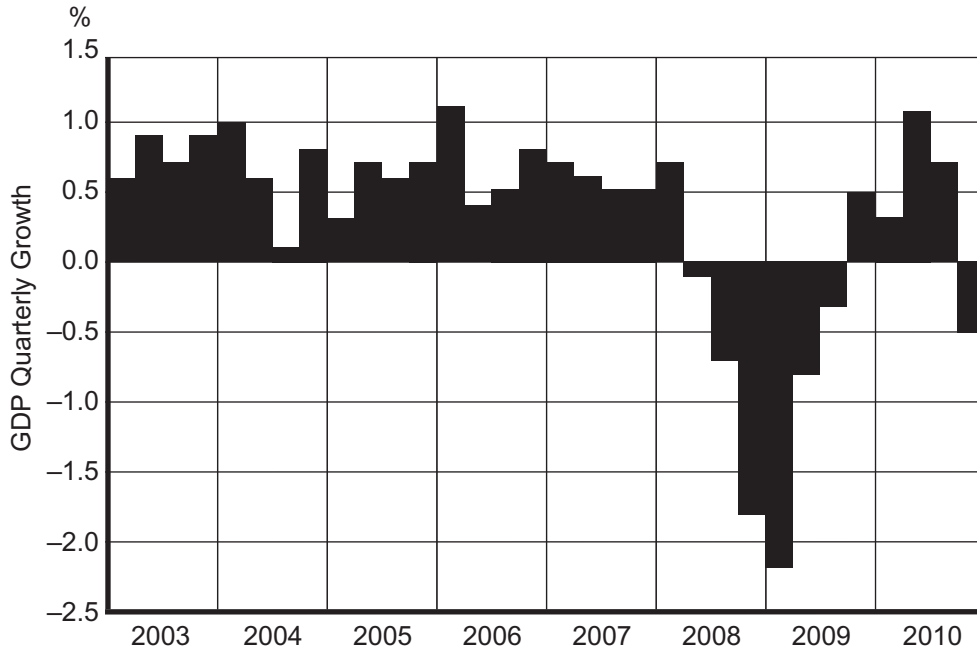
Unemployment in the UK 2003–2010



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Fig. 1

Economic growth and recession in the UK 2003–2010



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Fig. 2

UK Budget Deficit 2006–2010	
2006–2007	– £5.2 billion
2007–2008	– £5.8 billion
2008–2009	– £51.7 billion
2009–2010	– £131.6 billion

Source: adapted from the Institute for Fiscal Studies

Fig. 3

- (a) By how much did unemployment change between the start of 2008 and the end of 2010?

 [2]

- (b) Describe what happened to economic growth between the start of 2008 and the end of 2010.

 [3]

- (c) Explain why changes in economic growth can affect the level of unemployment.

 [3]

Examiner Only	
Marks	Remark

THIS IS THE END OF THE QUESTION PAPER

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