



General Certificate of Secondary Education
2013

Economics

Paper 2

[G9272]

MONDAY 3 JUNE, MORNING



Centre Number

71

Candidate Number

TIME

2 hours.

INSTRUCTIONS TO CANDIDATES

You should answer all questions in the spaces provided in this question and answer booklet. If you do not have 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
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Section A

1

2

3

Section B

4

5

Section C

Total Marks	
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Section A

Answer **all** questions in this section.

1 A cut in Corporation Tax could see a reduction of £300m in public spending in Northern Ireland.

(a) Give **two** other examples of taxes.

1. _____ [1]

2. _____ [1]

(b) What is the possible opportunity cost to Northern Ireland's economy of a cut in Corporation Tax?

_____ [2]

(c) Give **one** reason why the government might wish to cut Corporation Tax in Northern Ireland.

_____ [2]

Examiner Only	
Marks	Remark

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(Questions continue overleaf)

Section B

Answer **both** questions in this section.

- 4 Peter runs a farm near Portrush. To earn extra income he is considering opening a caravan park. The supply of caravans to rent in the Portrush area is estimated to be 500 per night. Research has indicated that the demand for caravans to rent per night in Portrush during the summer season is likely to be as follows:

Price per night in pounds (£s)	Quantity of caravans demanded per night
10	800
15	700
20	600
25	500
30	400
35	300
40	200

- (a) Plot the demand and supply for caravans in Portrush on the graph paper opposite. Label your diagram carefully and show clearly the equilibrium price and quantity. [6]
- (b) In the following summer, the demand for caravans increases by 200 per night at every price. On your graph, indicate the effect of this change on equilibrium price and quantity. [4]

Examiner Only

Marks Remark

(c) Outline **two** factors which could cause an increase in the demand for caravans.

1. _____

_____ [2]

2. _____

_____ [2]

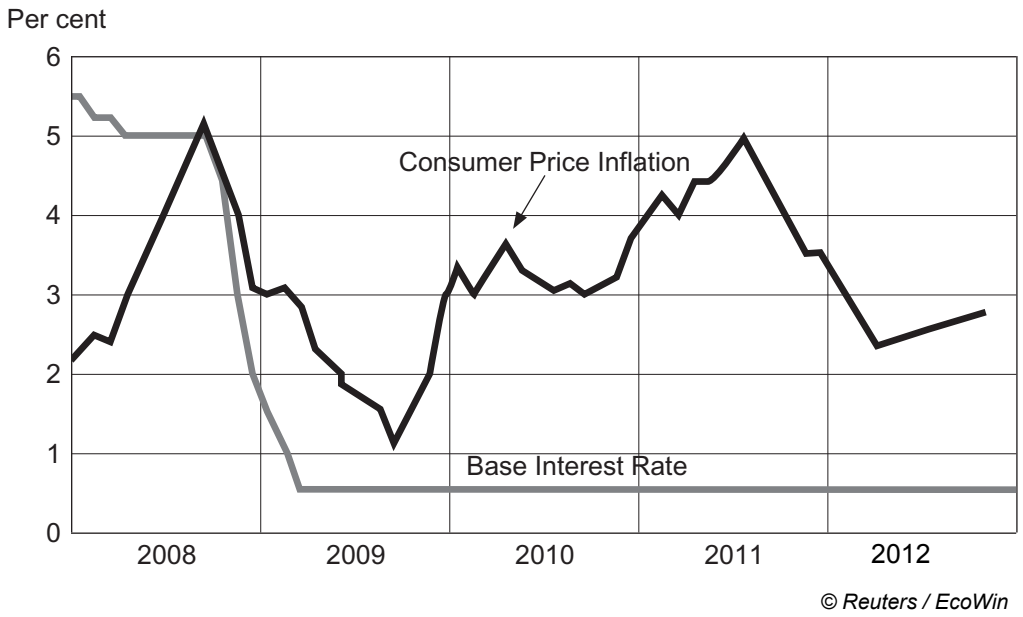
(d) In order to set up the caravan site Peter needs to raise finance. Identify **two** possible sources of finance for Peter's business idea.

1. _____
_____ [1]

2. _____
_____ [1]

Examiner Only	
Marks	Remark

5 UK Inflation and Bank of England Interest Rates (%)



The UK base rate of interest has been kept at the record low of 0.5% despite the rise in the Consumer Prices Index (CPI) to 4.5%.

© BBC News @bbc.co.uk/news

(a) Explain what is meant by the following:

(i) The Consumer Prices Index (CPI).

[3]

(ii) The base rate of interest.

[3]

Examiner Only	
Marks	Remark

THIS IS THE END OF THE QUESTION PAPER

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