

**GCSE (HIGHER TIER)  
ECONOMICS**

Paper 4

**TUESDAY 26 JUNE 2007**

**H 1985/4**

Afternoon

Time: 1 hour 30 minutes

Candidates answer on the question paper.

Additional materials: Clean copy of case study (1985/2 & 4(CS))



Candidate  
Name

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Centre  
Number

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Candidate  
Number

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**INSTRUCTIONS TO CANDIDATES**

- Refer to the Case Study given in a separate booklet.
- Write your name, Centre number and candidate number in the boxes above.
- Answer **all** the questions.
- Use blue or black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- Do **not** write in the bar code.
- Do **not** write outside the box bordering each page.
- Show your workings for **all** calculations.
- Additional answer space is available on the lined pages at the back of the book. Answers on these pages **must** be clearly numbered.

**INFORMATION FOR CANDIDATES**

- The number of marks for each question is given in brackets [ ] at the end of each question or part question.
- The total number of marks for this paper is 80.
- The quality of your written communication will be taken into account when marking your answers to questions labelled with an asterisk (\*).
- You may use an approved calculator.

**FOR EXAMINER'S USE**

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2	
3	
4	
5	
6	
7	
8	
9	
TOTAL	

This document consists of **10** printed pages and **2** lined pages.

**Question 1**

Use Fig. 1 to answer the following questions.

- (a) Compare the changes in house prices between 1990 and 2004 in Greater London to those in the North.

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 [2]

- (b) Explain **one** factor which might influence the demand for housing in the UK.

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 [2]

- (c) With the help of a demand and supply diagram, explain why the average house price in Greater London differs from the average house price in the North.

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 [6]

**Question 2**

Use Fig. 3 to answer the following questions.

- (a) Explain **two** reasons why a first-time buyer might be unlikely to have savings of £30,000.

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\_\_\_\_\_  
2 \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ [4]

- (b) Do you agree with the comment in Fig. 3 that 'the price of houses is too high'? Give reasons for your answer.

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\_\_\_\_\_  
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\_\_\_\_\_ [4]

**\*(c)** Discuss how the government might help first-time house buyers to afford a house.

[illegible]

**Question 3**

Use Fig. 4 to answer the following questions.

- (a)** Describe the trend in the real price of houses between 1992 and 2004.

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[2]

- (b)** Discuss whether a high rate of inflation is more harmful to house buyers or mortgage lenders.

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[5]

**Question 4**

Use Fig. 5 and Fig. 6 to answer the following questions.

- (a)** How did the percentage of owner occupied housing and rented housing change between 1971 and 2001?

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[3]

- (b)** Explain how the market would ensure the sale of Updown Court.

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[3]

**Question 5**

Use Fig. 7 to answer the following question.

With the help of a demand and supply diagram, discuss whether the introduction of Styrostone UK's building methods would be good for the housing market.

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[6]

### Question 6

Use Fig. 8 to answer the following question.

Discuss the extent to which house building might create external costs.

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[6]

### Question 7

Use Fig. 9 and Fig. 10 to answer the following question.

How might the changes in the Bank of England base interest rate between 2001 and 2004 have affected the average percentage costs of running a house?

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[3]



**Question 8**

Use Fig. 11 to answer the following questions.

**(a)** Why do local councils need a council tax?

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[2]

**(b)** Discuss the extent to which council tax is a progressive tax.

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[6]

**\*Question 9**

Use the information in the case study and your knowledge of economics to answer the following question.

Discuss the possible economic benefits and costs to the individual and the economy of an increase in home ownership.

[illegible]

If you use the following lines to complete the answer to any question, the question number **must** be clearly shown.

[illegible]

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