

Friday 18 May 2012 – Afternoon

GCSE ECONOMICS

A592/01 How the Economy Works

Candidates answer on the Question Paper.

OCR supplied materials:

None

Other materials required:

- Calculators may be used

Duration: 1 hour



Candidate forename		Candidate surname	
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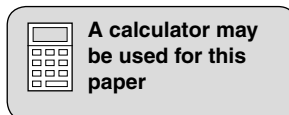
Centre number						Candidate number				
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INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer **all** the questions.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. If additional space is required, you should use the lined pages at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **60**.
- You will be awarded marks for the quality of written communication on the questions marked with an asterisk (*).
- This document consists of **12** pages. Any blank pages are indicated.



Answer **all** questions.

1 Fig. 1 shows where the money paid for a litre of petrol went in 2010.

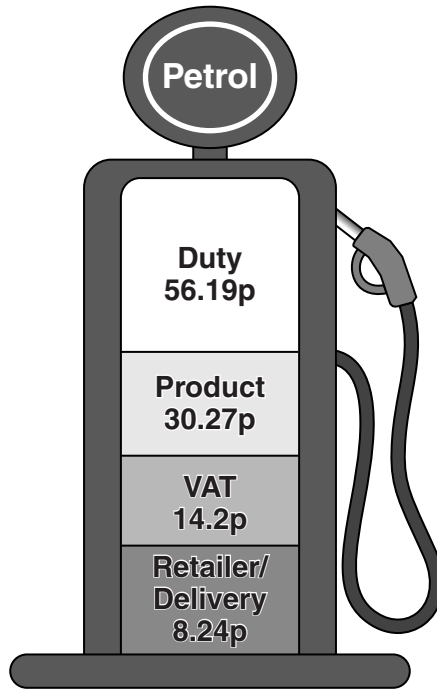


Fig. 1

(a) Tick **two** boxes to indicate which two taxes are put on petrol by the UK government.

	Tick
Excise duty	
National insurance	
Road tax	
Value added tax	

[2]

(b) (i) Explain what is meant by a 'negative externality'.

.....

 [2]

(ii) Identify **two** negative externalities which are caused by car travel.

1.
 2. [2]

(c) Other than tax on petrol, state and explain **two** policies which can be used to reduce car travel.

Policy 1

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Policy 2

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[6]

2 Fig. 2 gives information about three savings accounts offered by a leading bank.

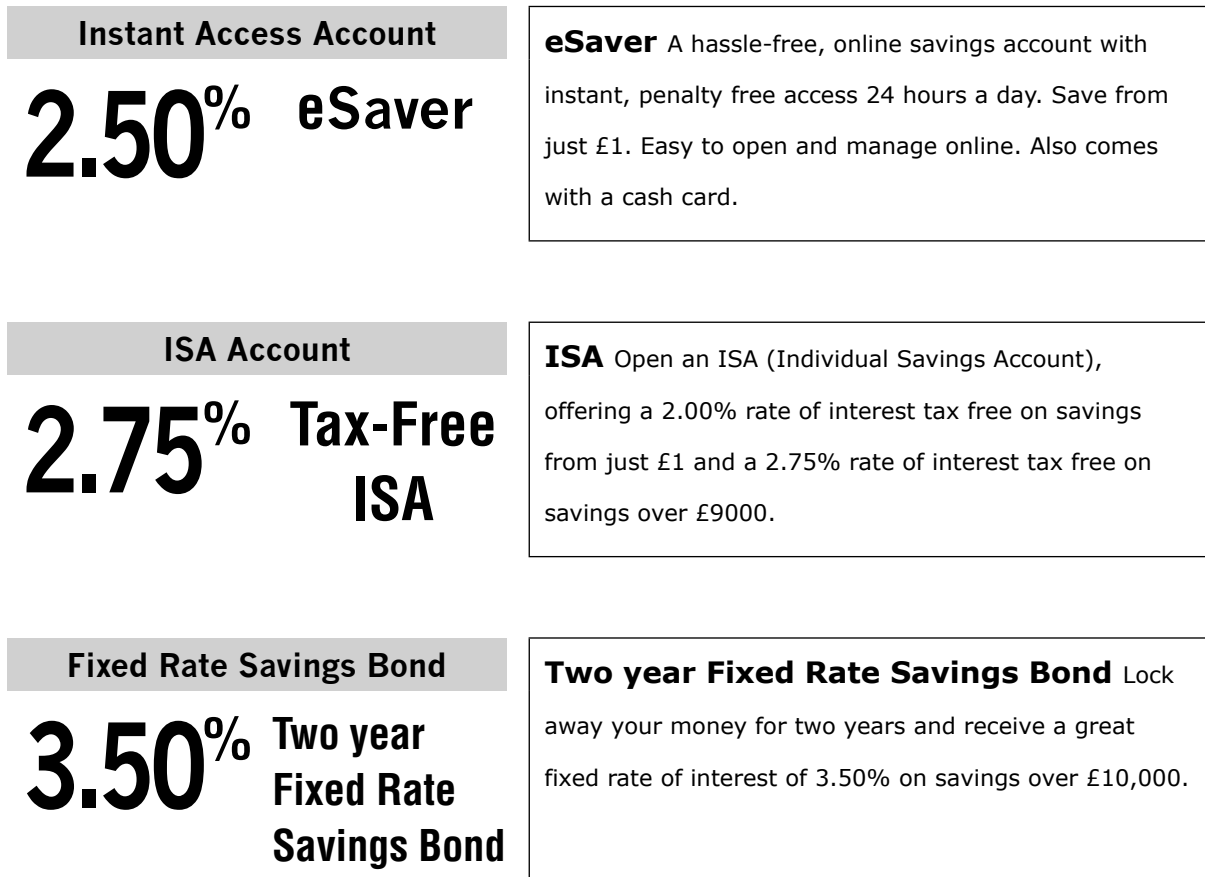


Fig. 2

(a) What is the minimum amount of money required to save in the:

- eSaver; £.....
- Two year Fixed Rate Savings Bond? £..... [2]

(b) Using the information in Fig. 2, explain **two** factors which can affect the rate of interest paid on savings accounts.

Factor 1

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.....

.....

Factor 2

.....

.....

..... [4]

- 3 In the March 2010 Budget, the UK government forecast the budget deficit for the next five years. These forecasts are shown in Fig. 3.

Year	Budget deficit
2009/10	£167 billion
2010/11	£163 billion
2011/12	£131 billion
2012/13	£110 billion
2013/14	£ 89 billion

Fig. 3

- (a) (i) Tick the correct definition of a budget deficit.

	Tick (✓)
Tax revenue is greater than government spending	
Tax revenue is equal to government spending	
Tax revenue is less than government spending	

[1]

- (ii) Using Fig. 3, state which year shows the largest budget deficit.

Year

[1]

- (b) Identify **two** main areas of UK government spending, and for each area give a reason for the government spending.

Area 1

Reason

.....

.....

Area 2

Reason

.....

..... [4]



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