

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										



General Certificate of Secondary Education
June 2011

Economics

413012

Unit 12 Investigating Economic Issues

Monday 6 June 2011 9.00 am to 10.15 am

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 spaces provided. Do not write outside the box around each page or on blank pages.
- 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. Quality of Written Communication will be assessed in Questions 1(c), 2(c) and 3(c).

Advice

- You are reminded that Questions 2 and 3 are based on the economic issues you will have investigated before this examination.

For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



J U N 1 1 4 1 3 0 1 2 0 1

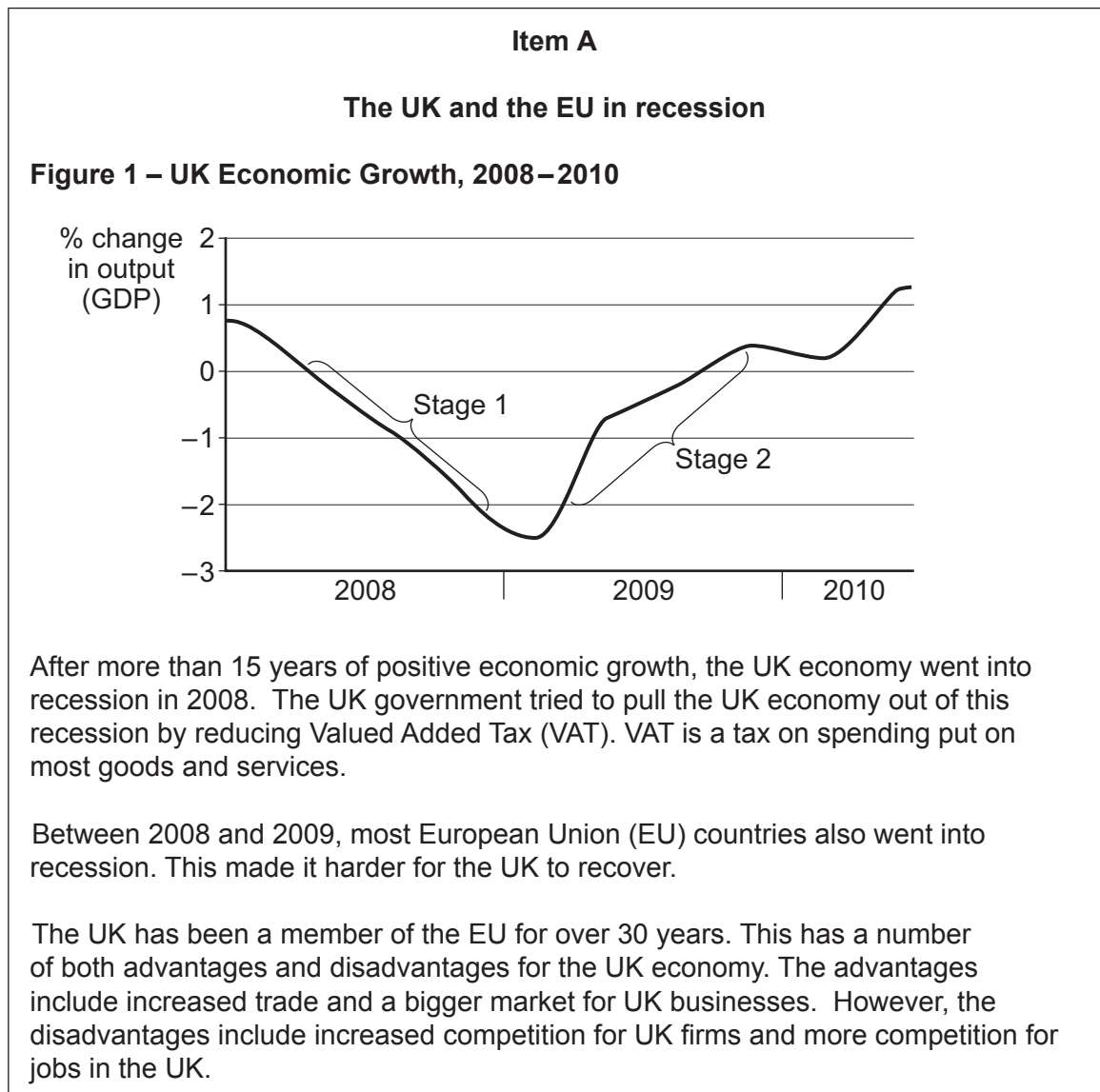
413012

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

Total for this question: 24 marks

Managing the Economy

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



- 1 (a) (i) Identify the **two** stages of the economic cycle shown in **Figure 1**.

Stage 1

Stage 2

(2 marks)



- 1 (a) (ii)** Briefly describe what happens to output in **each** of the two stages you identified in **1 (a) (i)**.

Stage 1

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Stage 2

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(2 marks)

- 1 (a) (iii)** Explain how moving into recession might affect jobs **and** prices in the UK.

Jobs

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Extra space

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Prices

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Extra space

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(4 marks)

Turn over ►



- 1 (b)** In December 2008, the UK government reduced VAT from 17.5% to 15%.

Explain how this could help to bring the UK economy out of recession.

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(4 marks)

Extra space

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- 1 (c)** Many people feel that the UK economy has benefited from being a member of the European Union (EU).

Do you agree that being a member of the EU is good for the UK economy? Give reasons for your answer.

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Extra space

Total for this question: 22 marks

The UK Economy: Poverty

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

Item B**Living standards and poverty in the UK****Poorer people more likely to suffer health problems**

A recent report by the UK's National Health Service (NHS) found that people who are better off can live up to 10 years longer than poorer people.

People who live in poverty tend to suffer from poorer health than those who are better off. This can be caused by a number of factors which can lead to significant health problems, including illnesses such as heart disease.

Poorer people more likely to be victims of crime

A recent study has found that poorer people are up to six times more likely to be victims of violent crime. It is claimed that people who live in poverty have a greater chance of being victims of crime.

Poverty continues to be a problem for the UK even though the government tries to tackle it. Anti-poverty groups have argued for an increase in the National Minimum Wage and increased benefit payments to those on low incomes as ways of reducing poverty.

You should refer to **Item B** and what you have learnt from your investigation of this topic when answering the following questions.

- 2 (a) State **two** possible ways the standard of living in the UK could be measured.

1

2
(2 marks)

- 2 (b) (i) Explain why poverty can lead to health problems.

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(3 marks)

Extra space

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[illegible]

Extra space

- Increasing benefit payments to those who are unemployed or on low incomes
- Raising the National Minimum Wage from around £6 per hour to £8 per hour.

[illegible]

(14 marks)

This image shows a single sheet of white paper with ten horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and extend across the width of the page. There is no handwriting or other markings on the paper.



Total for this question: 24 marks**The Global Economy: Developing Economies (India & China)**

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

Item C**Rapid economic growth in India and China**

Source: A factory in China on the banks of a river, *Getty Images*

The economies of India and China have grown rapidly by an average of more than 5% per year over the last 10 years. This growth is much greater than the growth in most developed countries such as the UK.

This rapid growth has led to problems for India and China, such as more pollution of cities and an increasing gap between the rich and poor. The rapid growth of India and China has also led to a number of disadvantages for developed countries such as greater overseas competition. There have also been benefits to developed countries as there is a cheaper and greater range of imports.

Some economists have concerns about whether this rapid economic growth in India and China can continue without harmful effects, which could be felt throughout the world.

You should refer to **Item C** and what you have learnt from your investigation of this topic when answering the following questions.

Turn over ►

- 3 (a)** State and explain **two** economic differences between developed countries such as the UK and developing countries such as India **and/or** China.

Difference 1

Explanation

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Extra space

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Difference 2

Explanation

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Extra space

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(4 marks)

- 3 (b)** Explain **two** possible effects on **developed** countries such as the UK of the rapid economic growth of developing countries such as India **and/or** China.

Effect 1

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Extra space

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Effect 2

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Extra space

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(6 marks)

- 3 (c)** Rapid economic growth in China and India has had many effects on those two countries, and the rest of the world.

Which effect do you think is the most damaging in the long term? Use **Item C** and what you have learnt from your investigation of this topic to give reasons for your answer.

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Turn over ►



(14 marks)

24

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