



Oxford Cambridge and RSA

Monday 5 June 2017 – 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 page(s) at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the barcodes.

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**.
- The quality of your written communication will be taken into account in the marking of your answers to the questions labelled with an asterisk (*).
- This document consists of **12** pages. Any blank pages are indicated.



A calculator may
be used for this
paper

Answer **all** questions.

1 Fig. 1 is a news report about the closure of a steelworks.

Steel jobs lost in Redcar

The steelworks in Redcar, a town in the north-east of England, has closed with the loss of 2200 jobs. As the steelworks was the main employer in the town, the closure is expected to have major adverse affects on the local community.

The Redcar steel works had falling sales and was making a huge loss, so the owners said they could no longer keep it open. Reasons for this included the high operation costs at Redcar, cheap Chinese steel on world markets, over-supply of steel on world markets and a strong pound.

Fig. 1

(a) State two reasons, other than the 'strong pound', given in Fig. 1, for the closing of the steelworks.

Reason 1

Reason 2

[2]

(b) Explain why a 'strong pound' might reduce the sales of steel produced in the UK.

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.....

[4]

(c) Explain the likely economic effects of the steelworks' closing on the Redcar community.

- [6]

(d)* Explain how interest rate policy may be used to reduce unemployment in the UK. Discuss how effective you think this policy might be in reducing unemployment.

. [8]

[Total: 20]

2 Fig. 2 shows some tax changes in the UK between 2009 and 2015.

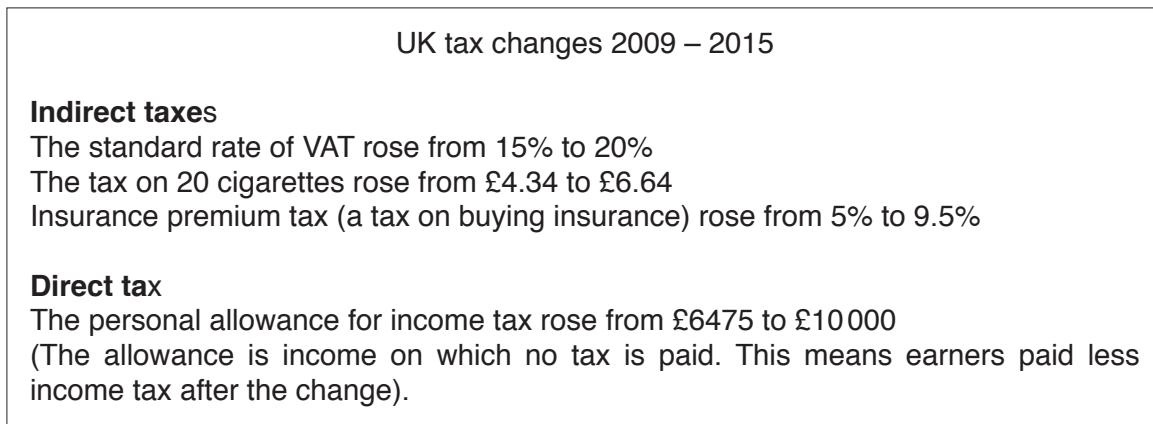


Fig. 2

(a) Using the information in Fig. 2, calculate the rise in the tax on cigarettes between 2009 and 2015. Show your working.

.....

[2]

(b) UK tax revenues pay for government spending. State **four** main items of spending by the UK government.

1.
 2.
 3.
 4.

[4]

(c) Consider the changes to indirect taxes shown in Fig. 2. Explain how these changes to indirect taxes would affect the distribution of income between high and low income groups.

- [6]

(d)* To what extent will the UK economy benefit from reductions in income tax? Give reasons for your answer.

. [8]

[Total: 20]

3 Fig. 3 shows the annual UK economic growth rate by quarters for the period January 2013 to December 2015.

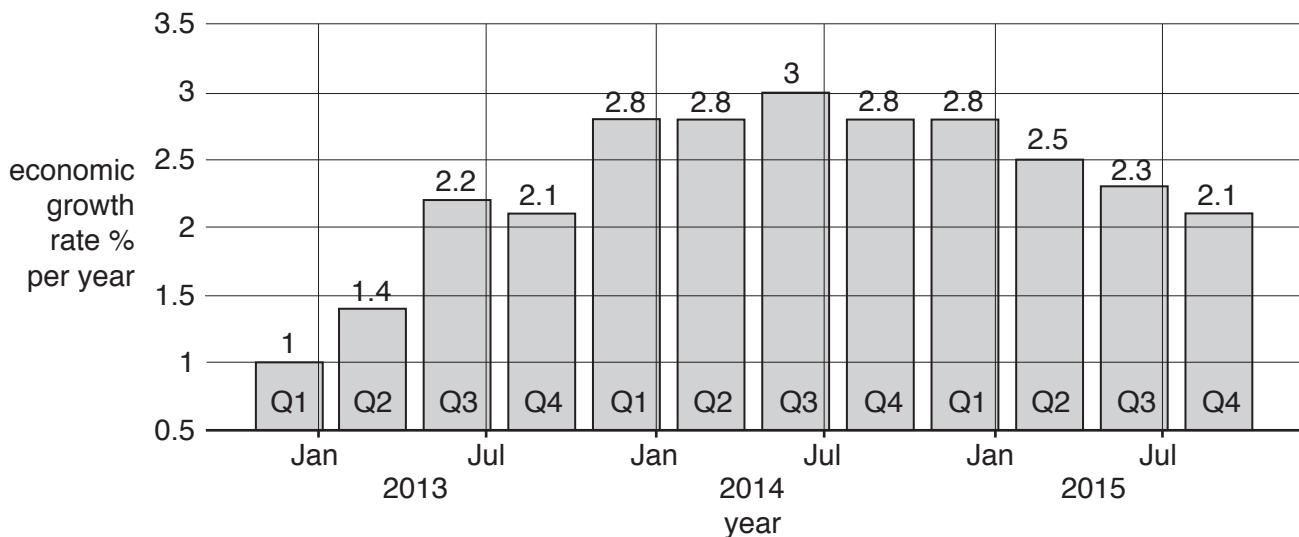


Fig. 3

(a) Which quarters in Fig. 3 had the highest and lowest rates of growth?

Highest rate of growth: Year Quarter

Lowest rate of growth: Year Quarter [2]

(b) (i) What is the full name of GDP?

G D P [1]

(ii) Explain the difference between GDP and GDP per capita.

.....

 [3]

(c) Explain how the growth rates shown in Fig. 3 are likely to affect employment in the UK.

- [6]

10

(d)* Discuss how effective supply-side policies may be in achieving economic growth.

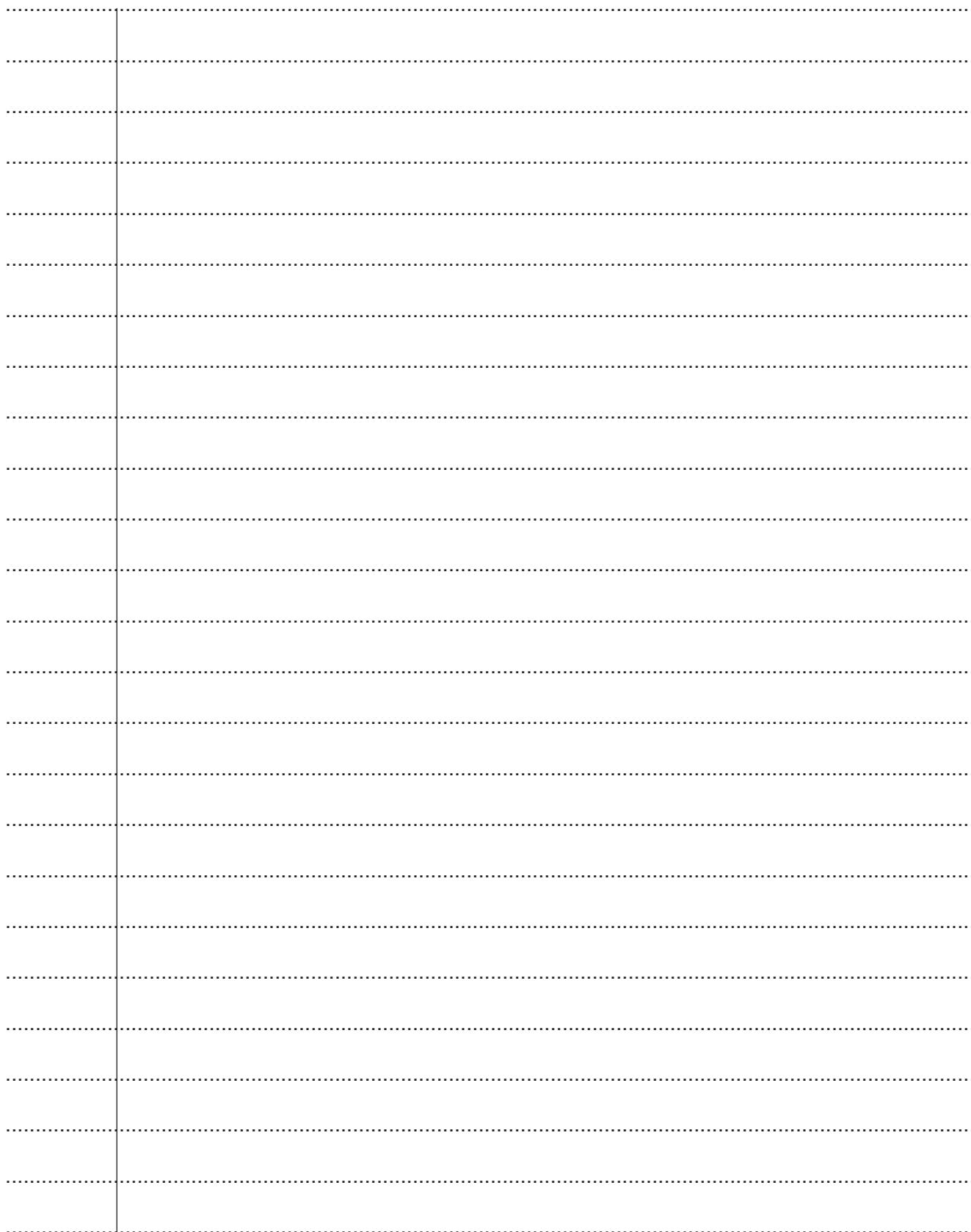
. [8]

[Total: 20]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

If additional space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margin(s).



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