

OCR

Oxford Cambridge and RSA

Monday 1 June 2015 – 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 | |
|-----------------------|--|----------------------|--|

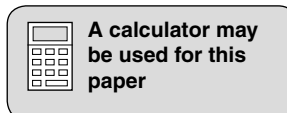
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|---------------|--|--|--|--|--|------------------|--|--|--|--|
| Centre number | | | | | | Candidate number | | | | |
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INSTRUCTIONS TO CANDIDATES

- 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 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**.
- 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.



5
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Question 2 begins on page 6
PLEASE DO NOT WRITE ON THIS PAGE

- 2 Fig. 2 shows how disposable income is distributed between households in the UK. Disposable income is income available for spending after direct taxes have been deducted and government benefits added.

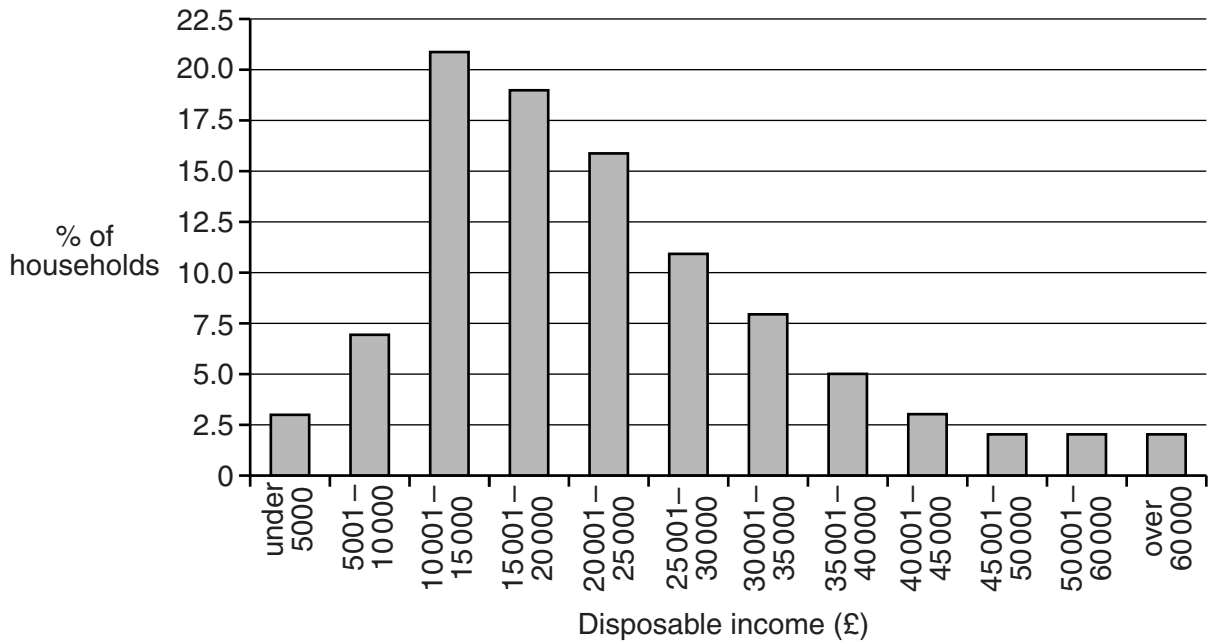


Fig. 2 – Distribution of disposable income between UK Households

- (a) In the table below, place a tick (✓) against the **two** government benefits which households may receive.

| | Tick (✓) |
|------------------------|----------|
| Job seeker's allowance | |
| Interest on savings | |
| National insurance | |
| State pension | |

[2]

3 Fig. 3 shows the annual UK rate of inflation (CPI) between 2003 and 2012.

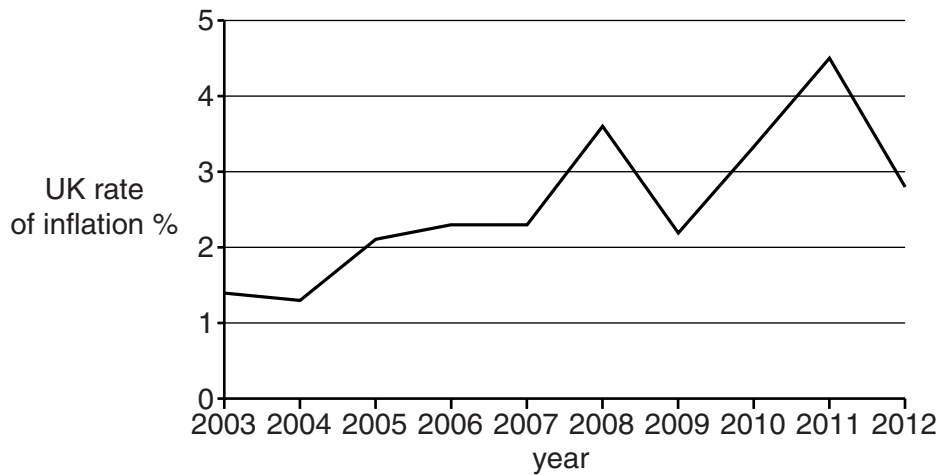


Fig. 3

(a) Explain what is meant by inflation.

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..... [2]

(b) The rate of inflation is measured by the CPI.

(i) What is the full name of the CPI?

C P I [1]

(ii) According to Fig. 3, in which year was the rate of inflation at its highest?

Year [1]

(iii) The Bank of England has a 2% per year inflation target. How successful was it in achieving this target during the period shown in Fig. 3? Explain your answer.

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..... [2]

(c) Explain why inflation could lead to:

- menu costs

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- hyperinflation.

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[6]

ADDITIONAL ANSWER SPACE

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

A large rectangular area with a vertical line on the left side and horizontal dotted lines across the page, providing space for writing answers.



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