



General Certificate of Secondary Education  
2019

Centre Number

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Candidate Number

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# Economics

Paper 2



\*G9282\*

[G9282]

MONDAY 3 JUNE, AFTERNOON

## TIME

1 hour 15 minutes.

## INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number in the spaces provided at the top of this page.

You should answer **both** questions in the spaces provided. **If you do not have enough space to complete your answer, extra lined pages are provided at the back of the booklet.**

## INFORMATION FOR CANDIDATES

The total mark for this paper is 60.

Any working should be clearly shown since marks may be awarded for partially correct solutions.

Your quality of written communication will be taken into account in assessing your answers to **1(e), 1(f), 1(g), 2(d), 2(e) and 2(f).**

## ADVICE FOR CANDIDATES

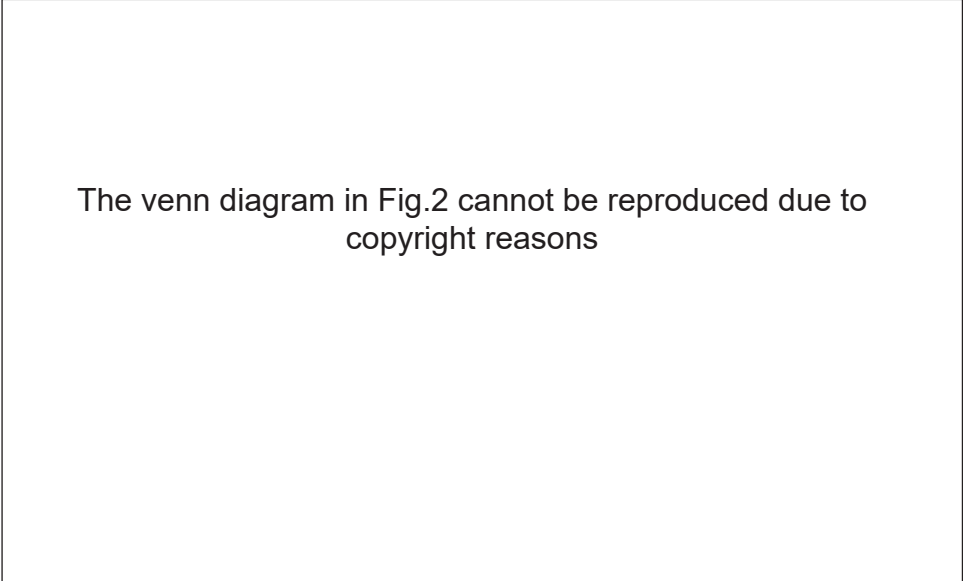
You should take into account the maximum marks available when deciding how much time to spend on each question or part question.

For Examiner's use only	
Question Number	Marks
1	
2	
<b>Total Marks</b>	

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**Figure 2** below shows the market share for the individual firms in the UK cinema market. Odeon, Cineworld and Vue are known in the market as “the Big 3”.



**Fig. 2:**  
**Leading cinema chains in the UK 2016 by market share based on revenue**

In the UK, the cinema market is described as an oligopoly. Over the past 10 years, the Big 3 have also maintained their market position through horizontal and vertical integration. They dominate the market through extensive barriers to entry and the single most important of these is economies of scale. Smaller independent cinemas find it difficult to compete with these large cinema chains. Large chains are more able to buy the rights to new films, and to invest in new equipment and technology. They can afford to employ specialist staff at Head Office and take financial risks. They can cut costs by employing many workers on zero hours contracts, hence staff only work when they are needed. This sort of work appeals mostly to younger staff who want casual work and will accept low pay. Few of these workers belong to a trade union. This suits the large firms as 20% of their costs go on staff.

**UK film industry helps to keep the economy growing**

The UK’s cinema industry is enjoying a period of exceptional success. In July 2017, the Office for National Statistics (ONS) reported that film making in the UK and income from box office hit movies had made a significant contribution to the modest 0.5% increase in GDP reported from the service sector. Official data also show that since 2014, the economic value of the UK’s film, TV and music industries had grown by 72.4%.

Employment in the creative industries, which include film, music, art and drama, grew at 5% per year compared to 1.2% growth in the wider job market.

Examiner Only	
Marks	Remark













**The UK faces trade challenges**

Consumers and businesses enjoy the goods and services that they buy from other countries. Many jobs in the UK depend on the success of the UK as an exporter. A government spokesperson stressed that in order for the UK to be internationally competitive, it must maintain a strong, stable and innovative economy that supports research and investment in people and new technology.

**Weak pound brings tourists to the UK in record numbers**

In April 2016, the pound (£) was worth 1.45 US dollars (\$) but within a few months, the exchange value of the pound (£) on the foreign exchange market had fallen to as low as \$1.25.

In the summer of 2016, overseas visitors came on holiday to the UK in record numbers and enjoyed much greater spending power as they took advantage of the low pound. This surge in tourism was very welcome to the economy. The fall in the value of the pound made tourist and business trips to the UK more attractive. Visitors to the UK spent over £24 billion in 2017, an increase of 8% on the previous year.

“Staycations”, where UK residents take holidays at home rather than going abroad, also increased after the fall in the pound. Spending on foreign holidays fell by 2% to £4.5 billion.

The combination of people staying at home for holidays and the influx of foreign tourists helped to bolster the economy.

**(a)** Using **Figure 3** describe how the deficit in the Current Account of the UK’s Balance of Payments changed between 2010 and 2017.

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[3]

Examiner Only	
Marks	Remark

















## Sources

**Fig.1 text**.....Adapted from "Revenues and Profits in the UK Cinema Industry", 22 March 2021, © Tutor2u

Adapted from Cinema Case by Saddique Ansari, 20 January 2020 © Economics Online

Adapted from UK film industry on a roll as it helps keep economy growing by Mark Sweney, 26 July 2017 © Guardian News & Media Limited"

**Q2. text**.....Adapted from "Weak pound brings tourists to the UK in record numbers" by Phillip Inman, 22 September 2017 © Guardian News

**Q2. table**.....© ONS, "UK trade: Mar 2017". Under Open Government Licence v3.0

**Fig.3**..... ONS, "BoP Current Account Balance SA £m". Under Open Government Licence v3.0

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