



General Certificate of Secondary Education
2024

Centre Number

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Candidate Number

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Economics

Paper 2



[G9282]

G9282

WEDNESDAY 29 MAY, MORNING

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 must answer **both** questions in the spaces provided.

Do not write outside the boxed area on each page, or on blank pages.

Complete in black ink only. **Do not write with a gel pen.**

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 questions **1(f)** and **2(f)**.

ADVICE TO CANDIDATES

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

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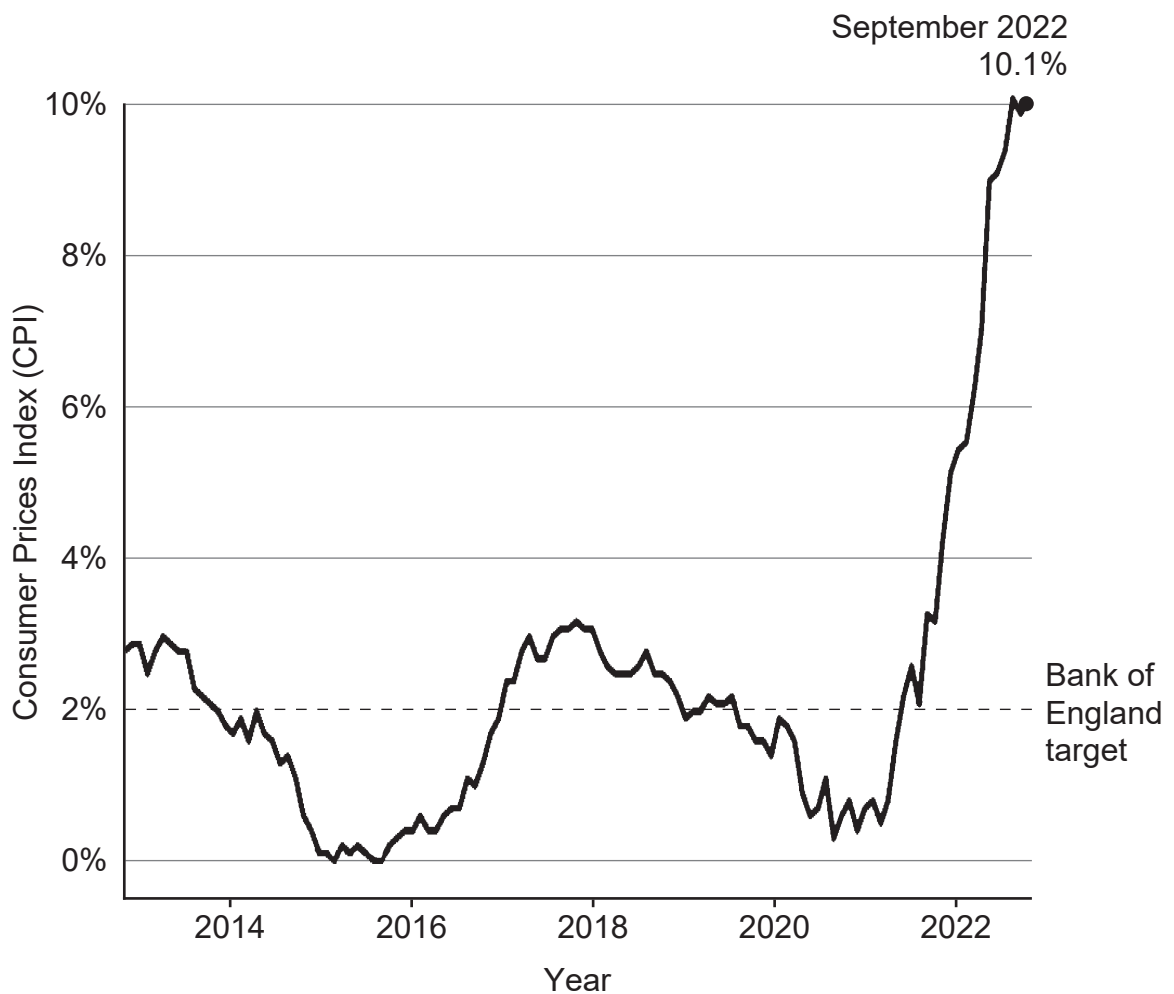
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Answer **both** questions

1 Study the information below and answer the questions that follow.

The cost of living crisis

The cost of living is increasing at its fastest rate in 40 years, largely because of rising food and energy prices. The war in Ukraine has led to food prices going up, by reducing the amount of grain available. In response, the Bank of England has increased interest rates by 0.75 percentage points to 3%, the biggest hike in more than three decades.



Source: © Office of Nation Statistics used under the Open Government Licence v3

Figure 1: Consumer Prices Index



- (c) In 2022 the price of wheat increased, forcing one manufacturer of cereal to increase the price of one of its cereal ranges from £2 to £4 per box. This situation and the response by consumers is summarised in **Table 1** below:

Table 1: Price and quantity of cereal demanded

	Price of box of cereal (£)	Quantity demanded per month
September 2021	2	2000
September 2022	4	1950

Use the formula provided to calculate the price elasticity of demand (PED) for the box of cereal. Show your calculations.

$$\text{Formula: PED} = \frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}$$

Calculations

% change in quantity demanded =

% change in price =

PED =

[3]

[Turn over



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(d) Explain the importance of PED for producers.

[3]

(e) Explain **two** roles that a trade union performs on behalf of its members.

[4]

[Turn over



2 Study the information below and answer the questions that follow.

BP has soaring oil prices

Oil and gas prices increased because oil and gas were in greater demand as life got back to normal after Covid. Also, the war in Ukraine has reduced the supply of oil on world markets.

Table 2: Demand and supply schedule for BP oil per barrel

Price (\$)	Quantity demanded units	Quantity supplied units
20	200	140
40	180	160
60	160	180
80	140	200
100	120	220

BP has soaring profit

BP, one of the world's largest energy suppliers, has made headline news by making excessive profit in 2022. Its total revenue was £57 billion, whilst its total costs were £37 billion. It is argued that companies like BP are making huge profits and channelling these straight back to already-wealthy shareholders.

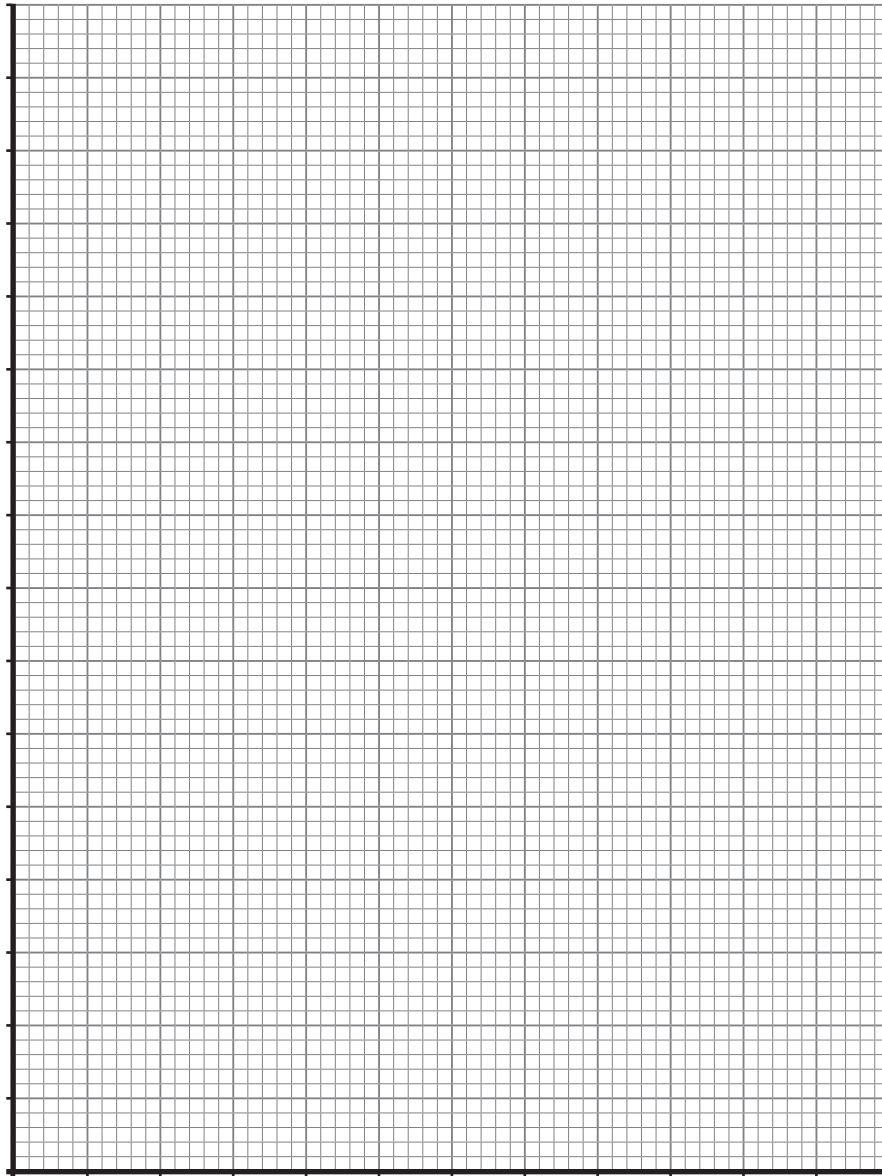
BP pays £2.17 bn in tax revenue annually from its North Sea operations. There have been calls for the government to levy a so-called "windfall tax" (a tax paid on the excessive profits made by large companies like BP) to help those struggling to make ends meet. Environmentalists have also argued for a windfall tax to encourage more investment in renewable energy.

On the other hand, a spokesperson said the government has to ensure that energy companies keep enough profit to reinvest to support the economy, jobs and energy security, making us less reliant on oil imports. However, environmentalists in the Green Party are calling for BP and the other big energy suppliers to be nationalised. This could cut average household costs by more than £2,000 a year.

Source: Adapted from <https://www.bbc.co.uk/news/business-63468313>



(a) Using the information in **Table 2**, draw and label a supply and demand diagram for BP oil per barrel on the graph paper below. Label the diagram carefully, including the market clearing (equilibrium) price and quantity. [5]



(b) The quantity supplied decreases by 10 units at every price. On your diagram, show how this will affect the market clearing (equilibrium) price and quantity. [3]

[Turn over



THIS IS THE END OF THE QUESTION PAPER

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Question Number	Marks
1	
2	
Total Marks	

Examiner Number

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