TONBRIDGE SCHOOL

Specimen paper for entry into Year 12

Economics

Time allowed: 45 minutes

Total marks : 35

Answer ALL questions on the lined paper provided or, where required, on the question paper or insert

INFORMATION

- Use blue or black ink or ball-point pen. Pencil should only be used for drawing.
- You may use a calculator.
- You will be assessed on your ability to use an appropriate form and style of writing, to organise relevant information clearly and coherently, and to use specialist vocabulary, where appropriate. The degree of legibility of your handwriting and the level of accuracy of your spelling, punctuation and grammar will also be taken into account.

This question paper consists of 3 pages including 1 Insert

Please write your name here : …….

The following questions (1-6) are based on the data for the UK economy below:

Economists calculate the value of goods and services that an economy has produced in a year – referred to as the Gross Domestic Product (GDP). To make annual comparisons more easily economists use index numbers. An index number always has a base year (where the index number = 100) and all figures are measured **relative** to it. Economists try to observe trends (an overall pattern of movement) in economic data over time and fluctuations/deviations about this trend.

TABLE 1 House prices and GDP of the UK economy 2003-2011

Year	Average house price (£)	Index of house prices (2003 =100)	Real GDP (£ billion)	Index of GDP (2003=100)
2003	162,092	100.0	1,155.3	100.0
2004	183,187		1,217.8	
2005	195,061		1,273.5	
2006	199,930		1,330.7	
2007	209,438		1,407.9	
2008	205,772		1,450.1	
2009	171,915		1,337.5	
2010	179,883		1,350.8	
2011	170,313			

1. Construct index numbers for GDP between 2003 and 2010 and for average house prices between 2003 and 2011, using 2003 as the base year. Enter them in the Table above. **[5 marks]**

2. Calculate the % change in house prices from 2005-2010. **[2 marks]**

3. On the answer sheet provided (numbered page 3), plot the House Price Index and GDP Index to create a line graph. **[5 marks]**

4. How would you describe the relationship between house prices and GDP from 2003-2010? **[6 marks]**

5. How do you think an economist might explain the relationship between house prices and GDP? **[7 marks]**

6. What do you think will happen to UK GDP and house prices over the next 3 years? Explain why (only brief explanations are required). **[10 marks]**

END OF QUESTIONS

Please enter your name here: _____

UK GDP and House Price Indices, 2003-2011

