



**GCSE**

**ECONOMICS**

**Paper 1 How Markets Work**

**8136/1**

**Insert**

**For use in answering Question 21 and Section B.**

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### **FIGURE 3 – HILL GREEN FARMERS' MARKET**

**Hill Green Farmers' Market is a local village market. Many farmers come to the market to sell a wide range of fruit, vegetables, meat and other food that they have produced locally.**

**The Farmers' Market is well known in the region for selling high-quality, fresh food at competitive prices. It is easy for farmers to open a market stall and the set-up costs are low. In recent years, local farmers have struggled to recruit cheap labour for fruit picking and so costs of production for these farmers have begun to rise. Some customers have also complained that some market stalls have begun to look untidy.**

**TABLE 3** shows a comparison of prices of some food products between Hill Green Farmers' Market and the nearest supermarket, which is located 10 miles away.

**TABLE 3 – Prices of selected products**

	<b>HILL GREEN FARMERS' MARKET</b>	<b>SUPERMARKET</b>
<b>500 g minced beef</b>	<b>£5.00</b>	<b>£5.00</b>
<b>12 eggs</b>	<b>£4.00</b>	<b>£4.50</b>
<b>1 litre of milk</b>	<b>£2.00</b>	<b>£1.75</b>
<b>1 kg carrots</b>	<b>£0.50</b>	<b>£1.20</b>

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**ITEM A – HIGH SPEED 2 (HS2)**

**High Speed 2 (HS2) is a high-speed railway line which is currently being built between the cities of London, Birmingham and Manchester in the UK. Phases 1 and 2a are currently set to be completed by 2033, with an additional line from Birmingham to the East Midlands (Phase 2b) set to be completed by 2045. The proposed route is shown in FIGURE 4, on the opposite page.**

**FIGURE 4 – HS2 ROUTE****KEY**

- Phase 1
- - - - Phase 2a
- ..... Phase 2b
- - - - Phase 2b  
(cancelled)

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## BENEFITS AND COSTS OF HS2

The UK government say that HS2 will create many benefits for the UK. These include faster transport links and increased employment along the route during and after construction. Critics of HS2 say that it is too expensive and that the costs of construction will be greater than the benefits. The estimated costs of building the 530 km route of HS2 are shown in FIGURE 5, below. However, these costs are unlikely to reflect the full social costs of the project.

**FIGURE 5 – ESTIMATED BUILDING COSTS OF HS2**

<b>COST</b>	<b>£ bn</b>
<b>Railway lines</b>	<b>18.9</b>
<b>New stations</b>	<b>35.2</b>
<b>Bridges and tunnels</b>	<b>28.3</b>
<b>Buying up properties on the route</b>	<b>11.4</b>
<b>Trains</b>	<b>25.1</b>

## **CANCELLATION OF PART OF PHASE 2B**

**In 2021, it was announced that part of the planned route of HS2 was to be cancelled. This includes the rail route from East Midlands Parkway to Leeds, as shown in FIGURE 4, on page 5. Concerns have been raised in the North of the UK that this could lead to negative impacts on labour markets and inequality.**

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## ITEM B – Regional economic differences in the UK

Regions of the UK have differences in levels of economic activity, shown by the data in FIGURE 6. The UK government hope that projects such as HS2 will help to reduce these differences.

**FIGURE 6 – Selected regional economic data, 2021**

<b>Region</b>	<b>Median income (£)</b>	<b>Average house price (£)</b>	<b>Unemployment rate (%)</b>
<b>North West</b>	<b>30 056</b>	<b>200 172</b>	<b>5.2</b>
<b>North East</b>	<b>28 444</b>	<b>147 214</b>	<b>5.6</b>
<b>East Midlands</b>	<b>29 796</b>	<b>235 004</b>	<b>4.1</b>
<b>London</b>	<b>37 856</b>	<b>521 146</b>	<b>3.0</b>

**END OF SOURCE MATERIALS**



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