

Celebrate Number

General Certificate of Secondary Education 2010

Economics

Paper 2 Foundation Tier

[G2702]

TUESDAY 15 JUNE, MORNING



TIME

2 hours.

INSTRUCTIONS TO CANDIDATES

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

Write your answers in the spaces provided in this question paper. Answer all six questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 120.

Quality of written communication will be assessed in questions 1(b), 2(d), 3(b), 4(e), 5(c), 5(d) and 6(d).

Electronic calculators may be used in this examination but all working of answers involving calculations must be shown.

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

ADVICE TO CANDIDATES

You are recommended to study the mark allocation for each question and part question and to allocate your time accordingly.

For Examiner's use only		
Question Number	Marks	
1		
2		
3		
4		
5		
6		

Total	
Marks	

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Section A

Answer all four questions in this section.

IKC	Tesco and Sainsbury's. Source: Reuters UK, 1 August 2008
a)	Explain what is meant by competition.
	[2]
b)	Explain three ways in which Asda could compete with discount chains and supermarkets.
	1
	2
	3
	3

	lit crunch and the recession.	
(a)	Explain the type of unemployment that has affected Steve.	
		[2]
(b)	Explain one other type of unemployment.	
		503
		[2]
(c)	Explain one cost of unemployment to	
	(i) Steve	
		[2]
	(ii) the economy	
		[2]
		[2]
		[2]
		[2]
		[2]

1.	
2	
2	
2	
2	
2	
[6]	

a) Define each of the following: (i) Private Costs [2] (ii) External Costs [2] (iii) Social Costs [2]		d because of the increased external costs that this will impose.	
(ii) External Costs [2] (iii) Social Costs [2]	a) Dei	fine each of the following:	
(ii) External Costs [2] (iii) Social Costs	(i)	Private Costs	
(ii) External Costs [2] (iii) Social Costs			
(ii) External Costs [2] (iii) Social Costs			
(ii) External Costs [2] (iii) Social Costs		[2]	
(iii) Social Costs	(;;)		
(iii) Social Costs	(11)	External Costs	
(iii) Social Costs			
(iii) Social Costs			
		[2]	
[2]	(iii)	Social Costs	
		[2]	

Discuss the costs and benefits of increasing the number of flights at George Best Belfast City Airport.		Examiner On Marks Rem
Costs		
	F 63	
Benefits	[6]	
	[6]	
	. ,	

Wh	at is meant by:	
(a)	Goods	
	[2]	
(b)	Services	
	[2]	
(c)	the trade deficit	
	[4]	

UK pound (£)/US dollar (\$) Exchange Rate

of pound (2), of donar (4) Entenange rune			
Month	£/\$ Exchange Rate		
March 2008	£1 = \$2.03		
October 2008	£1 = \$1.54		

Examiner Only		
Marks	Remark	

Describe what has happened to the exchange rate of the pound against			
the dollar between March 2008 and October 2008.			
	[3]		
Explain how this change is likely to affect the UK trade deficit.			
	[6]		
	the dollar between March 2008 and October 2008.		

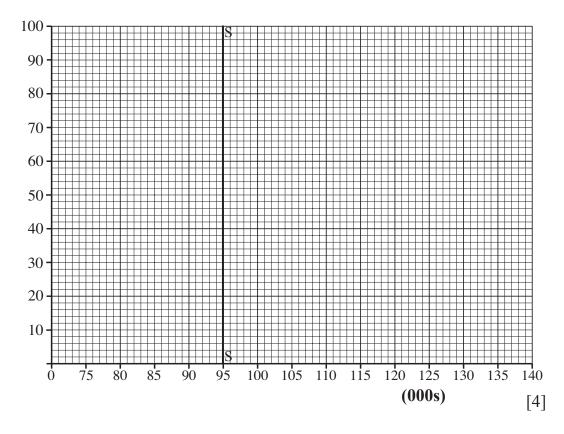
Answer both questions in this section.

5 South Africa will be the venue for the 2010 football World Cup. This is the first time that an African country has hosted this important sporting event. It is expected to result in benefits and costs to the host country. Some critics claim that South Africa cannot afford the cost of such an event.

The football stadium has 95 000 seats. The information below shows the demand for tickets at a range of prices for one of the matches.

Price per ticket (£s)	Demand for tickets (000s)
40	135
50	125
60	115
70	105
80	95
90	85
100	75

(a) Plot the demand for tickets on the graph paper below. Label the axes and indicate the price that should be charged for tickets.



	e organisers plan to use extra temporary seats and sell 105 000 kets for this match.	Examiner Only Marks Remark
(i)	On your diagram, show how this will affect the market clearing (equilibrium) price and quantity. [4]	
(ii)	The organisers now decide to set the ticket price at £80. What is the new level of total revenue? Show your calculation.	
	plain the possible fixed and variable costs that the organisers will we to pay before they make a profit.	
	[6]	

Discuss how hosting a major event, like football's World Cup, could have positive and negative effects on the economic development of the host country.	Examine Marks	Re
[12]		

6 Study the information below and answer the questions that follow:

	UK	France
National Income per Person (2006)	\$32213	\$29877
Life Expectancy (2006)	79 Years	80.3 Years
Average number of paid holidays per worker (2006)	20 days	30 days
Unemployment (2006)	4.4%	11.8%

	Fig. 1
(a) (i)	Using Fig. 1 , briefly describe three differences in the standard of living between the UK and France.
	1
	2
	3
	[6]
(ii)	Suggest two additional pieces of information that could be used to compare the standard of living between the two countries.
	1
	2
	[4]

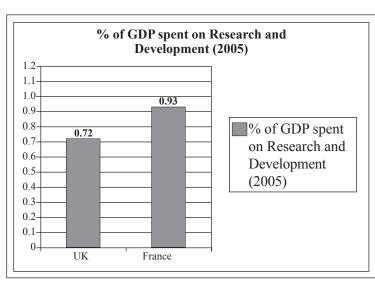
Examiner Only

Workers in the UK work on average 43.6 hours per week, the longest of any European Union (EU) country. Despite this, productivity per worker in the UK is lower than other EU countries. In France the working week is 35 hours for many workers, yet their productivity per worker is 10% higher than in the UK.

Examin	er Only
Marks	Remark

Fig. 2

(b) Fig. 2 indicates that the UK has the longest working hours in the EU. Explain the possible opportunity cost of this.



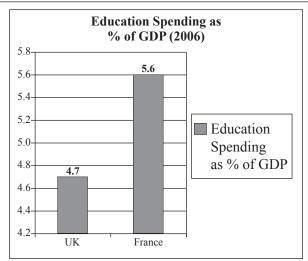


Fig. 3

(c) Using Fig. 3, explain two possible reasons why workers in France are on average more productive than UK workers.

1. _____

[4]

Examiner Only		
Marks	Remark	
Marks	Remark	

Discuss two possible policies that the Government could use to improve the standard of living in the UK economy.		Examiner O
1		
2		
2		
	[12]	
THIS IS THE END OF THE QUESTION PAPER		