

**GENERAL CERTIFICATE OF SECONDARY EDUCATION**

**ECONOMICS**

Paper 2 (Foundation Tier)

**1985/02**

Candidates answer on the Question Paper

**OCR Supplied Materials:**

- Clean copy of case study (1985/02 & 04(CS))

**Other Materials Required:**

- Calculators may be used

**Tuesday 15 June 2010  
Morning**

**Duration: 1 hour 30 minutes**



Candidate Forename		Candidate Surname	
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Centre Number						Candidate Number				
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**INSTRUCTIONS TO CANDIDATES**

- Refer to the Case Study given in a separate booklet.
- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- Show your workings for **all** calculations.
- Write your answers to each question in the space provided. If additional space is required, you should use the lined pages at the end of this booklet. The question number(s) must be clearly shown.
- Do **not** write in the bar codes.

**INFORMATION FOR CANDIDATES**

- The number of marks is given in brackets [ ] at the end of each question or part question.
- The total number of marks for this paper is **80**.
- The quality of your written communication will be taken into account when marking your answers to questions labelled with an asterisk (\*).
- This document consists of **12** pages. Any blank pages are indicated.



**A calculator may  
be used for this  
paper**

### Question 1

Use Figs. 1 and 2 to answer the following questions.

- 1 (a) Calculate the percentage UK market share held by the five largest mobile phone manufacturers. Show your working.

..... [2]

- (b)** Nokia reduced its prices by 10% to compete with other firms. Is cutting price the best method for firms to compete with each other? Give reasons for your answer.

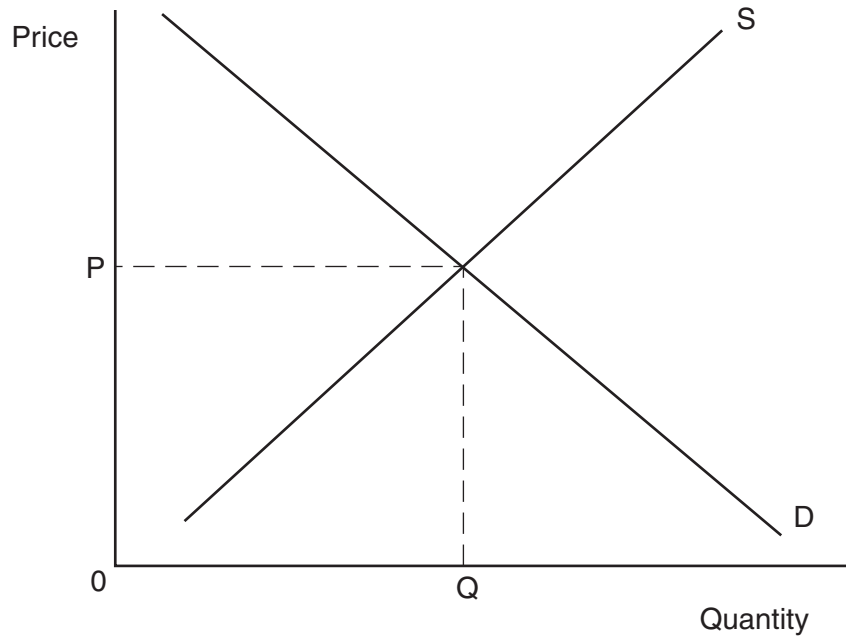
[6]

**TOTAL MARK 8**

## Question 2

Use Fig. 3 to answer the following question.

- 2** Using the demand and supply diagram below, explain how a successful advertising campaign for iPhones will affect the price and quantity sold of iPhones.



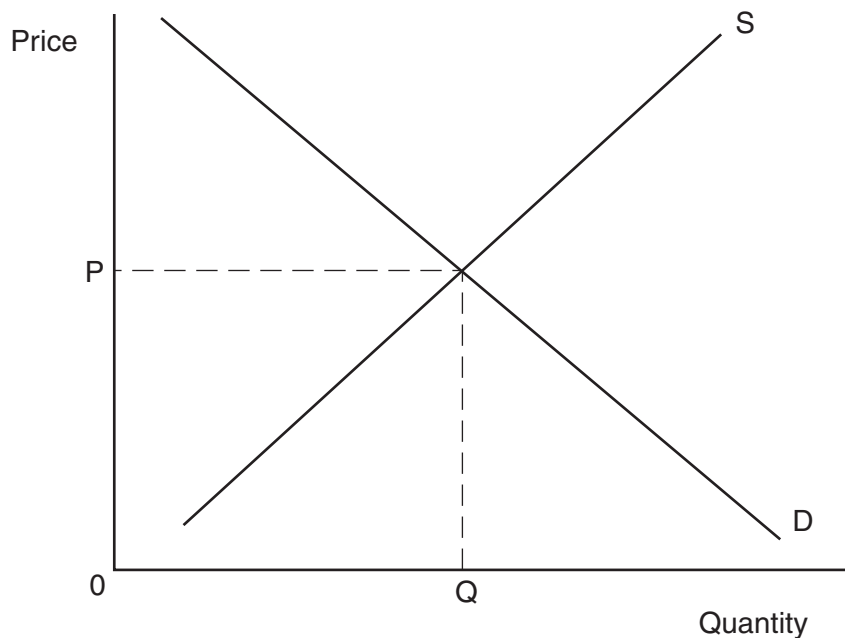
[5]

**TOTAL MARK 5**

### Question 3

Use Fig. 4 to answer the following questions.

- 3 (a)** Using the demand and supply diagram below, show how a subsidy to firms would affect the market price for mobile phones.



[2]

- (b)** Discuss how providing a subsidy to producers of mobiles phones will affect **both** the consumers and producers of mobile phones.

..... [6

[6]

### Question 4

Use Fig. 5 to answer the following questions.

- 4 (a) The descriptions below are of two types of unemployment that might occur due to the closure of the Bochum factory. Match each description with the correct type of unemployment.

**Frictional**

**Structural**

**Voluntary**

Description	Type of unemployment
Unemployment caused by the permanent closure of the mobile phone factory in Bochum.	
Unemployment caused whilst the factory workers are seeking new work in Bochum.	

[2]

- (b) Explain **three** possible economic reasons why Nokia may prefer to locate mobile phone production in Romania rather than in Germany.

Reason 1 .....

Explanation .....

.....

.....

Reason 2 .....

Explanation .....

.....

.....

Reason 3 .....

Explanation .....

.....

..... [6]

- (c)** To what extent would the closure of the Nokia factory in Bochum lead to problems for the local community? Give reasons for your answer.

[6]

**TOTAL MARK 14**

**5 (a)** Ray is 17 years old and works in a mobile phone shop for eight hours one day a week. He earns the minimum wage. Calculate by how much his daily wage will rise as a result of the change in the national minimum wage. Show your working.

..... [2]

- QUESTION**

..... [8 + 2]

**TOTAL MARK 12**

### Question 6

Use Fig. 7 to answer the following questions

- 6 (a)** Fig. 7 states ‘Data points to a weaker UK economy’. Circle the **two** pieces of data that support this headline.

## Budget deficit is rising

Current account goes into surplus

Economic growth rising

## Unemployment on the rise

**[2]**

- (b)** Discuss how the UK government could stimulate the UK economy through changes in government spending and taxation.

[8]

[8]

**TOTAL MARK 10**



**Question 7**

Use Fig. 8 to answer the following questions.

- 7 (a) Describe what happened to inflation as measured by the RPI between August 2007 and February 2009.

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..... [3]

- (b) Is increasing interest rates the best way to control the future rate of inflation? Give reasons for your answer.

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..... [6]

**TOTAL MARK 9**

### Question 8

- \*8** Mobile phone manufacturers are concerned about the changes in the UK and how these will affect the mobile phone market. Using the information in the case study and your own knowledge of economics, discuss whether the manufacturers are right to be concerned. Give reasons for your answer.

..... [12+2

**TOTAL MARK 14**

## Additional Pages

This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no margins, text, or other markings on the page.

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