

**GCSE (HIGHER TIER)
ECONOMICS**

Paper 3

FRIDAY 22 JUNE 2007

H 1985/3

Morning

Time: 1 hour 30 minutes

Candidates answer on the question paper.
No additional materials are required.



Candidate
Name

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Centre
Number

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Candidate
Number

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INSTRUCTIONS TO CANDIDATES

- Write your name, Centre number and candidate number in the boxes above.
- Answer **all** the questions.
- Use blue or black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- Do **not** write in the bar code.
- Do **not** write outside the box bordering each page.
- Show your workings for **all** calculations.
- Additional answer space is available on the lined pages at the back of the book. Answers on these pages **must** be clearly numbered.

INFORMATION FOR CANDIDATES

- The number of marks for each question is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is 100.
- The quality of your written communication will be taken into account when marking your answers to questions labelled with an asterisk (*).
- You may use an approved calculator.

FOR EXAMINER'S USE

Question 1

Question 2

Question 3

Question 4

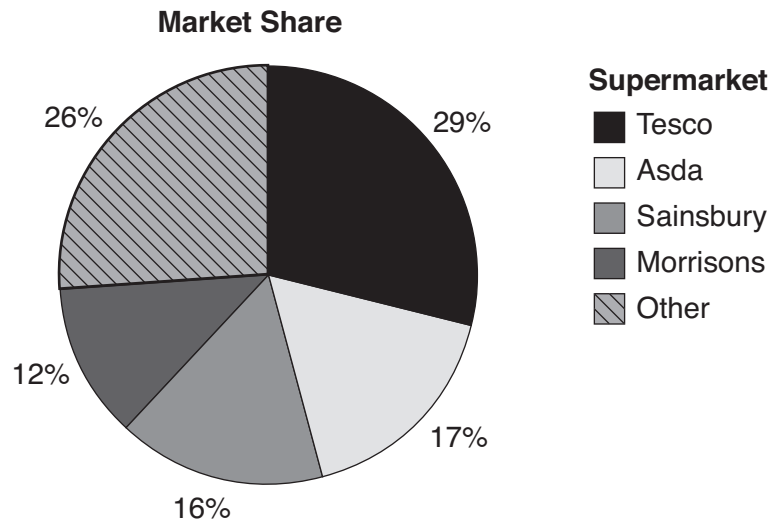
TOTAL

This document consists of **15** printed pages, **4** lined pages and **1** blank page.

2
BLANK PAGE

Question 1

Fig. 1 shows the percentage share of the UK food retailing market of the four largest supermarkets.



- (a) To what extent do supermarkets operate in a competitive market? Use Fig. 1 to help explain your answer.

[4]

[illegible]

- (c)** Explain the advantages and disadvantages to firms, such as those in Fig. 1, of operating on a large scale.

[illegible]

TOTAL MARK 22

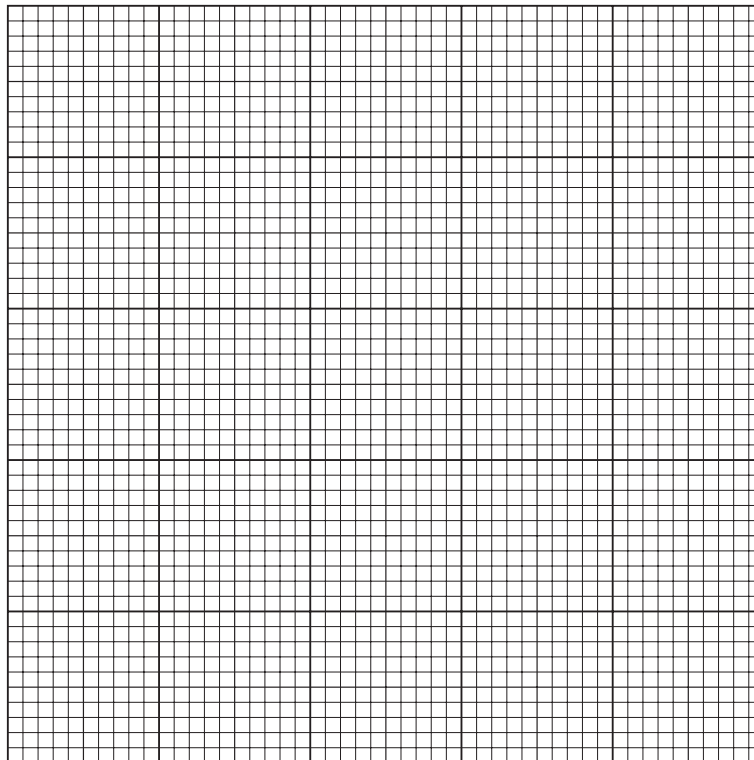
Question 2

A pop singer named Rocky Starr is going to play a concert at the Asten Arena. Fig. 2 shows the demand for tickets for this concert.

Price of tickets (£)	Demand for tickets
10	45 000
20	40 000
30	35 000
40	30 000
50	25 000

Fig. 2

- (a) Using the information in Fig. 2, draw and label the demand curve for tickets, and label the axes.



[3]

- (b) There are 30 000 tickets available for the concert at Asten Arena. On your graph:

- (i) draw and label the supply curve for tickets;

[1]

- (ii) label the equilibrium price.

[1]

- (c) What term would economists use to describe the supply of tickets for this concert?

_____ [2]

- (d) The promoters of Rocky Starr's concert at the Asten Arena have fixed the official price of tickets at £20. Using Fig. 2, explain how this would affect the market for tickets.

_____ [4]

- (e) Using Fig. 2, calculate the price elasticity of demand if the ticket price increases from £20 to £30. Show your working.

_____ [2]

- (f)** Concerts, films and TV programmes are all available on DVDs.

Explain what would cause the demand for, and supply of, DVDs to change over time. With the help of diagrams, explain how these changes would affect the price and quantity of DVDs sold.

[illegible]

10

- (g)** Should some pop and rock singers such as Rocky Starr receive much higher incomes than workers in jobs such as nursing? Give reasons for your answer.

[illegible]**TOTAL MARK 33**

Question 3

Fig. 3 shows the price of a packet of 20 cigarettes in four countries of the European Union.

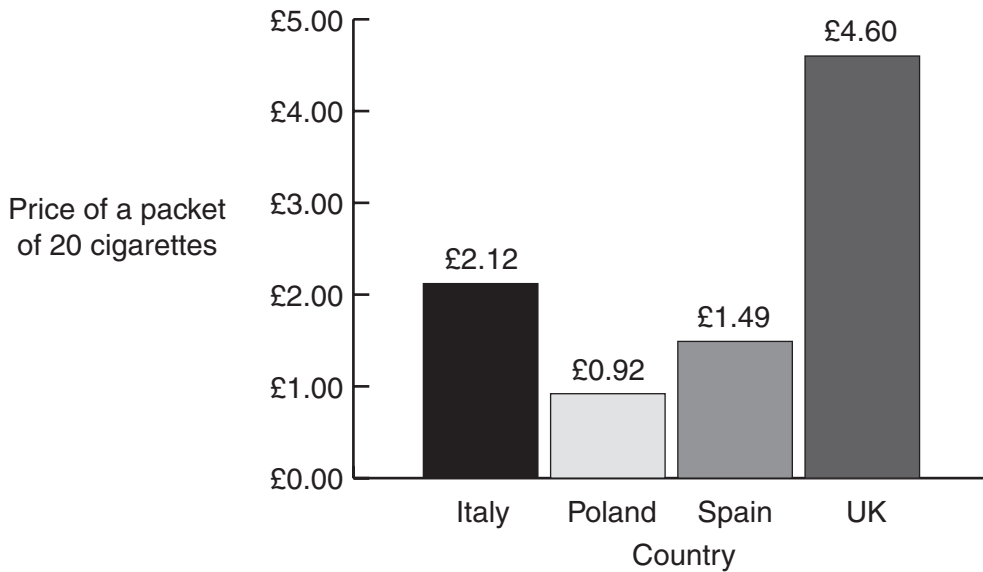


Fig. 3

The main reason for the high price of cigarettes in the UK is the high level of taxation.

(a) Explain why the tax on cigarettes is both regressive and indirect.

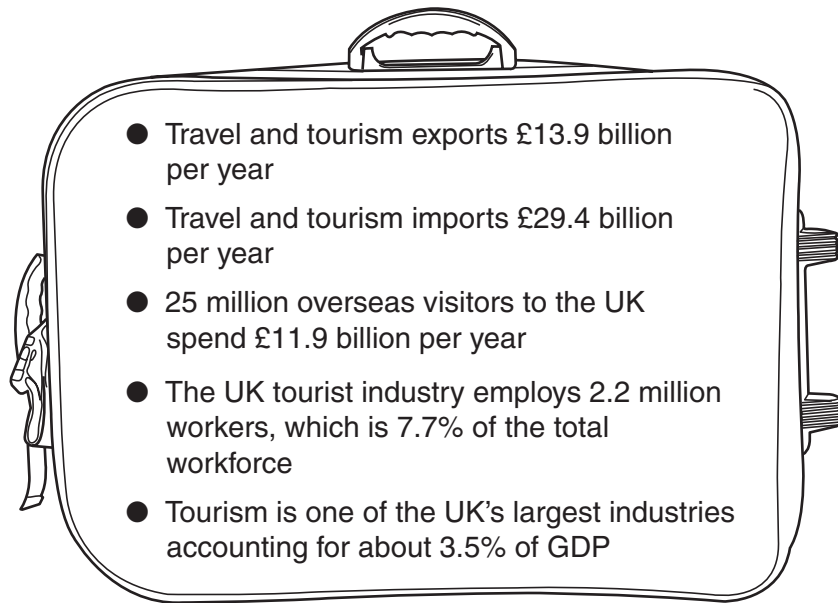
[5]

[illegible]

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Question 4

Fig. 4 gives some information about recent travel and tourism to and from the UK.



(source: www.statistics.gov.uk)

Fig. 4

(a) Calculate the balance of trade in travel and tourism. Show your working.

[3]

(b) If the £ falls in value against the euro, explain how this will affect:

(i) UK tourists who visit Spain;

[2]

(ii) Italian tourists who visit the UK;

[2]

(iii) the UK balance of payments on current account.

[3]

[illegible]

- [illegible]

[10+2]

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If you use the following lines to complete the answer to any question, the question number **must** be clearly shown.

[illegible]

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