

**GENERAL CERTIFICATE OF SECONDARY EDUCATION  
ECONOMICS**

**1985/02**

Paper 2 (Foundation Tier)

**MONDAY 23 JUNE 2008**

Afternoon

Time: 1 hour 30 minutes

Candidates answer on the question paper

**Additional materials (enclosed):** Clean copy of case study (1985/02 & 04(CS))

**Additional materials (required):**

None



Candidate  
Forename

Candidate  
Surname

Centre  
Number

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Candidate  
Number

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**INSTRUCTIONS TO CANDIDATES**

- Refer to the Case Study given in a separate booklet.
- Write your name in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use blue or 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.
- Do **not** write in the bar codes.
- 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.
- Write your answer to each question in the space provided.

**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 **80**.
- 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	
Question 5	
Question 6	
Question 7	
Question 8	
TOTAL	

This document consists of **11** printed pages and **1** lined page.

**Question 1**

Use Fig. 1 to answer the following questions.

- (a)** What percentage of people take less than 40 minutes to travel to work on Merseyside?

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[1]

- (b)** Compare the time taken to travel to work on Merseyside and in London.

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[2]

- (c)** Discuss the costs and benefits of charging motorists to drive in congested areas.

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[6]

**TOTAL MARK 9**

**Question 2**

Use Fig. 2 to answer the following questions.

- (a) Calculate the number of people employed in the public sector in the UK. Show your working.

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[2]

- (b) Other than the NHS, give **one** example of a public sector organisation.

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[1]

- (c) Should health care in the UK be provided by the public or private sector? Give reasons for your answer.

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[6]

**TOTAL MARK 9**

**Question 3**

Use Fig. 3 to answer the following questions.

**(a)** What is meant by total revenue?

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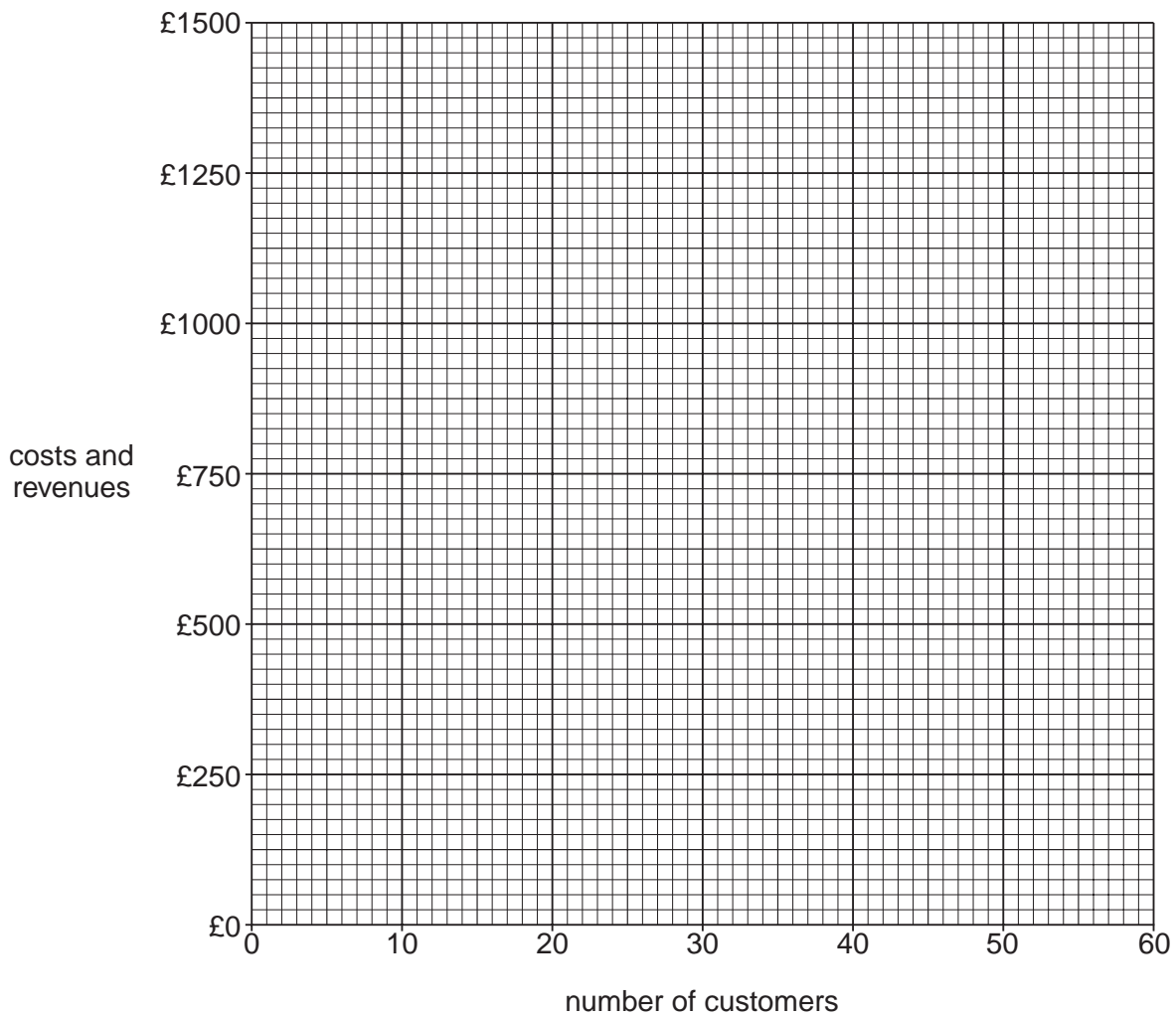
[1]

**(b)** Complete the table below.

Number of customers	Fixed Costs (£)	Variable Costs (£)	Total Costs (£)	Total Revenue (£)
10	1000	50	1050	250
20	1000	100	1100	
30	1000	150	1150	750
40	1000	200	1200	1000
50	1000	250	1250	1250
60	1000	300	1300	1500

[2]

(c) Draw and label the total revenue line on the break even chart below.



[2]

(d) Jane currently has 40 customers per week. Calculate the loss she makes each week. Show your working.

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[2]

6

- (e) Should Jane increase her prices or try to attract more customers in order to make a profit? Give reasons for your answer.

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[6]

**TOTAL MARK 13**

**Question 4**

Use Fig. 4 to answer the following questions.

- (a) Using the graph in Fig. 4, describe what has happened to house prices between August 2005 and August 2006.

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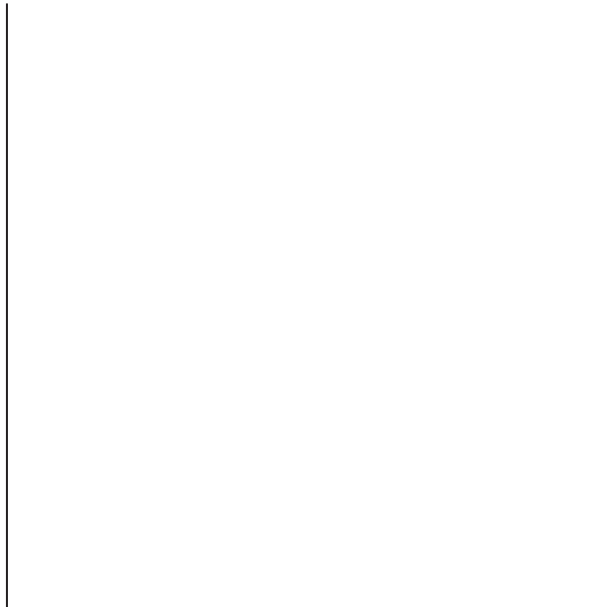
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[4]

- (b) Using a demand and supply diagram, explain how increased interest rates would affect the price and sales of houses.



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[5]

**TOTAL MARK 9**  
**[Turn over**

**Question 5**

Use Fig. 5 to answer the following questions.

- (a) Describe what happened to the Bank of England interest rate between February 2000 and February 2003.

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[2]

- (b) Would the Jackson family be pleased with the change in interest rates between February 2000 and February 2003? Give reasons for your answer.

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[4]

**TOTAL MARK 6**



**Question 6**

Use Fig. 6 to answer the following questions.

- (a)** Explain what happened to prices between 2004 and 2006.

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[2]

- (b)** Explain **one** cause of inflation.

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[3]

- \*(c)** Discuss how increased inflation might affect the Jackson family.

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[6+2]

**TOTAL MARK 13**  
**[Turn over]**

**Question 7**

Use Fig. 7 to answer the following questions.

- (a) Other than France, name **one** country which uses the euro.

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\_\_\_\_\_[1]

- (b) What is meant by an exchange rate?

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\_\_\_\_\_  
\_\_\_\_\_[2]

- (c) Would it have been better for the Jackson family to have gone on holiday to France in May or September 2006? Give reasons for your answer.

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\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_[4]

**TOTAL MARK 7**

**\*Question 8**

Darren thinks that living standards in the North West are higher than those in the UK as a whole. Do you agree with Darren? Use Fig. 8 and your knowledge of economics to give reasons for your answer.

[illegible]

[12+2]

**TOTAL MARK 14**

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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