



Rewarding Learning

General Certificate of Secondary Education
2010

Economics

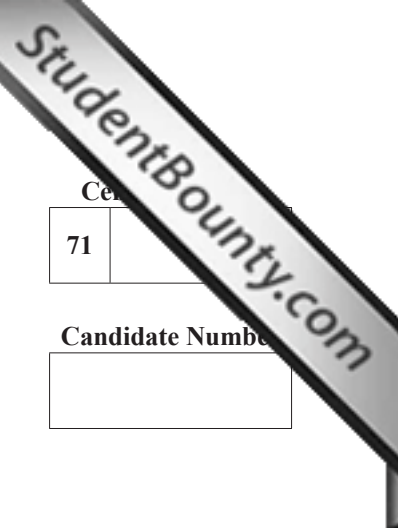
Paper 2 Foundation Tier

[G2702]

TUESDAY 15 JUNE, MORNING



G2702



Centre Number

71	
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Candidate Number

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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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3 George Best Belfast City Airport is considering extending its runway to accommodate more flights. Local residents and environmental groups have objected because of the increased external costs that this will impose.

(a) Define each of the following:

(i) Private Costs

[2]

(ii) External Costs

[2]

(iii) Social Costs

[2]

Examiner Only	
Marks	Remark

4 The UK trade deficit in goods and services for May 2008 was £4.2 billion.

What is meant by:

(a) Goods

[2]

(b) Services

[2]

(c) the trade deficit

[4]

Examiner Only	
Marks	Remark

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

Month	£/\$ Exchange Rate
March 2008	£1 = \$2.03
October 2008	£1 = \$1.54

Examiner Only	
Marks	Remark

(d) Describe what has happened to the exchange rate of the pound against the dollar between March 2008 and October 2008.

[3]

(e) Explain how this change is likely to affect the UK trade deficit.

[6]

Section B

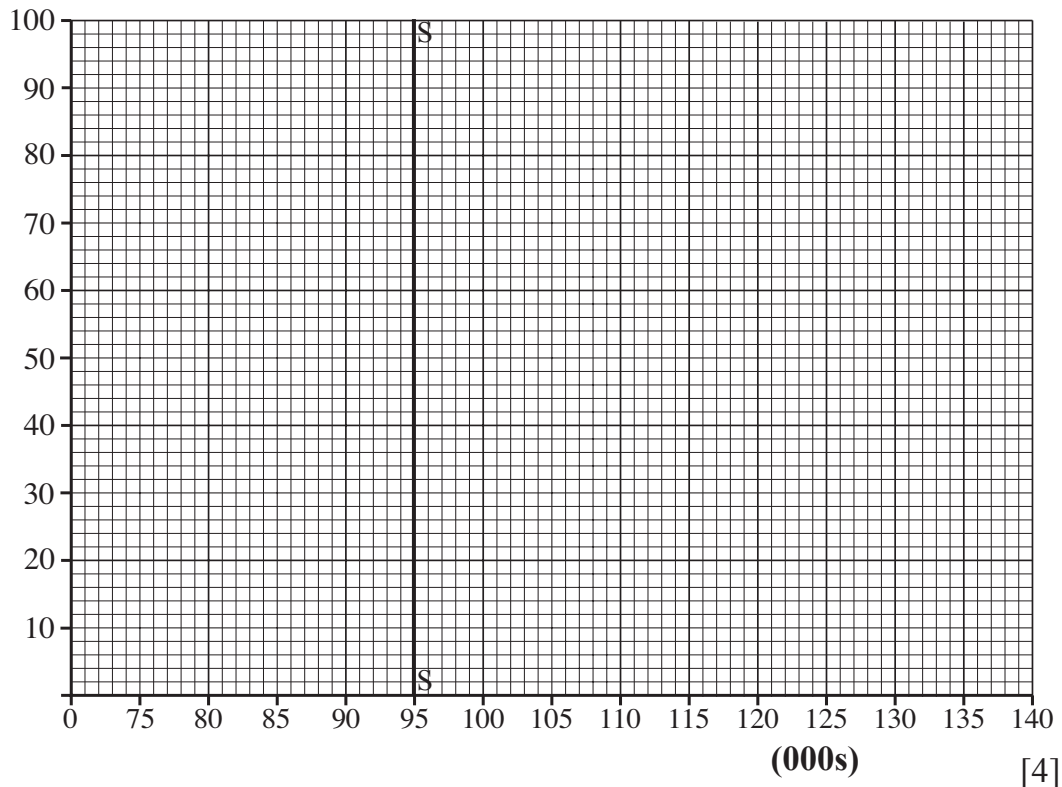
Answer **both** questions in this section.

- 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.



Examiner Only	
Marks	Remark

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.

Examiner 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.

[4]

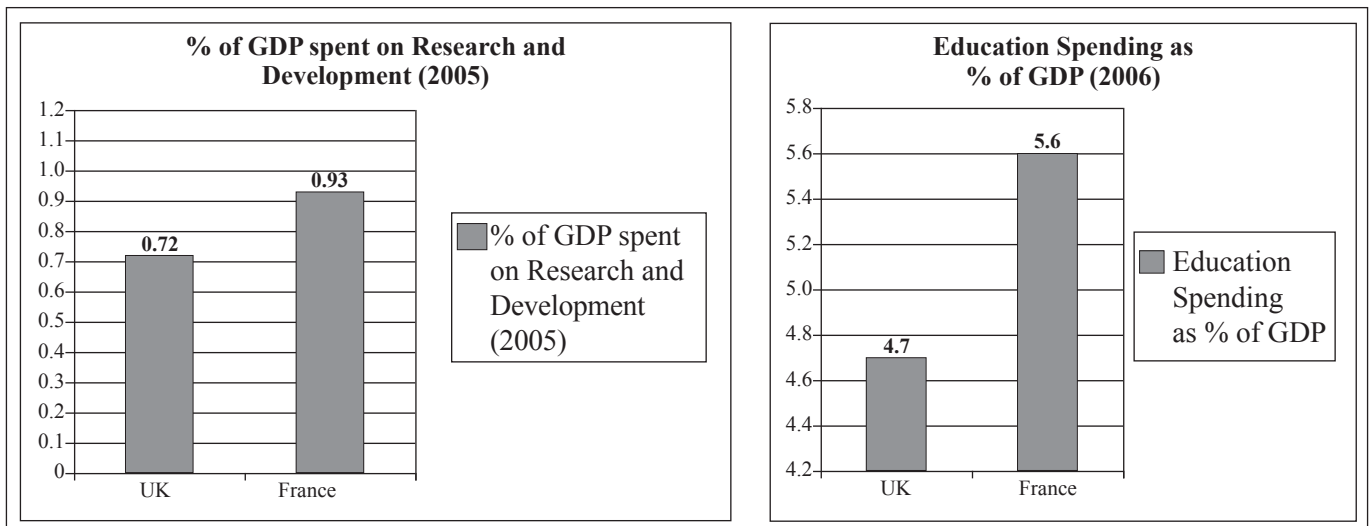


Fig. 3

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

1. _____

2. _____

[4]

Examiner Only	
Marks	Remark

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