

<b>Candidate Forename</b>						<b>Candidate Surname</b>					
<b>Centre Number</b>						<b>Candidate Number</b>					

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS  
GENERAL CERTIFICATE OF SECONDARY EDUCATION**

**1985/03  
ECONOMICS**

**Paper 3  
(Higher Tier)**

**WEDNESDAY 17 JUNE 2009: Afternoon**

**DURATION: 1 hour 30 minutes**

**SUITABLE FOR VISUALLY IMPAIRED CANDIDATES**

**Candidates answer on the question paper**

**OCR SUPPLIED MATERIALS:**

**None**

**OTHER MATERIALS REQUIRED:**

**Calculators may be used**

**READ INSTRUCTIONS OVERLEAF**

## **INSTRUCTIONS TO CANDIDATES**

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes on the first page.
- 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.
- 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 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 (\*).

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## **QUESTION 1**

**Sarah owns and runs a pizza takeaway business. Sarah's fixed costs are £3000 a week and her variable costs are £5 a pizza. The maximum Sarah can produce and sell is 1000 pizzas a week.**

- (a) Fig. 1 shows some of Sarah's costs and revenues. Complete the blank boxes in Fig. 1.**

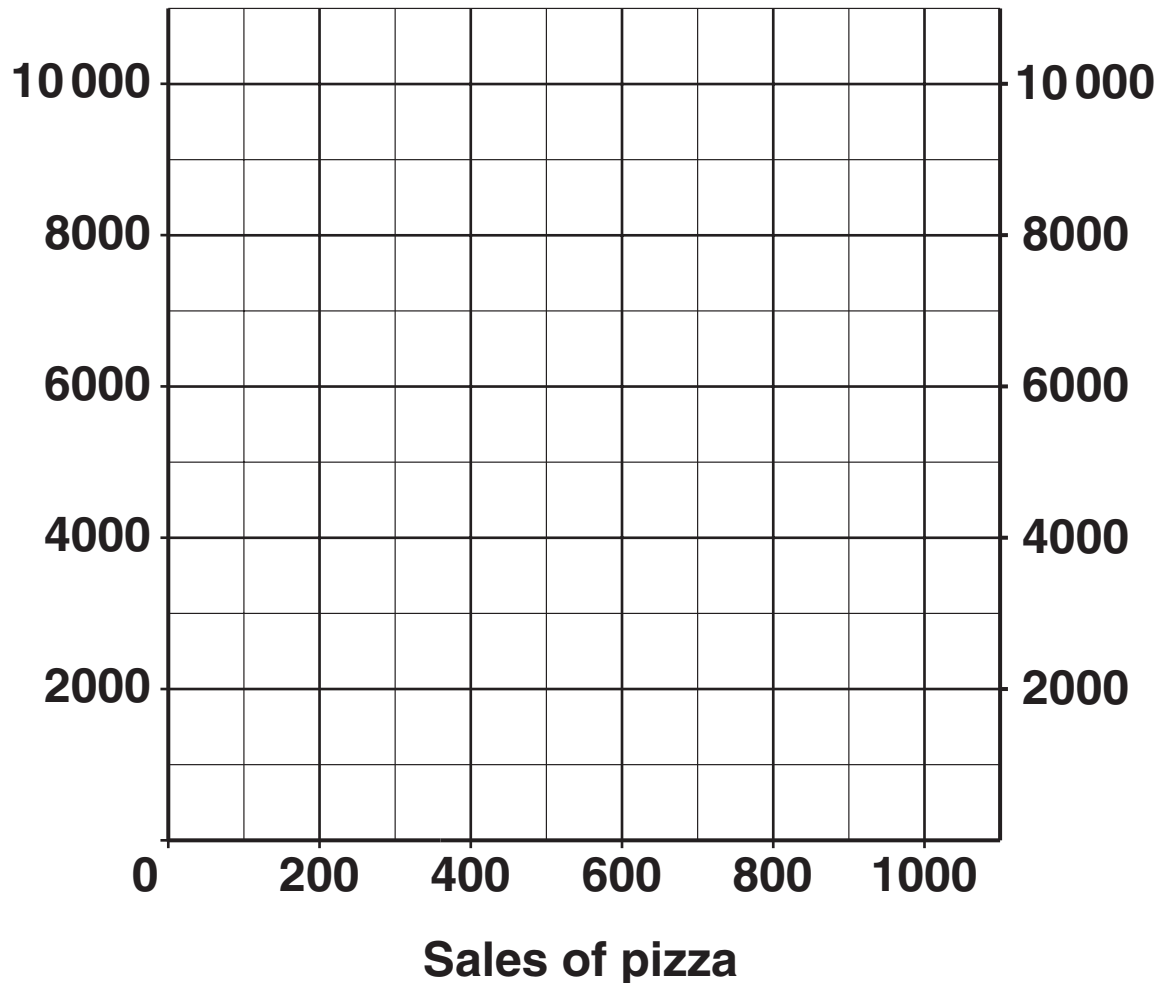
**Fig. 1**

<b>Sales of pizza</b>	<b>Fixed costs £</b>	<b>Variable costs £</b>	<b>Total costs £</b>	<b>Total revenue £</b>
<b>200</b>				<b>2000</b>
<b>400</b>				<b>4000</b>
<b>600</b>				<b>6000</b>
<b>800</b>	<b>3000</b>	<b>4000</b>	<b>7000</b>	<b>8000</b>
<b>1000</b>				<b>10 000</b>

**[6]**

- (b) Draw and label a break-even chart from the information in Fig. 1, showing the fixed costs, total costs and the total revenue lines.

Costs and revenues (£)



[6]

- (c) State the break-even level of sales of pizza.

\_\_\_\_\_ pizzas.

[1]

[illegible]

**TOTAL MARKS 23**

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## **QUESTION 2**

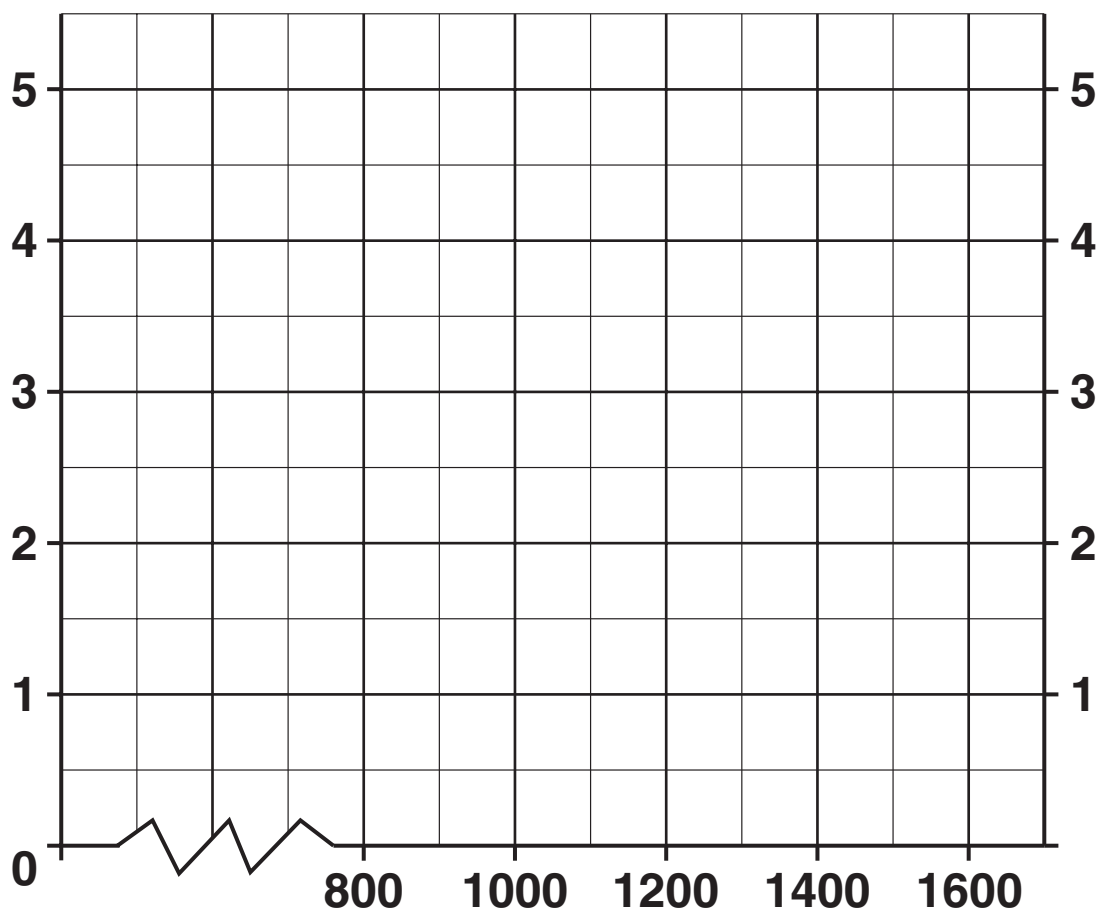
**Fig. 2 below shows the demand for parking spaces per day in Franton town centre.**

**Fig. 2**

<b>Price of a parking space (£ per day)</b>	<b>Demand for parking spaces (per day)</b>
<b>1</b>	<b>1600</b>
<b>2</b>	<b>1400</b>
<b>3</b>	<b>1200</b>
<b>4</b>	<b>1000</b>
<b>5</b>	<b>800</b>



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



[3]

- (b) There are 1000 parking spaces in Franton town centre. On your graph:

(i) draw and label the supply curve for parking spaces.

[1]

(ii) label the equilibrium price.

[1]

- (c) What term would economists use to describe the supply of parking spaces in Franton town centre?

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[2]

- (d) The price of parking spaces is fixed at £3 a day in Franton. Use information from Fig. 2 to explain what will happen in this market.

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[4]

- (e) Using Fig. 2, calculate the price elasticity of demand if the price of a parking space rose from £3 to £4 per day.

Show your working:

Price elasticity of demand = \_\_\_\_\_ [2]

- (f) Explain what would cause the demand for, and supply of, public transport to change over time. With the help of diagrams, explain how these changes would affect the price and quantity of public transport journeys.**

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[illegible]

**[12]**

**TOTAL MARKS 25**

### **QUESTION 3**

**Fig. 3 (opposite) shows the UK rate of inflation (as measured by the Consumer Prices Index) between January 2000 and June 2007.**

**(a) Explain what is meant by the term inflation.**

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**[2]**

**(b) What happened to prices in the second half of 2005? Explain your answer.**

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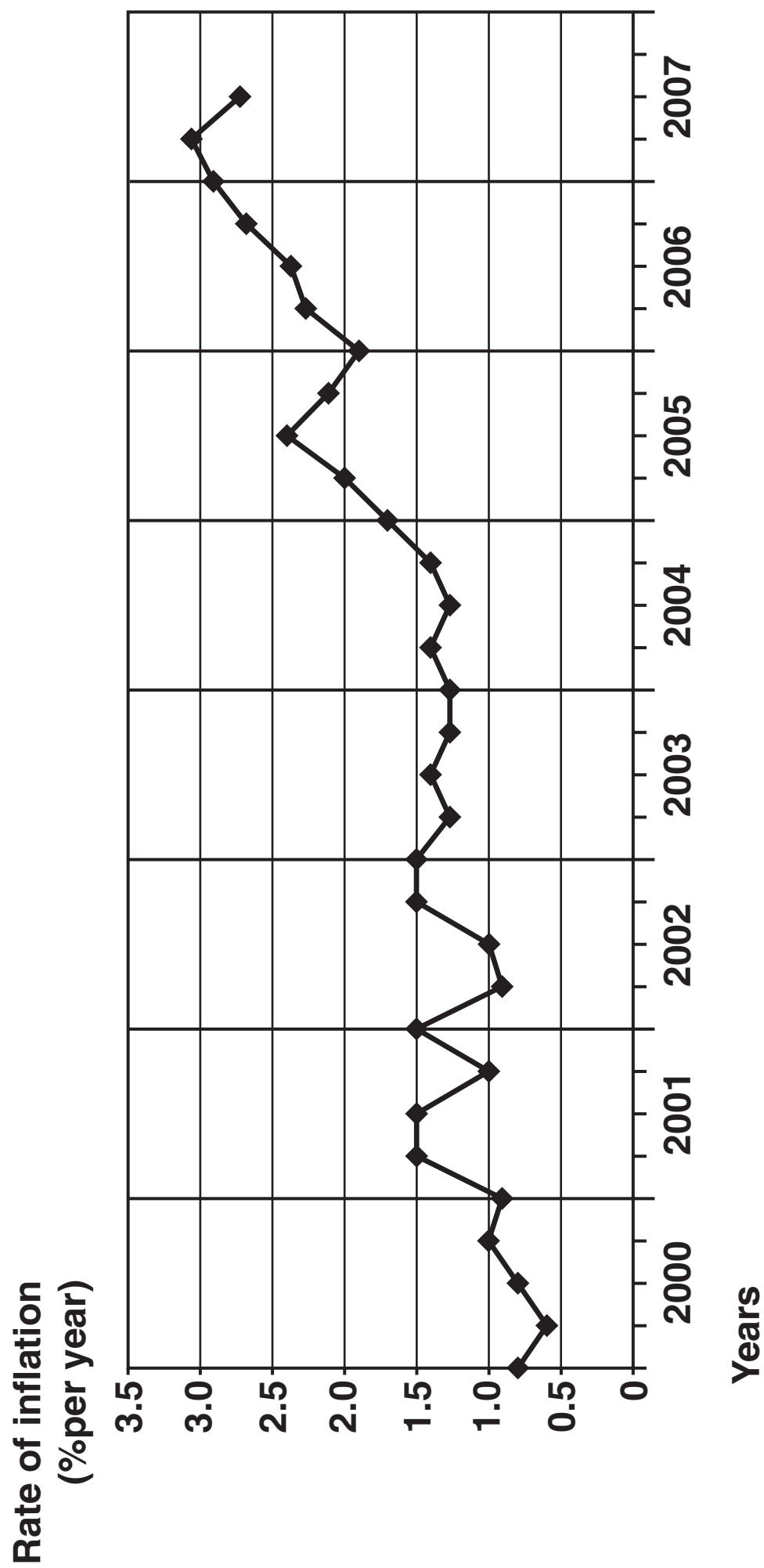
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**[2]**

Fig. 3



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[6]

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17

## **QUESTION 4**

**Fig. 4 (opposite) compares eight countries of the European Union (EU) in 2006.**

- (a) \$1 billion = \$1000 million. Using this information, calculate the GDP per person in the Czech Republic.**

**Show your working:**

**GDP per person = \$ \_\_\_\_\_ [2]**

- (b) Is there a relationship between a country's land area and its GDP? Explain your answer using evidence from Fig. 4.**

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**[4]**

**Fig. 4**

<b>Country</b>	<b>Gross Domestic Product (GDP) US \$ billions</b>	<b>Population (millions)</b>	<b>Economic growth rate (% rise in GDP per year)</b>	<b>Land area (km<sup>2</sup>)</b>	<b>Life expectancy (years)</b>	<b>Infant mortality rate (per 1000 live births per year)</b>
<b>Czech Republic</b>	<b>124</b>	<b>10</b>	<b>6.2</b>	<b>79</b>	<b>76</b>	<b>3.9</b>
<b>France</b>	<b>2126</b>	<b>63</b>	<b>2.3</b>	<b>551</b>	<b>80</b>	<b>4.2</b>
<b>Germany</b>	<b>2791</b>	<b>82</b>	<b>2.2</b>	<b>357</b>	<b>79</b>	<b>3.9</b>
<b>Hungary</b>	<b>109</b>	<b>10</b>	<b>3.8</b>	<b>93</b>	<b>73</b>	<b>8.5</b>
<b>Italy</b>	<b>1765</b>	<b>59</b>	<b>1.6</b>	<b>301</b>	<b>80</b>	<b>5.9</b>
<b>Poland</b>	<b>303</b>	<b>38</b>	<b>5.3</b>	<b>312</b>	<b>75</b>	<b>7.4</b>
<b>Romania</b>	<b>98</b>	<b>22</b>	<b>6.4</b>	<b>238</b>	<b>72</b>	<b>26.0</b>
<b>UK</b>	<b>2229</b>	<b>60</b>	<b>2.7</b>	<b>243</b>	<b>79</b>	<b>5.1</b>

[illegible]

**\*(d) Do countries always benefit from a high rate of economic growth? Give reasons for your answer.**

[illegible]

**(e) Some of the countries shown in Fig. 4 have the euro as their currency but the UK does not. Do you agree that the advantages to the UK economy of keeping the pound are greater than the disadvantages? Give reasons for your answer.**

[illegible]

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[10]

**TOTAL MARKS 32**

[illegible]



[illegible]

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