

**ADVANCED GCE UNIT  
ECONOMICS**

Economics of Work and Leisure  
**FRIDAY 26 JANUARY 2007**

**2884**

Afternoon

Time: 1 hour 30 minutes

Additional materials: Answer Booklet (8 pages)



**INSTRUCTIONS TO CANDIDATES**

- Write your name, Centre number and candidate number in the spaces provided on the answer booklet.
- Answer Question 1 and **one** question from Section B.
- Write all your answers on the separate answer booklet provided.
- If you need to use additional answer sheets, fasten these sheets securely to the answer booklet.

**INFORMATION FOR CANDIDATES**

- The number of marks is given in brackets [ ] at the end of each question or part question.
- The quality of your written communication will be taken into account in the marking of your answer to Section B.

This document consists of **4** printed pages.

Section A

Answer this question.

1 Extract 1: Women making slow progress in pay fight

The average income of.....

**An extract has been removed due to third party copyright restrictions**

Details:

An extract from an article in The Guardian about women's pay rates still being half that of men's

.....strategy on child poverty.”

Source : Extract from Lucy Ward, Women making slow progress in pay fight , 18 May 2005 © Guardian Newspapers Limited 2005

NB The Equal Pay Act took effect in 1975, and said that women must be paid the same as men when they are doing equal work, and vice-versa.

Extract 2: Worth of degree falls, research shows

Research has shown that.....

**An extract has been removed due to third party copyright restrictions**

Details:

An extract from an article in The Guardian about the value of a degree falling

.....supply has outstripped demand.”

Source : Adapted from Matthew Taylor, Worth of degree fallen to £150,000, research shows , 2 June 2005, © Guardian Newspapers Limited 2005

- (a) What is meant by ‘median personal income for women rose in real terms’ (lines 4–5)? [3]
- (b) Identify from the extracts **two** ways in which the economic position of women relative to men has improved in recent years. [2]
- (c) (i) Explain **one** possible reason why demand for the skills of graduates has increased. (lines 25–27) [2]
- (ii) With reference to Extract 2, use supply and demand analysis to explain briefly why the earnings advantage of graduates over non-graduates has fallen in recent years. [3]
- (d) Comment on possible reasons why ‘Thirty years after the Equal Pay Act came into force, female full-time workers still earn almost a fifth less than men per hour.’ (lines 8–10) [4]
- (e) Discuss **one** measure which the UK government might include in a ‘strategy on female poverty’. (line 15) [6]

**Section B**

Answer **one** question.

- 2 (a) Explain, with examples, the meaning of contestability in a market. [10]
- (b) With reference to **one** leisure market of your choice, discuss the extent to which lack of contestability enables excessive profit to be made. [15]
- 3 (a) Explain the economic functions performed by wage differentials in a market economy. [10]
- (b) Discuss the view that government policies aimed at reducing wage differentials always do more harm than good. [15]
- 4 (a) Explain how the extent of inequality can be compared between two nations such as the UK and France. [10]
- (b) Discuss how a government can best tackle the problem of regional income inequality. [15]

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*Copyright Acknowledgements:*

- Extract 1                      Extract from Lucy Ward, *Women making slow progress in pay fight*, The Guardian, 18 May 2005 © Guardian Newspapers Limited 2005
- Extract 2                      Adapted from Matthew Taylor, *Worth of degree fallen to £150,000, research shows*, The Guardian, 2 June 2005, © Guardian Newspapers Limited 2005

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