

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced GCE

ECONOMICS

2884

ECONOMICS OF WORK AND LEISURE

Monday

27 JUNE 2005

Morning

1 hour 30 minutes

Additional materials:

8 page Answer Booklet

TIME 1 hour 30 minutes

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 question paper consists of 4 printed pages.

Section A

1

The Hidden Army

What healthy employment figures.....

An extract has been removed due to third party copyright restrictions

Details:

An extract from The Guardian 19/11/01 about employment figures in the UK and the type of jobs being created

.....needs of today's firms.

(Guardian, 19/11/01, adapted)

- (a) (i) Using Table 1, identify the group which was most disadvantaged between the years 1993 and 2000. [1]
- (ii) From the article, identify a measure which indicates the scale of the 'hidden army'. [1]
- (iii) Suggest **two** benefits which might result from reducing the scale of the 'hidden army'. [2]
- (b) Explain what is meant by:
- (i) the quality of jobs being created (line 6); [2]
- (ii) detached from the labour market (line 12). [2]
- (c) (i) Explain how the existence of a 'hidden army' is an example of labour market failure. [2]
- (ii) Comment on why government help in paying for childcare (line 27) has helped to reduce labour market failure. [4]
- (iii) Discuss the possible impact of policies aimed to reduce the size of the 'hidden army'. [6]

Section B

Answer one question.

- 2 (a) Explain how provisions of the EU Social Charter affect the supply of labour in the UK. [10]
- (b) Discuss the view that full implementation of the EU Social Charter would make the UK labour market too inflexible. [15]
- 3 So-called 'fat cat pay' for some top executives is inevitable in a market economy; all workers have to be paid the rate for the job.
- (a) Explain the factors underlying the determination of relative wages in a market economy. [10]
- (b) Discuss the view that any government attempt to interfere in the process of wage determination is bound to create more problems than it solves. [15]
- 4 (a) Explain the main features of the behaviour of firms which operate in an oligopolistic market. [10]
- (b) Discuss the extent to which firms in the UK TV broadcasting industry behave as oligopolists. [15]