

**ADVANCED GCE  
ECONOMICS**

Economics of Work and Leisure

**FRIDAY 25 JANUARY 2008**

**2884**

Afternoon

Time: 1 hour 30 minutes

**Additional materials:** Answer Booklet (8 pages)



**INSTRUCTIONS TO CANDIDATES**

- Write your name in capital letters, your Centre Number and Candidate Number in the spaces provided on the separate Answer Booklet.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- Answer Question 1 and **one** question from Section B.
- Write all your answers in 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 for each question 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.
- The total number of marks for this paper is **45**.

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

## Section A

Answer this question.

1

**Table 1: TV audience viewing shares (%), Britain, 1990 - 2005**

	BBC1	BBC2	ITV1	C4	five	Other
1990	37	10	44	9	–	–
1995	32	11	37	11	–	9
2000	27	11	29	11	6	16
2005	23	9	22	10	6	30

**Extract 1: US shows the future for British television**

In their “golden age” the main TV channels in Britain could regularly count on audiences which topped 10 million. The arrival of multi-channel TV, however, in the form of Sky, transformed broadcasting - but that was little more than a taste of things to come. Today television is experiencing a second upheaval, with a bewildering array of new entrants, including rejuvenated cable operators, telecoms groups and Internet companies pioneering new services.

5

Table 1 above shows the changes in the percentage shares of the total audience by channel from 1990 to 2005.

Britain’s five terrestrial channels are responding to the more competitive environment in different ways, but their US equivalents have been grappling with similar problems for a generation. Thirty years on from the introduction of cable TV, nearly 80% of US homes now subscribe to it. What used to be a 97% share of the TV audience for the “big three” free-to-air channels is now down to just over 50%. There is competition from over 500 channels, with the average cable home receiving more than 100 of them. NBC, traditionally the strongest of the “big three”, had a 28% primetime market share in 1986, whereas it is now down to a 9.2% rating.

10

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How did the big three respond in the US? Recognising that they could no longer depend on a single channel as audiences fragmented, the US big three moved into cable. They also bought into Hollywood studios so that they could expand their own programme production, and moved into overseas markets.

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Adapted from J. Robinson, *US signals the future for British television*, 30 October 2005 © Guardian News & Media Ltd 2005

### Extract 2: Setanta looking beyond Scotland

When Setanta announced it would bid for Scottish Premier League television rights in mid-2004, the news was received with scepticism and derision. Now, such has been the success of the venture, it is an integral part of the broadcasting industry in Britain. It is planning to become a seven-days-a-week channel, and could bid for an English Premiership rights package next year.

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Adapted from © E. Murray, *Bullish Setanta looking beyond Scotland*, The Guardian, 15 December 2005

### Extract 3: Poorly ITV

Who would miss ITV if it disappeared? Viewers of some particular programmes, maybe - but in the new world, all of these would become available elsewhere anyway. The terrestrial television market has too many participants for it to make sense as a business, or even to thrive creatively in the current climate. So why not allow a previously suggested solution - a merger between ITV and five? This would require amendment to current legislation, since it prohibits such a merger on competition grounds. But with such giants as Google and Yahoo looming, a reduction in the number of competitors is surely the only chance of generating the sort of economies of scale which would give a chance of long-term survival.

30

Adapted from E. Bell, *Poorly ITV needs some bedrest – or a European break*, 28 August 2006 © Guardian News & Media Ltd 2006

- (a) Use Table 1 to identify **two** major trends in TV audience shares between 1990 and 2005. [2]
- (b) (i) Using Table 1 and Extract 1, compare the changes in audience viewing patterns between the UK and the US. [2]
- (ii) With reference to Extract 1 [lines 17-20], explain how **two** of the strategies identified would be likely to enable the traditional US 'big three' to maintain their profitability in the face of the growth of cable TV competitors. [4]
- (c) Comment on whether the emergence of Setanta [Extract 2] is evidence that TV broadcasting in Britain has become more contestable. [4]
- (d) (i) Explain **one** possible economy of scale in TV broadcasting. [2]
- (ii) Discuss whether a merger between ITV and five would improve economic efficiency in the TV broadcasting market. [6]

## Section B

Answer **one** question.

- 2 Women who work part-time in the private sector in the UK earn 45% less per hour than their male full-time colleagues, according to figures recently produced by the Equal Opportunities Commission.
- (a) Explain why women's pay continues to be less than that of men. [10]
- (b) Assume that the UK government wished to improve significantly the relative earnings of women. Discuss the view that it should concentrate its efforts on improving the quality of education and training available to them. [15]
- 3 "UK workers have the shortest time off for holidays and the lowest productivity in northern Europe." [Former TUC General Secretary, John Monks]
- (a) Explain how the concept of opportunity cost can be used to analyse a worker's choice between work and leisure. [10]
- (b) Discuss the possible consequences of an increase in holiday entitlements for workers in the UK. [15]
- 4 The Office for National Statistics recently reported that, in the decade from the mid-1990s, both the richest and the poorest tenths of the population saw their disposable incomes grow by 20%.
- (a) Explain possible ways of measuring both absolute and relative poverty. [10]
- (b) Discuss how a UK government might best reduce inequality between rich and poor. [15]

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Copyright Acknowledgements:

Table 1	Source: BARB. Reproduced by permission of BARB, www.barb.co.uk
Extract 1	Adapted from J. Robinson, <i>US signals the future for British television</i> , The Observer, 30 October 2005 © Guardian News & Media Ltd 2005, www.guardian.co.uk
Extract 2	Adapted from © E. Murray, <i>Bullish Setanta looking beyond Scotland</i> , The Guardian, 15 December 2005, www.guardian.co.uk
Extract 3	Adapted from E. Bell, <i>Poorly ITV needs some bedrest – or a European break</i> , The Guardian, 28 August 2006 © Guardian News & Media Ltd 2006, www.guardian.co.uk

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