



ADVANCED GCE
ECONOMICS
 Transport Economics

2885

Candidates answer on the Answer Booklet

OCR Supplied Materials:

- 8 page Answer Booklet

Other Materials Required:

None

Friday 25 June 2010
Morning

Duration: 1 hour 30 minutes



INSTRUCTIONS TO CANDIDATES

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the spaces provided on the Answer Booklet.
- 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 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 is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **45**.
- 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** pages. Any blank pages are indicated.

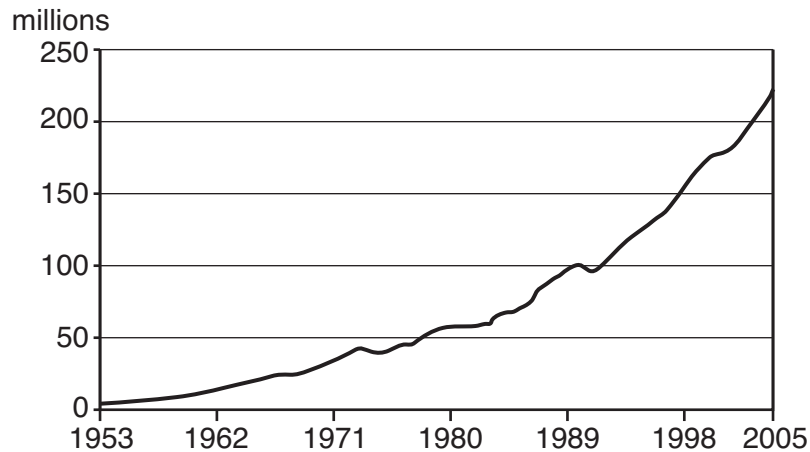
Section A

Answer this question.

1

Trends in the demand for air, bus and rail transport

Fig. 1 Passenger numbers at UK airports, 1953–2005.

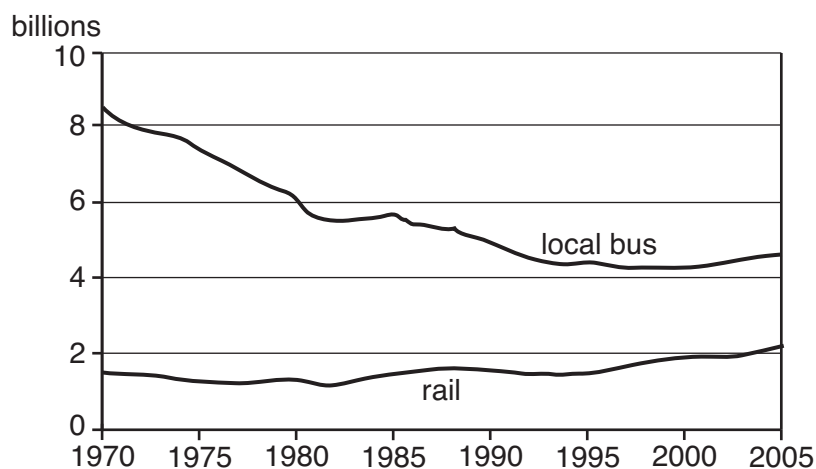


In 2005, the number of passengers at UK airports rose to 228 million, compared to 4 million in 1953.

The number of passenger kilometres flown by UK airlines has increased significantly over the past twenty years, from 80 billion kilometres in 1985 to 287 billion in 2005. Around 97 per cent of the 2005 total was accounted for by international travel. The country with which the United Kingdom exchanges the most air traffic is Spain. There were 34 million passenger movements between the two countries in 2005.

Demand for air travel is projected to continue to grow well into the 21st century. Mid-range estimates from the Department for Transport suggest that the number of passengers at UK airports will grow to 500 million in 2030.

Fig. 2 Passenger journeys on public transport in Great Britain, 1970–2005.



Over 4.7 billion journeys were made by local bus in Great Britain in 2005, more than double the number of journeys made by rail (2.2 billion).

In terms of passenger journeys, use of public transport declined during the 1970s. Rail use has been increasing, in general, since the early 1980s, while the number of journeys on local buses continued to fall until 1998, before increasing slightly.

Travel in London accounts for well over a third of all local bus passenger journeys in Great Britain. Growth in journey numbers in London and in Scotland has been responsible for the modest increase since 1998.

Source: National Statistics website

(a) With reference to Fig. 1:

- (i)** summarise the trend in the number of passengers at UK airports; [2]
- (ii)** explain whether passenger numbers or passenger kilometres is a more accurate measure of air transport demand. [2]

(b) With reference to Fig. 2:

- (i)** state and explain **one** possible reason for the recent growth in journeys on public transport; [2]
- (ii)** explain the possible consequences of this growth for public transport companies and for their passengers. [4]

- (c)** **(i)** Comment on the problems of forecasting air passenger transport demand. [4]
- (ii)** Discuss whether the UK Government should plan for future air transport infrastructure provision on the basis of forecast growth in demand. [6]

Section BAnswer **one** question

- 2 (a) Explain how government policy can influence the supply of freight transport services. [10]
- (b) Discuss the relative importance of the factors that determine whether a manufacturer should use road or rail freight transport for the distribution of its goods. [15]
- 3 (a) Explain why the level of profits differs between market structures. [10]
- (b) In a transport market of your choice, discuss the way in which its market structure affects the ability of firms to set prices and to make profits. [15]
- 4 (a) With the aid of a diagram, explain why road traffic congestion results in a misallocation of resources. [10]
- (b) Discuss the effectiveness of supply side measures such as improvements to the road network and better traffic management as a means of reducing road traffic congestion. [15]

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