

OXFORD CAMBRIDGE AND RSA EXAMINATIONS
A2 GCE
F583/01
ECONOMICS

Economics of Work and Leisure

TUESDAY 11 JUNE 2013: Morning
DURATION: 2 hours
plus your additional time allowance

MODIFIED ENLARGED

Candidate forename		Candidate surname	
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Centre number						Candidate number				
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Candidates answer on the Question Paper.

OCR SUPPLIED MATERIALS:

None

OTHER MATERIALS REQUIRED:

Calculators may be used

A calculator may be used for this paper
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READ INSTRUCTIONS OVERLEAF

INSTRUCTIONS TO CANDIDATES

- **Write your name, centre number and candidate number in the boxes on the first page. Please write clearly and in capital letters.**
- **Use black ink. HB pencil may be used for graphs and diagrams only.**
- **Read each question carefully. Make sure you know what you have to do before starting your answer.**
- **Write your answer to each question in the space provided. If additional space is required, you should use the lined pages at the end of this booklet. The question number(s) must be clearly shown.**
- **Answer Section A and ONE question from Section B.**

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 60.**
- **The quality of your written communication will be taken into account in the marking of your answer to Section B.**
- **Any blank pages are indicated.**

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INEQUALITY IN THE DISTRIBUTION OF INCOME – A NECESSARY EVIL?

A more equal distribution of income within a country is usually seen as a desirable economic objective and national governments, therefore, use a variety of methods to try to achieve a more equal distribution of income. However, economists disagree over which method would be most effective in achieving this objective. 5

A method of measuring the degree of inequality of income in an economy is to use a numerical measure which produces a number between 0 and 1. The closer the number is to 0, the more equal the distribution of income is in that economy. The change in income inequality in the UK between 1980 and 2010 is shown in Fig. 1. 10

FIG. 1 – NUMERICAL MEASURE OF INCOME INEQUALITY FOR THE UK, 1980–2010

YEAR	1980	1990	2000	2010
NUMERICAL MEASURE OF INCOME INEQUALITY	0.26	0.33	0.35	0.36

There are many different causes of inequality within an economy and some economists argue that income differentials play a vital part in influencing the incentive to work, and to work harder within an economy. 15

LOW-PAID JOBS AND LOW-PAID REGIONS

Research into the low-paying occupations shows that the greatest numbers of minimum wage jobs are in hospitality, such as bars, restaurants and hotels (245,000) and retail (231,000), which together account for around 44 per cent of all minimum wage jobs. In addition, between 20 per cent and 30 per cent of the workers employed in hairdressing, cleaning and hospitality are paid the minimum wage. This compares with only 7 per cent of the people employed in social care.

20

25

Just as low paid jobs are distributed unevenly across sectors, minimum wage jobs are spread unevenly throughout the UK. Northern Ireland is the part of the UK with the highest proportion of minimum wage jobs (6.7 per cent), followed by Wales (5.2 per cent) and England (4.1 per cent), while Scotland has the lowest (3.8 per cent). Looking at regions within England, the North East has the highest (5.8 per cent) while London has the lowest percentage (2.3 per cent) of minimum wage jobs.

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SECTION A

Answer ALL parts of the question in this section.

- 1 (a) (i) What is meant by inequality in the distribution of income?**

[2]

- (ii) Using Fig. 1, describe the changes in income inequality in the UK between 1980 and 2010.**

[2]

(b) Comment on the extent to which low pay is the main cause of income inequality.

[illegible]

(c) State and explain TWO possible methods of reducing REGIONAL income inequality.

1 _____

2 _____

[4]

(d) State and explain TWO reasons why jobs such as hairdressing, cleaning and hospitality have a high percentage of minimum wage workers.

1 _____

2 _____

[4]

(e) Discuss the effectiveness of progressive taxation in reducing income inequality in the UK. [8]

SECTION B

Answer ONE question from this section.

- 2 (a) Analyse, using a diagram, the behaviour of a monopoly. [15]**
- (b) Discuss, using examples from a leisure industry of your choice, the extent to which competition creates efficiency. [20]**
- 3 (a) Analyse how the existence of discrimination may lead to labour market failure. [15]**
- (b) Discuss the extent to which government intervention is the best method of improving labour market flexibility in the UK. [20]**
- 4 (a) Analyse, using examples, the factors which determine the elasticity of supply of labour. [15]**
- (b) Discuss the relevance of marginal revenue productivity theory in wage determination within contemporary, real-world labour markets. [20]**

SECTION B

Question No. _____

Start your answer to part (a) here

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

If additional answer space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margins.

[illegible]



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