

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Monday 20 May 2019 – Morning

A Level Economics

H460/01 Microeconomics

**Time allowed: 2 hours
plus your additional time allowance**

**YOU WILL NEED:
insert for Section A**

**YOU MAY USE:
a scientific or graphical calculator**

Please write clearly in black ink.

Centre number

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Candidate number

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First name(s) _____

Last name _____

READ INSTRUCTIONS OVERLEAF



INSTRUCTIONS

Use black ink. You may use an HB pencil for graphs and diagrams.

Read each question carefully before you start to write your answer.

Section A: Answer ALL questions in this section.

Sections B and C: Answer ONE question in each of these sections.

Write your answer to each question in the space provided. If additional space is required, you should use the lined page(s) at the end of this booklet. The question number(s) must be clearly shown.

INFORMATION

The total mark for this paper is 80.

The marks for each question are shown in brackets [].

Quality of extended responses will be assessed in questions marked with an asterisk (*).

SECTION A

Read the stimulus material in the insert and answer ALL parts of question 1 which follow in this section.

Answer ALL the questions.

- 1 (a) Calculate the participation rate in the UK labour market for the period from June to August 2017.

[2]

- (b) Refer to lines 10–13 in the insert.

Identify and explain why the change in average weekly earnings in nominal terms is greater than in real terms.

[2]

- (c) What does Fig. 2 in the insert suggest will happen to the dependency ratio in the UK between 2015 and 2045?**

[2]

- (d) A firm in a monopolistically competitive market decides to introduce more casual employment practices, such as zero-hour contracts.**

Explain, using a diagram, the effect of this decision on the firm's equilibrium position in the short run. [4]

(e) Evaluate whether income inequality in the UK is a cause for concern. [8]

[illegible]

[illegible]

[illegible]

[illegible]

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SECTION B

Answer EITHER question 2 OR question 3.

EITHER

- 2* Price ceilings have been used in a number of different markets, ranging from rented housing in New York to food in Venezuela and the cap on energy bills in the UK.

Evaluate, using an appropriate diagram(s), the impact a price ceiling may have on the level of consumer and producer surplus in a market. [25]

OR

- 3* Netflix is the world's largest online video subscription service. By 2018, after only 10 years in existence, it had 137 million worldwide subscribers. 65% of online video viewers in the USA watch Netflix at least once a month.

Evaluate, using an appropriate diagram(s), the advantages and disadvantages of a perfectly contestable market. [25]

Question no. _____

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

SECTION C

Answer EITHER question 4 OR question 5.

EITHER

- 4* Within any economy there is a great deal of specialisation by firms in the production of particular products, such as manufacturing of cars by BMW, Nissan and Toyota in the UK. Each manufacturer employs the division of labour. So some workers design cars, some test them, others market them and the assembly itself is divided into many different tasks.**

Evaluate the extent to which specialisation and the division of labour might help in addressing the basic economic problem. [25]

OR

- 5* From 2007 to 2016, nearly 1000 international mergers took place involving a UK business. Many of these were examples of horizontal integration. One of the largest was between British Airways and the Spanish airline, Iberia.**

Evaluate the potential economic consequences for economic agents of a horizontal merger. [25]

Question no. _____

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

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



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