

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Monday 18 May 2020 – Morning

A Level Economics

H460/01 Microeconomics

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

YOU MUST HAVE:
the Resource Booklet (with this document)

YOU CAN 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 can use an HB pencil, but only for graphs and diagrams.

Write your answer to each question in the space provided. If you need extra space use the lined pages at the end of this booklet. The question numbers must be clearly shown.

Answer ALL the questions in Section A, ONE question in Section B and ONE question in Section C.

INFORMATION

The total mark for this paper is 80.

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

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

ADVICE

Read each question carefully before you start your answer.

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SECTION A

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

- 1 (a) Draw a PPC diagram in the spaces below to explain the following statements:**
 - (i) with dependable electricity, GDP growth across sub-Saharan Africa could be up to 2% per annum higher than current rates (lines 13–16); [2]**

- (ii) Uganda has seen a fall in the agriculture sector's contribution to GDP at the same time as growth in the service sector's contribution. (lines 28–32). [2]

(b) Explain what is meant by a 'barter economy'.

[2]

(c) Refer to Fig. 1.

Calculate the five-firm concentration ratio in the UK energy supplier market.

[2]

(d) (i) Refer to lines 19–23.

Calculate the income elasticity of demand for the service sector in Uganda over the last two years.

[2]

[illegible]

[illegible]

(e)* The concept of rationality helps economists to understand the behaviour of economic agents.

Evaluate, using evidence from the stimulus material, how rationality may help us to understand the behaviour of firms. [12]

[illegible]

[illegible]

[illegible]

SECTION B

Answer EITHER question 2 OR question 3.

EITHER

- 2* In recent years, most towns and cities have seen a rapid growth in the number of coffee shops and sandwich bars, the majority of which are small and locally-owned.**

Evaluate, using an appropriate diagram(s), whether such small firms, operating in a monopolistically competitive market, can be economically efficient. [25]

OR

- 3* The percentage of employees in the UK choosing to be a member of a trade union, has fallen from 27% to 20% in the last 20 years. Across different industries, this figure ranges from 48% in the education sector to 3% in the food service sector.**

Evaluate, using an appropriate diagram(s), whether trade union activity helps to encourage the efficient operation of the UK labour market. [25]

Question no. _____

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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SECTION C

Answer EITHER question 4 OR question 5.

EITHER

- 4* The total police budget in the UK for 2018/19 was £12.3bn, most of which was funded from taxation. This is an amount of money equivalent to £186 per person.**

Evaluate the effectiveness of state provision of public goods. [25]

OR

- 5* NHS figures show that a declining number of children are receiving all their routine vaccinations, including meningitis and the combined measles, mumps and rubella (MMR) vaccine. In some cases, vaccination rates of children are as low as 90%.**

Evaluate the significance of information failure in decisions made about the consumption of merit goods. [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).

[illegible]

[illegible]

[illegible]

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