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OCR AS ECONOMICS: QUESTIONS BY TOPIC

The Labour Market

OCR AS Economics H060 — Topic MICRO 5

4 questions · 5 marks · Mark schemes included

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HOW TO USE THIS BOOKLET

Questions run from the lowest mark tariff to the highest, so similar questions sit together.

Click any row below to jump straight to that question.

On every question page, click the header (top right) to jump to its mark scheme, and click again to jump back.

Mark schemes are collected together at the end of this booklet, cropped from the genuine OCR mark-scheme grid.

4 questions · 5 marks · lowest tariff first

	QUESTION	SOURCE	MARKS	PAGE
1.	Section A (MCQ), Q15	H060/01 Microeconomics · June 2017	1 mark	5
2.	Section A (MCQ), Q12	H060/01 Microeconomics · June 2019	1 mark	6
3.	Section A (MCQ), Q9	H060/01 Microeconomics · June 2022	1 mark	7
4.	Section B, Q16(b)(i)	H060/01 Microeconomics · June 2017	2 marks	9

QUESTIONS

4 questions · 5 marks · lowest tariff first

1-MARK QUESTION

3 questions in this booklet

7

- 14 The below table illustrates the potential output of two countries, A and B, if they divide all their resources equally between the production of two goods, X and Y.

Country	Good X	Good Y
A	300	600
B	600	900

The opportunity cost of producing an additional unit of good X in country A is

- A 0.5 units of good Y.
- B 1.5 units of good Y.
- C 2 units of good Y.
- D 3 units of good Y.

Your answer

[1]

- 15 The purpose of a National Minimum Wage is to ensure

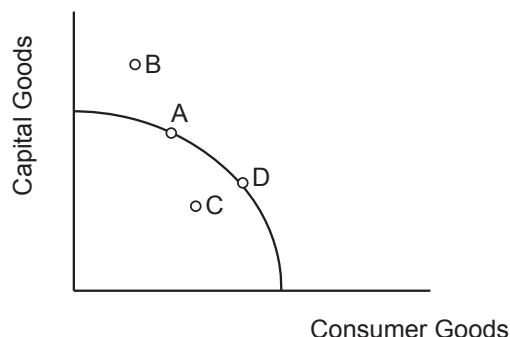
- A all workers are guaranteed a job.
- B employees receive a wage above the market equilibrium wage.
- C firms' labour costs are reduced.
- D the labour market is in equilibrium.

Your answer

[1]

5

- 11 A country is currently making full use of all its resources. It decides to produce less consumer goods. Which of the following best represent the choice this country has made?



- A A to B
B B to C
C C to D
D D to A

Your answer

☐

[1]

- 12 Moral hazard can arise if health care is state funded. How could this be explained?

- A Consumers do not know how much health care they may need
B Consumers do not take into account the costs to 'third parties'
C Consumers underestimate the future costs of unhealthy living
D Consumers will take excessive risk with their health if health care is free

Your answer

☐

[1]

- 13 When is allocative efficiency achieved?

- A Consumer surplus is greater than producer surplus
B Consumer and producer surplus are at a maximum
C Consumer and producer surplus are equal
D Consumer and producer surplus are zero

Your answer

☐

[1]

- 14 If there is an increase in the interest rate, what will be the most likely effect on a market?

- A Demand curve will shift to the right
B Equilibrium quantity traded will rise
C Supply will become more elastic
D Supply curve will shift to the left

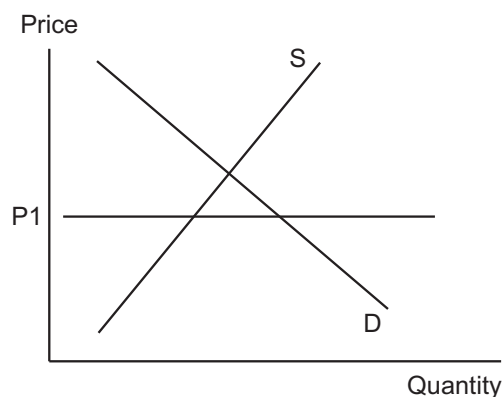
Your answer

☐

[1]

5

- 8 The diagram below shows the supply and demand for strawberries.



Which of the following would be most likely to happen if the price was set at P1?

- A Market price will fall
- B More suppliers will enter the market
- C The market will be in equilibrium
- D There will be a shortage

Your answer

☐

[1]

- 9 What is the main role of firms in a market economy?

- A To look after the welfare of all citizens
- B To pay subsidies
- C To provide goods and services
- D To provide labour

Your answer

☐

[1]

- 10 When is productive efficiency achieved?

- A Account is taken of all external costs and benefits as well as the internal costs and benefits
- B Goods and services are allocated according to who needs them most
- C Marginal utility of the good or price consumers are willing to pay equals the marginal cost
- D Maximum number of goods and services are produced with a given amount of inputs

Your answer

☐

[1]

- 11 Which of the following is a definition of ceteris paribus?

- A Assuming everything else stays constant
- B Demand is exactly equal to supply
- C Resources used in the production process
- D The Government intervenes in the market

Your answer

☐

[1]

2-MARK QUESTIONS

1 question in this booklet

8

SECTION B

Answer **all** the questions in this section.

Trends in UK Road Passenger Transport

The demand for the vast majority of road transport is a derived demand. Since 1950, road traffic in the UK has increased almost tenfold up to 303.7 billion vehicle miles in 2013. The increase has mainly been accounted for by an increase in the number of cars and vans. This has brought with it a number of problems including increased congestion, air and noise pollution. However, more recently, the growth in road use has slowed and since 2008 there has been a slight decrease. Population has increased from 50 million in 1950 to 64 million in 2013 and GDP has increased from £0.29 trillion in 1949 to £1.50 trillion in 2012. However, since 2009 the price of unleaded petrol has increased from 86.3 pence per litre to 130.8 pence per litre in December 2013.

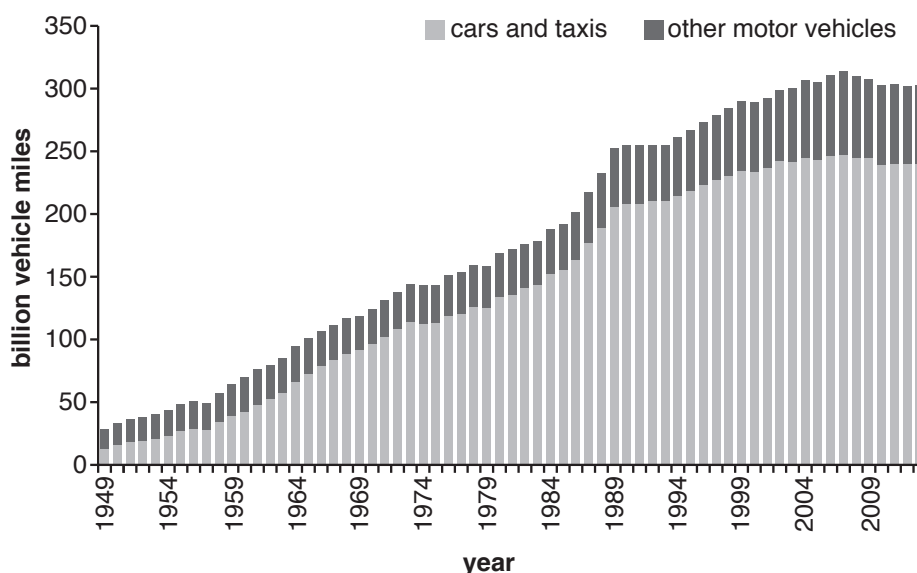


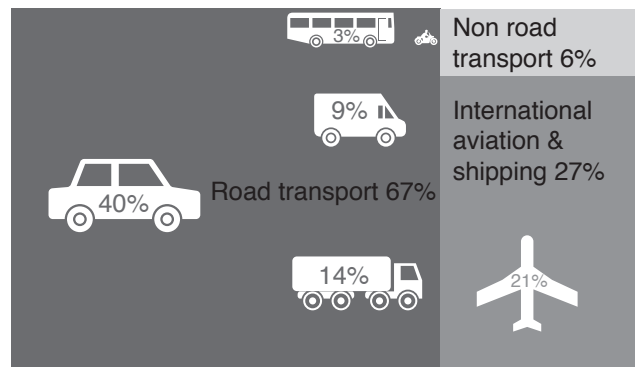
Fig. 1 Road Traffic in Britain since 1949

There was a slight decline in bus usage (outside London) from 1985–2008. In 2012 estimates for the income elasticity of demand for buses suggest an income elasticity of demand between -0.5 and -1.0 . Price elasticity of demand for buses is -0.36 in the short run and -0.7 in the long run. Cross elasticity for buses is estimated to be even lower, with the cross elasticity of demand between bus fares and car travel just -0.1 .

Bus fares have increased in real terms since 1986 but bus travel for older and disabled people has been free in England since April 2008. The Transport Act 2000 required all local authorities to provide low price travel for older and disabled people. From April 2008 this was extended to free travel by bus anywhere in England.

9

In the year ending 2014, the average level of subsidy for buses per passenger journey was 6.3 pence. This decreased (adjusted for inflation) from 10.5 pence in 2005. The subsidy in London is 1.8 pence per passenger journey.



- In 2011, road transport was the largest contributor to total transport greenhouse gas emissions (67% of the total).
- Cars and taxis contributed the most of any transport mode (40% of total).

*Non road transport consists mainly of domestic aviation and shipping and rail.

Fig. 2 UK Transport: Greenhouse gases (GHG) emissions by mode of transport 2011

There has also been growing concern about the contribution of road transport to rising emissions, air pollution and global warming.

The London Lorry Control Scheme (LLCS) has been in existence since 1986. It was set up to protect Londoners against the disturbance caused by heavy lorries at night and at weekends. Its objective is to reduce noise nuisance at antisocial times by eliminating through traffic and minimising the environmental effects of heavy lorries. Lorries are banned (or prohibited) from using urban roads during the most environmentally sensitive times, from 9pm–7am Monday–Saturday, and from 1pm Saturday to 7am Monday.

10

- 16 (a) What economic term is used to describe pollution and congestion?

.....
..... [1]

- (b) (i) Explain what is meant by the term 'derived demand'.

.....
.....
.....
..... [2]

- (ii) Using information from the case study identify **two** factors that may have led to the increase in car travel over the period shown in Fig. 1.

.....
..... [2]

- (c) Explain what is meant by the term 'income elasticity of demand'.

.....
.....
.....
..... [2]

- (d) Using information from the case study, calculate the effect of a 10% fall in bus fares on

- (i) bus travel in the long run.

.....
..... [2]

- (ii) the demand for car travel.

.....
..... [2]

MARK SCHEMES

official OCR mark schemes

15	B	Rationale A. The NMW may actually increase unemployment B. Correct: The aim of the NMW is to increase wages above their (low) market level C. NMW will increase labour costs for most firms D. Any NMW above the equilibrium wage will create an excess supply of labour	2	
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Question	Answer	Marks	Guidance
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12	D	Rationale A. This occurs because consumers lack accurate information about the benefits of healthcare B. This is because healthcare leads to positive externalities C. This occurs because consumers lack accurate information about the (future) benefits of healthcare D. Correct: Consumers are more likely to take risks with their health if they do not have to pay for healthcare	1	
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9	C	~~D Correct: Demand exceeds supply~~ Rationale: A This is the role of the state not firms B Governments provide subsidies to firms C Correct: This is the role of firms D People supply labour to firms	1	
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16	b	i	Explain what is meant by the term 'derived demand' Award two marks for: - When the demand for one product is dependent on \determined by the demand for another.(2) - Demanded not for its own sake but for what it produces.(2) Award one mark for: A factor of production to produce a good/ service (1) If no definition marks awarded one mark can be given for a correct example. (1) 0 marks for incorrect definition.	2 (AO1x2)	No marks for definitions or examples that refer to complementary goods.
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