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Examiners' Report June 2010

GCE Economics And Business (6EB04) Paper 01

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PE Report on Examination Paper 6EB04/01

General Comments

Overall, candidates were slightly better prepared than in January and were generally able to evaluate the information and offer support to their analysis of the given scenario. The key aspect of the work of the Competition Commission was the element of the paper which candidates found most difficult and a distinct lack of knowledge with regard to the work of this body was evident. Confusion with the (sometimes overlapping) powers of the OFT and European Commission often restricted marks awarded.

Many candidates brought useful newsworthy evidence in from outside the pre-release as things have moved on since the paper was written. We do try to select topical issues and if used in conjunction with the evidence provided, reward is given. A cautionary note is that none of the commercially written case studies are written by members of Edexcel's examining team.

Diagrams, where used, were of variable quality. It is a reasonable expectation at this level that candidates can correctly identify and label supply and demand curves and show appropriate shifts as well as relative elasticity. MSC/MSB analysis diagrams generally fared even worse.

Candidates are reminded of the instruction to use black ink and preferably not of a type which bleeds through to the other side of the paper as this can make it difficult or impossible for examiners to reliably interpret candidate responses.

Almost all candidates completed the paper in the time allotted, though a minority centres still appear encourage candidates to write long rambling answers adding up to five sides of writing, but nothing to the marks. Selectivity is often an indicator of the strongest candidates.

Comments on Individual Questions

Question 1: Many candidates clearly defined restrictive practices but a significant number were unable to access both marks and defined restrictive practices as 'cartels' almost invariably extended by 'which are illegal'.

Question 2: Many candidates demonstrated a sound knowledge of 'monopoly' and were able to extend their definition with valid reasoning and appropriate comments. Generally candidates gained the two available marks.

Question 3: The understanding of the work of the Competition Commission was not clearly understood in a high number of cases. Where candidates had clear knowledge and understanding of the work carried out by this organisation, they were able to show knowledge but not apply this to demonstrate their understanding; thus failing to acquire the A02 marks available. Many confused the powers of the CC with those of the OFT and a

popular misconception was that the CC have the general power to fine offenders (often quoting the OFT's Imperial Tobacco case). The only situation where this power arises for the CC is failure to comply with an order and this is a remedy of the court rather than the Commission. A large minority of candidates limited their answers to the aims of the CC. Centres are advised to carefully examine the marking scheme which listed six possibilities for the two application marks, as well as the Commission's website.

Question 4: A high number of candidates scored two of the four available marks as they demonstrated both knowledge and analysis (often very detailed and informative) but marks were lost for application in not calculating the PED of the products. Stronger answers demonstrated this application and all three calculations were included.

Question 5: Candidates showed a good understanding of the impact of recession and many related this to the context and reached level 3. Few gave evaluative responses to this question, but this did not affect the marks heavily due to level 4 being only one mark. Better answers recognised that switching to cut price supermarket alcohol would exacerbate the impact on pubs. The best recognised that recession had provided opportunities for more innovative competitors. For example JD Wetherspoon extending their opening hours and offering cut price breakfasts.

Question 6: This was the most likely question not to be attempted. The question often failed to gain high marks throughout. Few candidates addressed the question in relation to the likely impact of the Beer Orders with a high number of responses describing the material but failing to analyse or evaluate the likely impact. Others had clearly failed to read the evidence and either interpreted the Beer Orders as a restrictive practice or in the worst case the quantity of beer supplied by breweries in 1989. The best recognised the extent to which one complex monopoly had been replaced by another.

Question 7a: Generally well answered. Good understanding of the concepts was evident and analysis well developed. The context was in essence well applied throughout and many candidates accessed level 4 by introducing evaluative points which they based on both the evidence presented at the time of the examination and the pre release material. The best made good use of elasticity by explaining that whilst a modest increase in price might be ineffective in reducing consumption, this would still internalise the externality by providing a large increase in government revenue to pay for it. The regressive nature of indirect taxation also often featured in better answers. Marks were lost where the thrust of the argument simply centred on alternative approaches and remedies which had been examined in January.

Question 7b: Knowledge and understanding were evident and the majority of candidates explored the merits of the strategy. Evidence of sound evaluation and analysis was seen with some interesting ideas which students supported with relevant material and use of toolkit. Many recognised the administrative difficulty of the scheme and the near impossibility of charging fairly. Marks were capped for a number of candidates who briefly looked at charging

initially and then moved the question to offering alternatives to charging patients and discussing taxation already covered in the previous response. The best were clear on extent. One popular misconception, often localised by centre, was that the NHS is a public good. Although it is currently non-excludable, it fails the non-rivalry test as there is a significant opportunity cost to treating drunks as anyone unfortunate enough to need to visit A&E on a weekend will know. The NHS is a merit good, justifying its public subsidy.

Grade Boundaries

GCE2008 A2 Unit Grade boundary model

Grade	Max Mark	a*	A	B	C	D	E	N	U
Raw mark boundary	80	60	54	48	43	38	33	28	0
Uniform mark scale boundary	100	90	80	70	60	50	40	30	0

a* is only used in conversion from raw to uniform marks. It is not a published unit grade.

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