

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Economics and Business

Advanced

Unit 4B: The Wider Economic Environment and Business

Thursday 24 January 2013 – Morning

Time: 1 hour 30 minutes

Paper Reference

6EB04/01

You must have:

Insert containing all source material (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions in Section A and Section B.
- Answer the questions in the spaces provided – *there may be more space than you need.*
- You may use a calculator.

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Quality of written communication will be taken into account in the marking of your response to Questions 7 (a) and 7 (b) in Section B. These questions are indicated with an **asterisk**(*) – *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- Candidates are expected to be familiar with Evidence A to I for this paper before the examination.

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

P42135A

©2013 Pearson Education Ltd.

1/1/1



PEARSON

SECTION A

Evidence A to I was pre-issued before the date of the examination.

Using ALL the evidence and your own knowledge, answer all six questions (total 30 marks).

Time allowed (35 minutes).

Additional Evidence J

Private greed and public incompetence



(Source photo: Geoff Pugh, *The Daily Telegraph*, 4 August 2008)

Privatisation of the rail industry in 1993 was supposed to inject competition and lower costs. However, the network of railway lines is a natural monopoly. Privatised franchises have been unwilling or unable to drive down the industry's high costs.

There is no incentive for the rail industry to supply extra capacity without additional public subsidy. The privatised companies prioritise executive pay and large dividends for shareholders. Now, the UK government is to lift the cap agreed during privatisation; fares could rise by only 1% more than inflation. They are to rise by 3% above inflation from 2012. Annual rises of £1,000 or more and substantial increases in overcrowding are predicted for season ticket holders.

5

Rail is the greenest form of transport. Higher prices for rail travel may force people back into their cars which makes no sense for a government committed to reducing environmental costs. Britain's train utilisation is 20–25% lower than its European counterparts, with a corresponding adverse effect upon total unit cost per passenger kilometre.

10

However, Passenger Focus reported in 2009 that most of Britain's passengers seem better served than other European passengers by the number and times of trains available.

15

(Source: adapted from *The Independent*, 9 November 2010, and the McNulty Report, May 2011)



1 What is meant by the term 'environmental costs' (see Additional Evidence J, line 12)?

.....

.....

.....

.....

.....

.....

.....

(Total for Question 1 = 2 marks)

2 What is meant by the term 'inflation' (see Additional Evidence J, line 7)?

.....

.....

.....

.....

.....

.....

.....

(Total for Question 2 = 2 marks)



3 Explain why the network of rail lines is considered to be a 'natural monopoly' (see Additional Evidence J, line 2).

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 3 = 4 marks)



4 Explain **one** reason why the UK Government currently subsidises rail travel.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 4 = 4 marks)



5 Analyse **two** possible reasons why UK rail fares are higher than in other European countries.

[Dotted lines for writing]

(Total for Question 5 = 8 marks)



6 Assess **two** reasons for raising the cap on rail fares to RPI plus 3% (see Evidence C).

(Area with horizontal dotted lines for writing)



(Total for Question 6 = 10 marks)

TOTAL FOR SECTION A = 30 MARKS



Handwriting practice area with 20 horizontal dotted lines.



Blank writing area with horizontal dotted lines.



*(b) Evaluate the extent to which HS2 might increase UK economic growth.

(30)

A series of horizontal dotted lines for writing the answer.



Handwriting practice area with 25 horizontal dotted lines.



Handwriting practice area with 20 horizontal dotted lines.



(Total for Question 7 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS
TOTAL FOR PAPER = 80 MARKS



BLANK PAGE

