Mark Scheme (Results)

Summer 2014

Pearson Edexcel GCE
In Economics & Business (6EB04/01)
Unit 4B: The Wider Economics
Environment and Business

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.

- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.

- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.

- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.

- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.

- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.

- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.

- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

- Quality of written communication will be assessed in **Questions 7(a) and 7(b) in Section B**. The mark scheme for this question will indicate which strands of Quality of Written Communication are being assessed. The strands are as follows:

    i)   ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear;

    ii)   select and use a form and style of writing appropriate to purpose and to complex subject matter;

    iii) organise information clearly and coherently, using specialist vocabulary where appropriate.

Unit 4b: The Wider Economic Environment and Business

Marking Scheme

Question Number	Question	Mark
1.	What is meant by the term **merit good**? (see Additional evidence J line 6)?	
	Answer	**Marks**
	Knowledge/understanding up to 2 marks: A valid definition of merit good e.g. That which, if left to the free market, would be under consumed (1 mark) and therefore requires the government to intervene (1 mark). **Note:** 1 mark for partial or vague definition (but a valid example such as reference to healthy school meals lifts to 2 marks).	**1-2**

Question Number	Question	Mark
2.	What is meant by the term **social costs** (see Additional evidence J line 18)?	
	Answer	**Mark**
	Knowledge up to 2 marks: A valid definition of social costs e.g. Private costs plus negative externalities (2 marks). **Note:** 1 mark for partial or vague definition (but a valid example such as costs to the NHS lifts to 2 marks).	**1-2**

Question Number	Question	Mark
3.	Explain **one** reason why Gove's removal of a subsidy may lead to a decline in the number of healthy lunches. (see evidence J line 12).	
	Answer	Marks
	Knowledge 1, Application 1, Analysis 2 **Knowledge** valid definition of subsidy e,g, a sum of money provided to reduce cost/price (1 mark) **Application** reduce the cost of catering equipment/decoration or the price of healthy food such as fresh vegetables (1 mark) **Analysis: up to 2 marks** Explaining that without this payment schools are less likely to improve their provision (1 mark) which leads to a decline in the number of pupils using the school canteen (1 mark).	1 1 1-2 **Total (4 marks)**

Question Number	Question	Mark
4.	Explain **one** wider economic consequence of UK obesity.	
	Answer	Mark
	Knowledge 1, Application 1, Analysis 2 **Knowledge and understanding: 1 mark** Wider economic consequences e.g taxation/GDP/growth/income distribution (1 mark) **Application: 1 mark** Some reference to the data e.g. Increased hospital admissions (1 mark) **Analysis: up to 2 marks** e.g. Obesity increases long-term health problems such as heart disease (1 mark) meaning increased cost to NHS / increased absence from work. (1 mark).	**1** **1** **1-2** **Total (4 marks)**

Question Number	Question	Mark
5.	Analyse **two** reasons why the UK Government budget might lead to increased inequality.	
	Answer	**Mark** *per reason*
	Knowledge 2, Application 2, Analysis 4 **Knowledge and understanding: 1 mark** per plausible reason e.g. changes in income, changes in spending (1 mark)	**1** **1**
	Application: 1 mark for applying each reason e.g. reduction in top rate of tax to 45% (1 mark) application of VAT on previously untaxed products (1 mark)	**1-2**
	Analysis: up to 2 marks for each cause/cost/consequence e.g. top earners will see a rise in net income (1 mark) unlike other income tax payers whose tax rate remains unchanged (1 mark). Low income consumers may buy hot takeaway foods which are now more expensive (1 mark) thus reducing levels of real income (1 mark)	**Total 4 marks x 2 =8 marks**

Question Number	Question		
6.	Assess the case for providing, for all schoolchildren, free school meals from general taxation.		
Level	Mark	Descriptor	Possible Content
Level 1	**1-2**	Candidate shows some knowledge and understanding.	Some awareness of general taxation. e.g. income tax, corporation tax, VAT.
Level 2	**3-4**	Some relevant awareness in context.	e.g. Some parents find affordability a problem. e.g. half of those currently entitled to free dinners don't take them
Level 3	**5-6**	Valid development in context Reasons/causes/costs and/or consequences are outlined. Either pros or cons could be addressed. **Answer will be one-sided**	e.g. It is likely that many currently entitled to free meals who currently don't take them up would do so. e.g. It would end the school meals poverty trap because of the removal of perceived stigma
Level 4	**7-10**	Evaluation: Expect to see evaluative points based on analysis of the economics/ business situation. **Both pros and cons required.** 7-8 marks - only one side in context 9-10 marks - both sides in context Answer is coherent, has some balance, is related to the context and makes good use of concepts, theories and/or methods.	**OR/AND** e.g. Costs of providing free school meals are already a problem. e.g. Tax increases to meet the extra costs would be unpopular. e.g. Cuts elsewhere in government expenditure could have significant opportunity costs.

Question Number	Question		
7.(a) QWC i-iii	Assess the economic case for limiting free NHS treatment of obese patients. **(20)**		
Level	Mark	Descriptor	Possible Content
Level 1	1-3	Candidate shows knowledge of NHS / obesity. *Written communication may be poor with frequent errors in spelling, punctuation and grammar and a weak style and structure of writing. There may be problems with the legibility of the text.*	e.g. NHS free at point of delivery. e.g. The NHS is funded by Government e.g. Obesity is being chronically overweight.
Level 2	4-8	Some application to obesity/NHS. *The candidate may use some Economics and Business terminology but the style of writing could be better/there may be some errors in spelling, punctuation and grammar.*	e.g. Obesity problem on the rise, e.g. Obesity increases costs of NHS, e.g. 30 fold increase in surgical interventions for obesity in last decade. e.g. One in seven operations for obesity are subsequent adjustments e.g. 11 fold increase in NHS admissions for obesity in last decade.
Level 3	9-14	Analysis must be present. Valid development in context of the likely economic effects of charging for NHS obesity treatment and/or the mechanisms involved. Reasons/causes/costs and/or consequences. Either pros or cons could be addressed. **Answer will be one-sided.** Low level 3: 9 – 10 marks Analysis weak: only one reason/cause/cost or consequence is outlined. Cap at 9 if no context. Medium level 3: 11 – 12 marks Analysis is more developed: two of reasons/causes/costs and/or consequences are	e.g. Possible causes of obesity include poor diet/ lack of exercise. Should the NHS pay for inappropriate lifestyle choices? e.g. Hospital beds are expensive and possibly already underprovided. Extensive obesity treatment may keep more deserving cases with other conditions from being treated. e.g. There may be cheaper interventions, such as dietary advice/ education in schools/subsidised sporting facilities e.g. There is already a large budget deficit due to recession. One consequence of, for example increased surgery will be to increase pressure on NHS

		outlined. High Level 3: 13 – 14 marks Analysis is wide-ranging; three or more well explained reasons/causes/costs and/or consequences are at least partially developed. **Answer will be one-sided.** *The candidate uses Economics and Business terminology quite well/style of writing is appropriate for the question/reasonable to good spelling, punctuation and grammar.*	budgets.
Level 4	**15-20**	Evaluation must be present. Expect to see evaluative points based on analysis of the economics/ business situation. **Both pros and cons required.** Low Level 4: 15 – 16 marks Some evaluative points are made, based on analysis of the economy and / or case study information without arriving at a conclusion/ judgement. Maybe only one side of the argument in context. Medium Level 4: 17-18 marks A judgement is attempted with some balance showing the economic consequences. Expect an attempted conclusion. High Level 4: 19 – 20 marks Works to convincing evaluative conclusion. At this level, some economic theory is expected e.g. social costs/ benefits, macro-economic consequences etc. *Candidate uses Economics and Business terminology fluently with good spelling, punctuation and grammar.*	e.g. Longer term, there are likely to be significant health benefits from obesity treatment – maybe less cost to NHS in the future. e.g. Treatment may enable some to return to work. This will benefit the economy as production increases e.g. Most patients are taxpayers and consequently view the NHS as an entitlement. e.g. Some obese patients may just have a low metabolic rate or other health condition which predisposes them to obesity. This would unfairly penalise them.

Question Number	Question		
7.(b) **QWC i-iii**	Evaluate the extent to which UK Government should regulate the food industry. **(30)**		
Level	Mark	Descriptor	Possible Content
Level 1	1-3	Candidate shows knowledge and understanding of regulation. *To achieve a mark of 1 – 3 the candidate will have struggled to use Economics and Business terminology legibly with frequent errors in SPG and / or weak style and structure of writing.*	e.g. regulation is creating and enforcing rules and laws. e.g. enforcement is through court action e.g. penalties may be imposed if regulations are breached.
Level 2	4-8	Candidate applies information in evidence to raise points in context. *Candidate uses some Economics and Business terms but the style of writing could be better. There will be some errors in SPG. Legibility of the text could have been better in places.*	e.g. Food hygiene, production, processing, packaging, labelling, importing and distribution rules are examples of regulation/ potential regulation. e.g. The Food Standards Agency (FSA) and the Department for Environment, Food and Rural Affairs (Defra) are responsible for regulation of the food industry. e.g. Local authorities throughout the UK are the enforcement authorities for food businesses like cafes, restaurants and food shops.
Level 3	9-16	Analysis must be present. Valid development in context. Reasons/causes/costs and/or consequences. Either pros or cons could be addressed. **Answer will be one-sided.** Low level 3: 9 – 10 marks Candidate will attempt very basic analysis of regulation of the food industry and its impacts. One or two reasons/causes/costs and /or consequences are outlined.	e.g. Without regulation, unsafe farming practices could pose health risks – CJD etc. – because of lack of penalties. e.g. Without regulation, unsafe processing could pose health risks – e-coli etc. – because of lack of enforcement. e.g. Without regulation, unhealthy food might well return to schools as budgets

			are tight and unhealthy food may be cheaper.
		Cap at 9 for no context.	
		Medium level 3: 11 – 13 marks Candidate looks at a range of reasons/causes/costs and/or consequences of regulation. Answer will be in context.	e.g. Enhanced regulation on labelling could help consumers make healthier choices which would have a positive long term effect on NHS spending. Without regulation, some retailers (e.g. Iceland) may opt out of voluntary deals.
		High Level 3: 14 – 16 marks Analysis is wide-ranging; three or more well explained reasons/causes/costs and/or consequences are outlined. Answer will be clearly in context. **Answer will be one-sided.** *The candidate uses Economics and Business terminology quite well/style of writing is appropriate for the question/reasonable to good spelling, punctuation and grammar.*	e.g. Excessive consumption of food (demerit good) can lead to obesity and therefore increased cost to the NHS
Level 4	17- 30	Evaluation must be present. Expect to see evaluative points based on analysis of the economics/ business situation. **Both pros and cons required** Threshold Level 4: 17-18 marks One limited attempt to evaluate arguments made. Low Level 4: 19-21 More than one limited attempt to evaluate arguments made. Mid Level 4: 22-24 Detailed evaluation of arguments made, which will be based on a range of sources and/or specification areas High Level 4: 25-30 Balanced conclusions and/or recommendations based on sound analysis of the economic situation and case study information.	e.g. Regulatory compliance exerts a disproportionately large administrative burden on small businesses (Cornish Pasty Manufacturers) which could disincentivise potential entrepreneurs. e.g. Government regulation can make businesses less competitive against foreign competition because of added costs. e.g. New regulations create uncertainty, which deters small business owners from investing and recruiting. e.g. Regulations can have unintended consequences. For example, the introduction of healthier school dinners initially saw a large decrease in demand.

| | | Candidate will make a clear conclusion as to the extent to which the UK Government should regulate the food industry.

Candidate uses Economics and Business terminology precisely and effectively with good to excellent spelling, punctuation and grammar. | e.g. Due to the specialised nature of the food industry, the regulator may have imperfect knowledge and regulatory capture can occur.

e.g. There are alternatives to regulation which may be more cost effective/efficient such as self regulation, proactive education which means that less regulation is needed |