

**Paper Reference 8EC0/01**

**Pearson Edexcel**

**Level 3 GCE**

# **Economics A**

**Advanced Subsidiary**

**Paper 1: Introduction to Markets and Market Failure**

**Monday 13 May 2019 – Morning**

## **Data Book**

**In the boxes below, write your name, centre number and candidate number.**

|                         |  |  |  |  |  |
|-------------------------|--|--|--|--|--|
| <b>Surname</b>          |  |  |  |  |  |
| <b>Other names</b>      |  |  |  |  |  |
| <b>Centre Number</b>    |  |  |  |  |  |
| <b>Candidate Number</b> |  |  |  |  |  |

## INSTRUCTIONS

There may be spare copies of some data sheets in case you need them.

**THIS DATA BOOK MUST BE RETURNED WITH THE  
QUESTION PAPER AT THE END OF THE EXAMINATION.**

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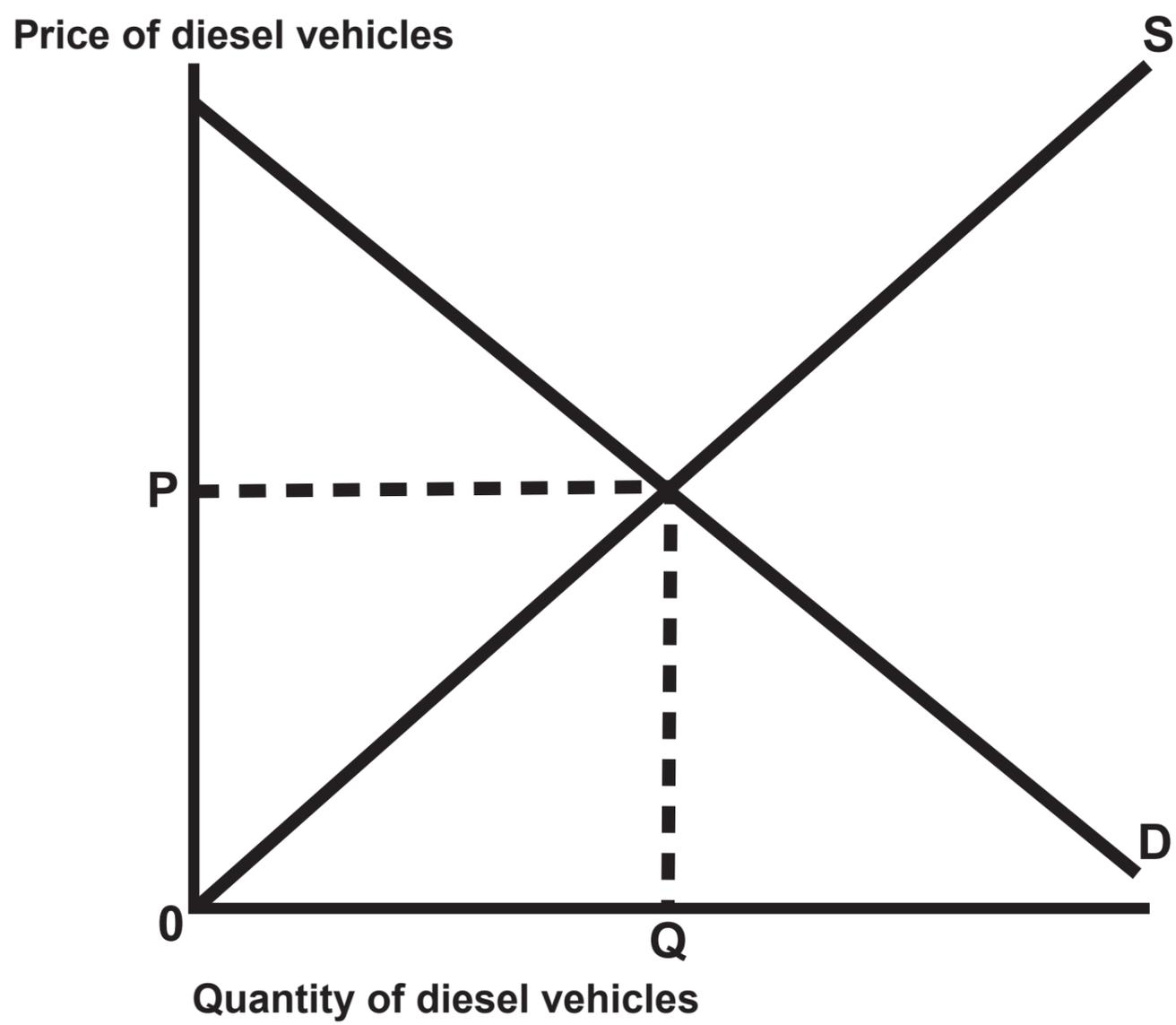
#### SECTION A

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| 5 | Question 2(a) (Spare copy) |
| 6 | Question 4(b)              |
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| 8 | Question 5                 |

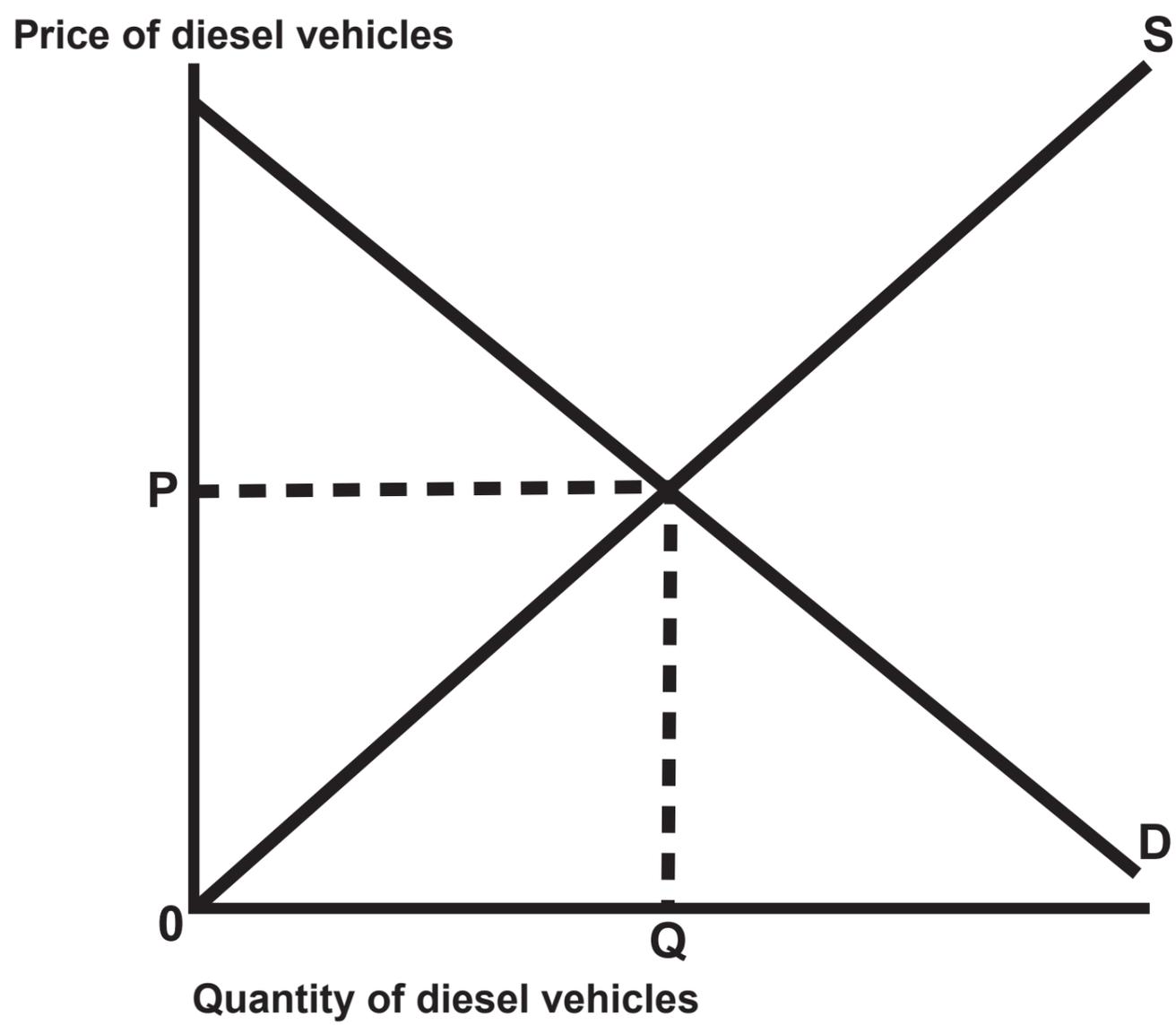
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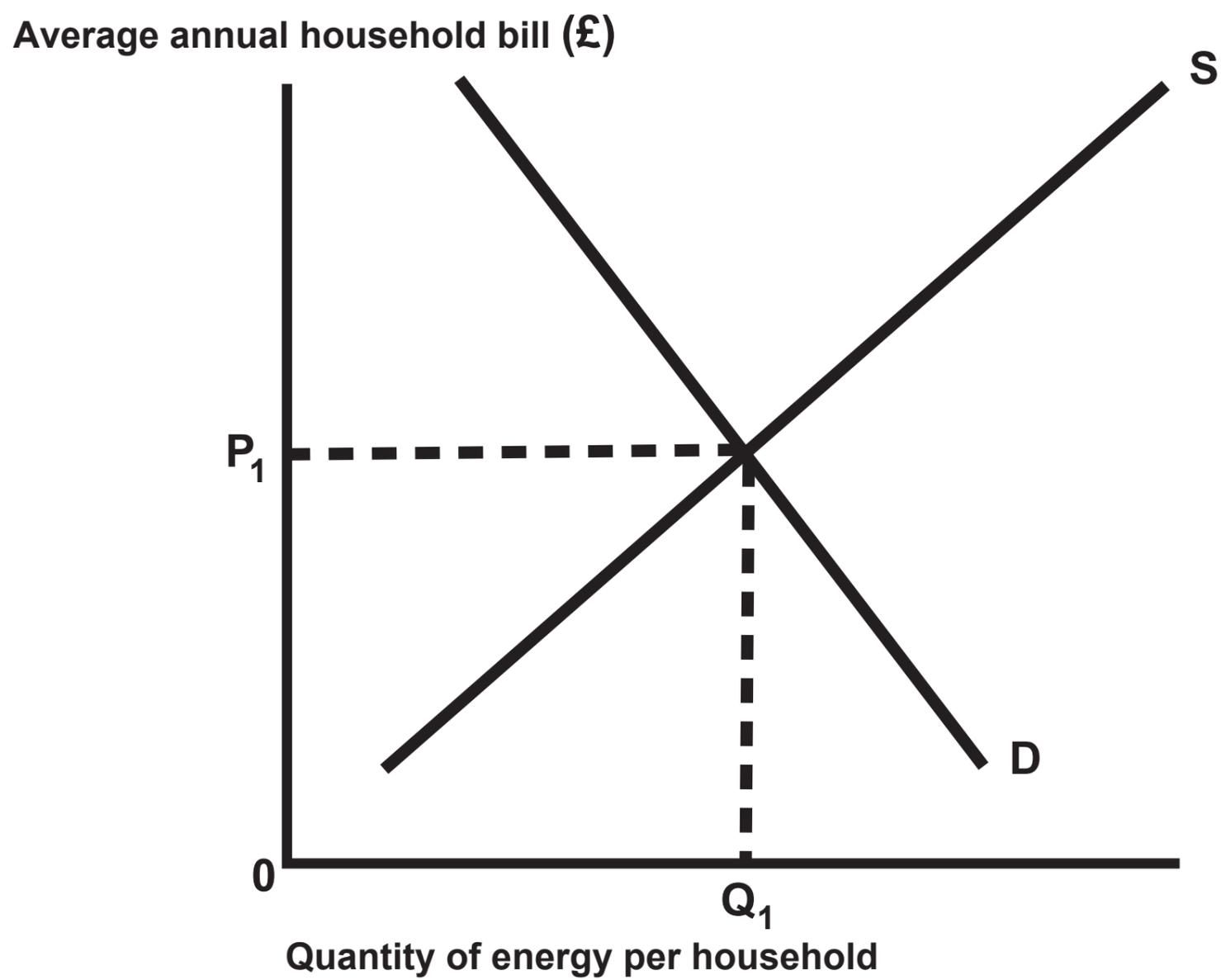
Question 2(a)



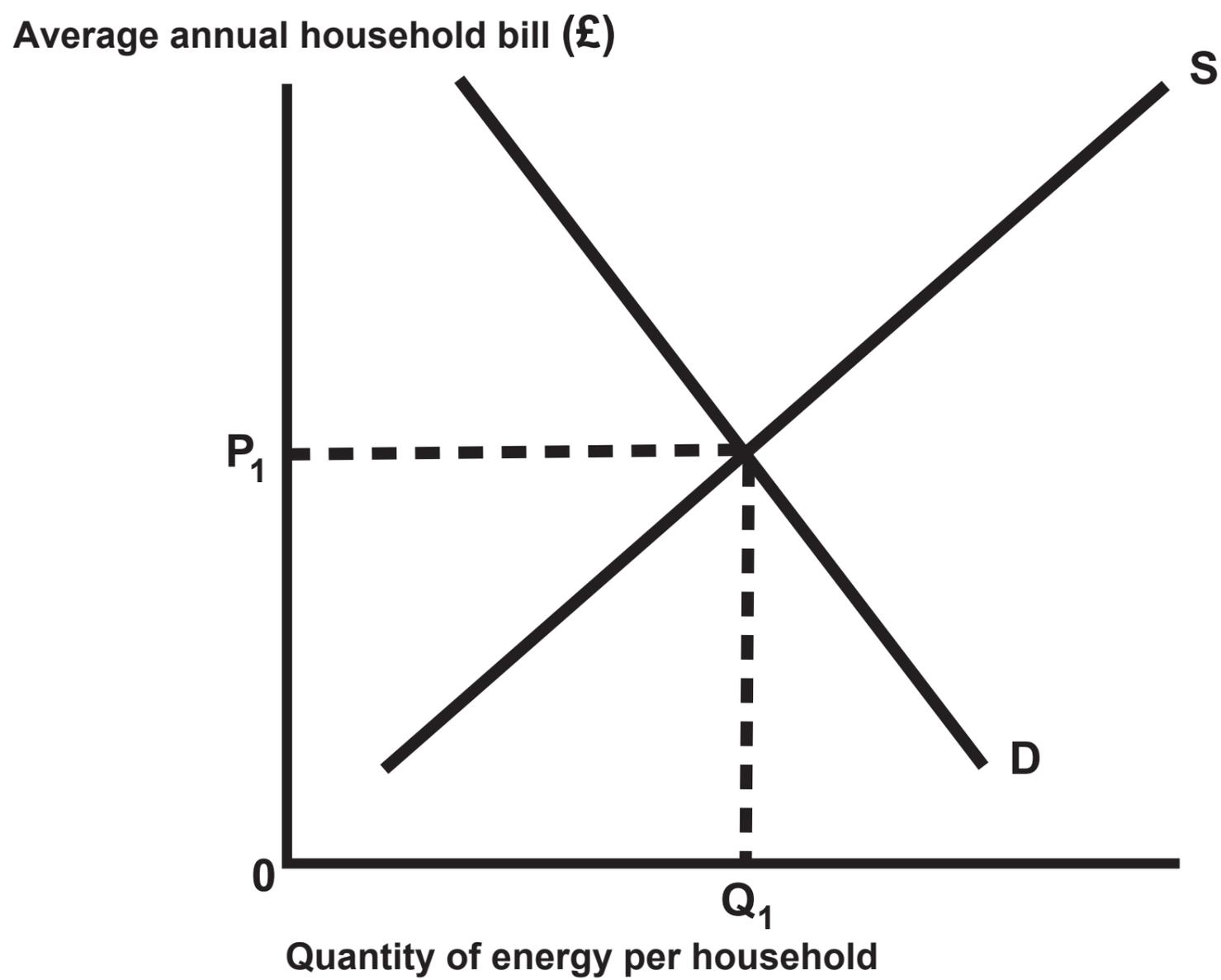
Question 2(a)



Question 4(b)



Question 4(b)

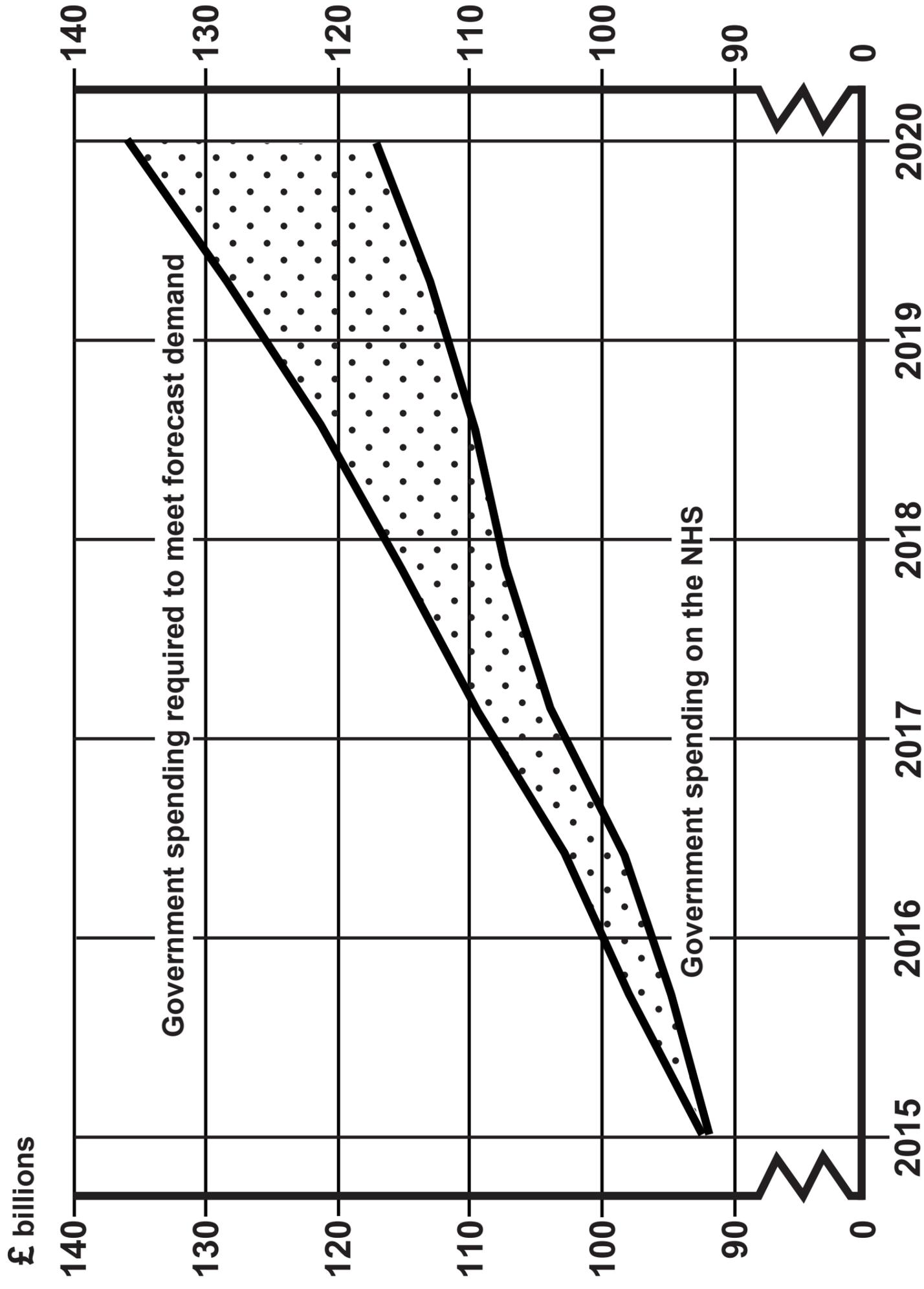


## Question 5

|  | 2015 | 2017  |
|--|------|-------|
| Average weekly pocket money for children aged under 10 years | £7   | £8.75 |

Question 6

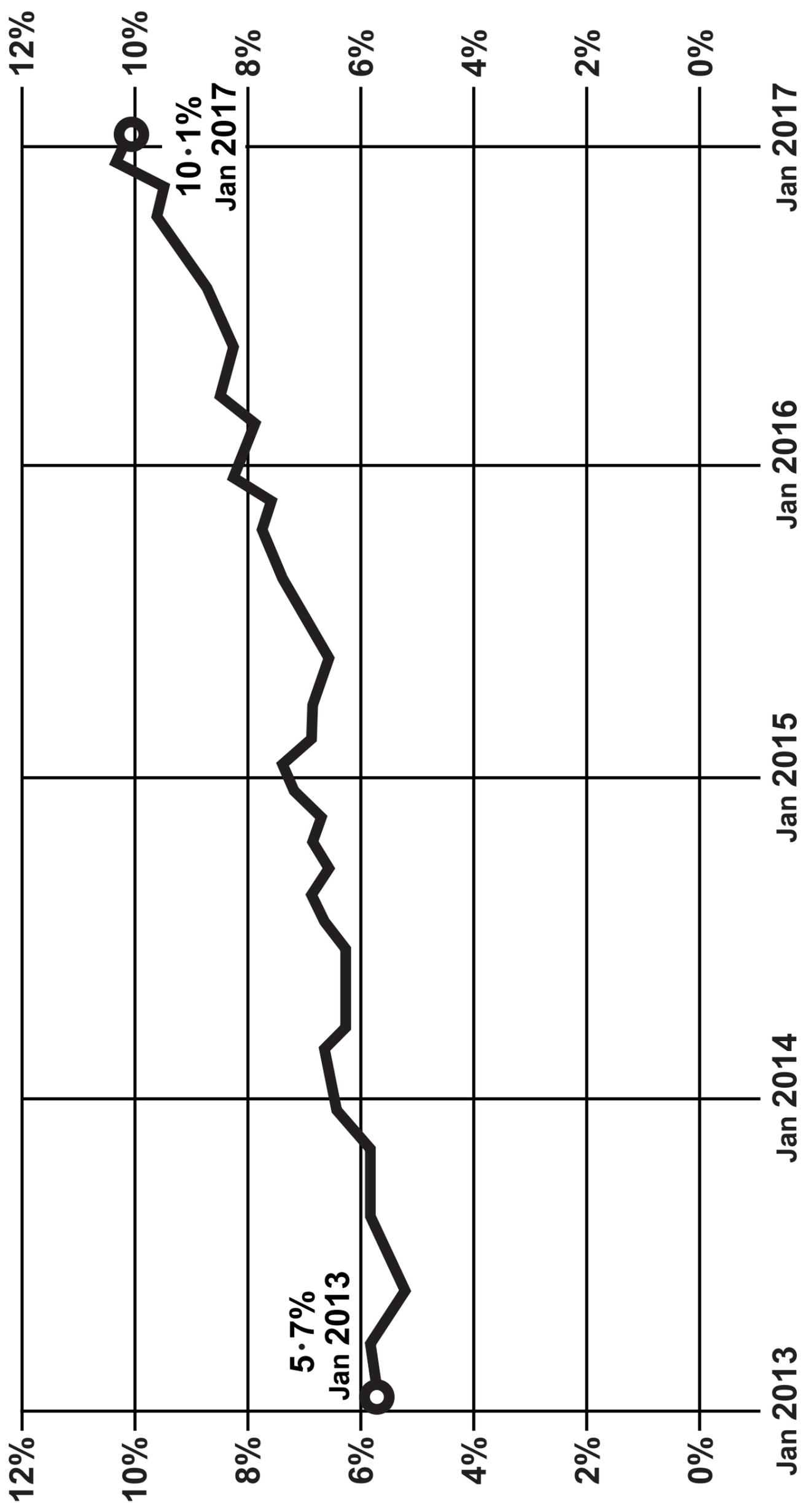
**Figure 1: National Health Service (NHS) in England: Government spending and projected funding gap, £ billions, 2015 to 2020**



(Source: <https://www.economist.com/news/britain/21706563-nhs-mess-reformers-believe-new-models-health-care-many-pioneered>)

Question 6

Figure 2: Percentage of NHS patients in England waiting over 18 weeks for non-emergency treatment



(Source: <https://www.statista.com/chart/8813/more-and-more-people-made-to-wait-by-the-nhs/>)

## Question 6

## Extract A

## Hospitals already full

National Health Service (NHS) managers' warned that bed occupancy rates are approaching 99% in some parts of the country, compared with recommended levels of 85%. In 2017 the number of patients waiting for non-urgent treatment passed the four million mark, the highest figure for almost a decade.

The chief executive of the NHS suggested that waiting list targets for routine operations such as hip and knee replacements would have to be sacrificed in order to protect other services, including accident and emergency (A&E) and cancer care.

10 However, the government has insisted waiting time targets must still be met. Recently the Chancellor awarded the NHS £2.8 billion over three years, including £1.6 billion in 2018 – less than the £4 billion which NHS officials had asked for to keep up with an ageing population and new medical technologies.

15 NHS managers said there was now very little spare capacity in the system, warning of shortages of paramedics, doctors, A&E consultants and nurses.

(Source: adapted from <http://www.telegraph.co.uk/news/2017/12/07/hospitals-already-full-bursting-pressures-mount-warn-nhs-chiefs/>)

## Question 6

## Extract B

## How health care is funded

Most countries have a mixed economy of health provision typically funded from taxation, patient fees and private health insurance.

5 The NHS was launched in the UK in 1948 to ensure direct state provision by the government of health care 'free at the point of use'. The NHS is mainly funded from general taxation. However, some NHS patients pay for some of their medical care, such as prescriptions to buy medicine.

10 In the ongoing debate about how best to fund the NHS, some people have proposed introducing a £12 charge for visiting a General Practitioner (GP) doctor. Proponents argue that such a charge would deter overuse of GP services by those who do not have genuine health needs. It would also raise additional money for the NHS and create incentives which will stimulate innovation and more choice.

15 Estimates suggested that a £12 charge on the 450 million visits a year to GPs could have raised enough to cover hospitals' overspend in 2016. Based on exemptions for prescriptions, 90% of patients will not be charged including the elderly, children and low income groups. There would also be administrative costs of collecting the charge and verifying exemptions. These arrangements would significantly reduce the amount a charge would generate, assuming no  
20 one paying would be dissuaded from visiting their GP.

The proportion of people in the UK taking out private health insurance (PHI) to pay for private health care has increased to 10.6%, despite significant increases in the prices of treatment in private hospitals. Some economists argue that the government should provide subsidies to encourage people to  
25 take out private health insurance. This would reduce the burden on the NHS by taking some people out of the state system. Furthermore it is argued that

(continued on the next page)

Extract B continued.

private health care increases choice for users, encourages competition and drives up standards of care.

30 A typical PHI policy for a healthy 35-year-old costs about £650 a year but this rises steeply to £2 300 for those aged 70, when claims are far more likely. The level of contribution is based on their risk of requiring health care. PHI also tends to incur high management and administrative costs due to the resources required to assess risk and claims. Also there is the possibility of market failure given asymmetric information.

(Source: adapted from <https://www.kingsfund.org.uk/publications/how-health-care-is-funded>)

## Question 6

## Extract C

**Public parks are a public good**

Public parks are places which people can use for free to exercise or to relax. Parkrun Limited organises free weekly runs in local parks attracting hundreds of joggers per park to enjoy healthy exercise. The government is proposing to

5 ban local authorities charging Parkrun for the use of public parks to fund the maintenance of public parks. The government considers that it is appropriate for the public to pay a reasonable sum for the private use of a facility such as a tennis court or a football pitch which may be used exclusively. However, the government does not consider it appropriate for a local authority to charge

10 a volunteer community group 'seeking to provide a free weekly event' for the use of a public park. Parkrun share the park with other park users. Although a running course may be marked out there is no restriction on other people using the park.

(Source: adapted from © Crown Copyright Running Free – Government consultation on preserving the free use of public parks, April 2017, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/608372/Parkrun\\_ConDoc.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/608372/Parkrun_ConDoc.pdf) and <http://www.telegraph.co.uk/news/2017/04/14/councils-banned-charging-runners-take-part-regular-saturday/>)