

Examiners' Report/  
Principal Examiner Feedback

January 2012

GCE Economics & Business (6EB04)  
Paper 01

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## **Introduction**

### **Section A**

The entry for this paper again increased by 10% in relation to 2011 indicating a combination of the increasing popularity of this specification and a few more centres taking unit 4 before unit 3. The road transport topic proved accessible for the vast majority of candidates, though very high marks were rare.

Again many candidates brought useful newsworthy evidence in from outside the pre-release as things have moved on since the paper was written. Where used in conjunction with the evidence provided, reward was given.

Almost all candidates completed the paper in the time allotted, and thankfully, the majority were again willing to cut to the chase and make sound evaluative points on the higher mark questions without repetition. Unnecessarily lengthy answers were avoided and it was clear that centres had taken notice of previous advice. It was clear that many centres had made excellent use of the pre-release materials in the classroom, but equally clear that a minority had not. Candidates often need help in analysing information.

#### **Question 1**

MSB=MSC was the hoped for approach, but less than 10% of candidates were that clear. Many related to productive efficiency and linked this to the context to score full marks, but too many confused optimum with maximum and around one third of the entry only gained one mark here.

#### **Question 2**

Most candidates had some idea and many recognised the private benefit component. Equally, many did not and defined social benefit as the positive externality in isolation. Around half the entry only gained one mark and as usual, the weakest reverted to tautology.

#### **Question 3**

Most candidates gained three of the four available marks here, though too many ignored the evidence and assumed the levy was on retail parking places. The weakest assumed WPL was a company in a competitive market and an equal number believed business competitiveness would increase on the false premise that businesses only try to maximise profits when these are threatened.

#### **Question 4**

Most made good use of the evidence to gain three or four marks here. Arguments were clearly expressed and sound use made of the evidence.

### **Question 5**

Most gained at least six marks here by giving two sound reasons. Marks were often lost by failing to develop analysis, though the full range of reasons given in the marking scheme was seen.

### **Question 6**

Understanding of the scheme was poor. There seems to be an expectation that the pre-release will always provide the answer, but it was hoped that candidates would have carried out some additional research or a more in depth explanation of this well publicised scheme would have been given in lessons. The pre-release, given its length and the time candidates have in the examination, can only provide a stimulus and candidates would be well advised to follow up with their own research. Equally, most teachers appear to make good use of the pre-release in the classroom.

Generally candidates realised that the scheme would protect jobs, but often failed to give relevant examples. A minority believed it was possible to claim the subsidy without purchasing a new vehicle. Some confused the scrappage scheme with green taxation or predicted doom and gloom. Most failed to realise that the scheme was effectively self financing as the taxation on new car sales more than compensated for the government contribution to the subsidy. Only a very few realised that half the subsidy came from the motor industry. Many also believed that only "greener" cars attracted the subsidy.

### **Section B**

The general quality of spelling, punctuation and grammar improved and examiners were able to follow arguments more easily.

### **Question 7a**

Generally well answered. Good understanding of the concepts was evident and analysis often developed. The context was in essence well applied throughout. Most candidates recognised that recycled cooking oil was a sustainable and relatively environmentally friendly fuel. A popular mistake was that the vehicle would have to be modified or even need a different engine to run on this fuel, but this Principal Examiner can attest that any diesel vehicle will run on recycled cooking oil, provided it is thinned with white spirit or similar. In cold winters, the fuel needs to be mixed with mineral diesel to stop it waxing.

This fuel causes less wear on engines, produces far less CO<sub>2</sub> than virtually any other fuel and otherwise would be a waste product. Vehicles failing an MOT test on emissions will generally pass on cooking oil and Uptown Oil mainly sell to taxi drivers, who arguably displace many private cars. In order to collect the raw material, Uptown are required by law to purchase two additional licences.

The only problem is the limited supply which would be insufficient to totally replace mineral diesel. Some candidates mistakenly confused recycled fuel with bio-diesel where crops are purposefully grown and introduced arguments relating to global food shortages.

Again, candidates would have been well advised to take a peek at the company website which is packed with relevant information.

### **Question 7b**

This was a "bread & butter" question. Knowledge and understanding were usually evident and the majority of candidates explored the merits of the decision. Evidence of sound evaluation and analysis was seen, but with a very mixed bag of understanding. Better candidates clearly linked interest rates to inflation, with the best realising that recent UK inflation was cost push rather than demand pull. The impact of interest rates on the exchange rate was less well understood and too many introduced a badly flawed and irrelevant understanding of quantitative easing which was not the focus of the question. The weakest assumed higher rates would be inflationary. Few candidates reached the upper end of Level 4.

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