

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 21 June 2012 – 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 ►

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**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

#### EU Fuel Taxation



(Source: [www.hankstruckpictures.com/len\\_rogers16.htm](http://www.hankstruckpictures.com/len_rogers16.htm))

In July 2002, the European Commission proposed a separate tax for commercial diesel fuel which aimed to make transport users consider negative externalities ('polluter pays' principle). This would also create equal conditions for competition among the EU's road haulage and passenger transport industries.

Environmental organisations broadly welcomed the increase in taxes, but argued some trucks got a tax advantage over others because they attract the same fuel duty rate as cars. They considered the new rates were still not high enough to internalise environmental costs and limit the growth of road transport.

It has been suggested that the additional revenue from fuel taxes could be used to fund European transport infrastructure.

The UK has the highest diesel duties in Europe. The Treasury earns £12bn a year from commercial diesel excise and would in no way accept a single rate across the EU.

(Source: adapted from [www.euractiv.com](http://www.euractiv.com))



1 What is meant by the term 'supply side policy'?

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**(Total for Question 1 = 2 marks)**

2 What is meant by the term 'fiscal policy'?

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**(Total for Question 2 = 2 marks)**



**3** Explain why emissions from commercial vehicles are considered to be a negative externality (see Additional Evidence J).

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**(Total for Question 3 = 4 marks)**

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4 Explain **one** social benefit that might result from road transport.

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**(Total for Question 4 = 4 marks)**



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5 Using **Evidence C, E and F**, analyse why the UK Government subsidises bus travel for passengers over the age of 60.

A series of horizontal dotted lines for writing the answer to Question 5.

**(Total for Question 5 = 8 marks)**



6 Assess the likely effect on UK inflation of increases in fuel taxation.

A series of horizontal dotted lines for writing the answer.





Handwriting practice area with 25 horizontal dotted lines.

**(Total for Question 6 = 10 marks)**

**TOTAL FOR SECTION A = 30 MARKS**





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7 \*(b) Assess the likely effectiveness of UK government transport policies in correcting market failure.

(30)

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Handwriting practice area with 25 horizontal dotted lines.



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**(Total for Question 7 = 50 marks)**

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

