

**Economics**

Advanced GCE

Unit **F584**: Transport Economics

**Mark Scheme for January 2011**

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Question		Expected Answer	Mark	Rationale/Additional Guidance
<b>Section A</b>				
1	(a)	(i)	[2]	<p><b>Using Fig. 1 compare the changes in car traffic and heavy goods vehicle traffic</b></p> <p>Both forms of transport saw a fall in traffic levels (1 mark)</p> <p>HGV's saw a much more notable decline than cars (1 mark)</p> <p>Car traffic saw the biggest decline on motorways whilst for HGV's it was on urban 'A' roads (1 mark). Accept data. OR 2 marks for a statement which is clearly developed, for example that both types of traffic usage has fallen and then some statement as to the proportion/scale of change</p> <p><b>Candidates must make explicit, comparative statements. Do not accept implied statements.</b></p> <p>Candidates get 1 mark for <u>magnitude</u> and 1 mark for <u>direction</u>.</p> <p>Award 1+1 for two simple statements or 2 marks for a clearly developed statement which contains some reference to scale/proportion.</p>
		(ii)	[4]	<p><b>State and explain two possible factors which may account for the change in road traffic</b></p> <p>Award 1 mark for the correct identification of each possible factor, for example:</p> <ul style="list-style-type: none"> <li>• Increased fuel prices / price of complements</li> <li>• It is more expensive to run cars</li> <li>• The economic slowdown</li> <li>• Falling prices of substitute goods (i.e. cheaper public transport)</li> <li>• better quality/more reliable public transport/greater investment in other modes</li> <li>• greater congestion which has increased the costs of motoring for the individual</li> <li>• increased cost of buying cars</li> <li>• increased taxes on cars themselves</li> <li>• change in tastes and fashions away from car driving</li> <li>• shift of freight away from roads</li> </ul> <p>Award 1 further mark for relevant development/elaboration of the point</p> <p>A maximum of 2 marks for each point are available, therefore no matter how good the development of the first point is, if only one factor is considered then only 2 marks can be rewarded.</p> <p>Credit answers which refer to two valid points in the first section of answer space.</p> <p>Accept answers which use valid theory to explain a growth in road traffic.</p> <p>4 marks maximum available.</p>

Question		Expected Answer	Mark	Rationale/Additional Guidance
	(b)	<p><b>Explain why road space in the UK is termed a quasi-public good</b></p> <p>2 marks for knowledge. For 2 marks need clear definition:</p> <ul style="list-style-type: none"> <li>• a good which appears to meet the characteristics of non-rivalry and non-excludability but which fails to meet both of these in reality</li> <li>• a good which does not always meet / partially meets the characteristics of non rivalry/non excludability</li> <li>• a good which is rival AND non excludable or vice versa</li> </ul> <p>Award 1 mark for a more general statement e.g.:</p> <ul style="list-style-type: none"> <li>• adopts characteristics of both public &amp; private goods</li> <li>• which has some of the characteristics of a public good</li> <li>• it meets one of the characteristics of a public good</li> </ul> <p>A further 2 marks for correct application of characteristics.</p>	[4]	<p><b>DEFINITION:</b> 2 marks for definition</p> <p><b>APPLICATION:</b> 2 marks for correct application of characteristics i.e. <u>why these characteristics apply to road space</u>.</p> <p><b>Rivalry:</b> Roads may be seen as rival as at peak times during congestion, there is limited road space (and hence one users consumption reduces another's) (1 mark).</p> <p><b>Excludable:</b> If drivers do not have licenses or are under 17 (1) or in the case of private roads / toll roads e.g. M6 Toll (1) roads are excludable</p> <p>In addition, award 1 mark for correct <u>application</u> of non-rivalry OR non-excludability</p>
	(c) (i)	<p><b>Why is road congestion seen as a negative externality?</b></p> <p>Two marks for a clear knowledge: For example, road congestion results in social costs exceeding private costs (2) OR a cost/negative effect imposed on a <u>third</u> party (2)</p> <p>One mark for basic knowledge, for example: a cost imposed on others OR a cost to society OR a cost to members of the public OR a cost not borne by the decision maker OR a divergence between PC &amp; SC (lacking directionality).</p>	[2]	<p>2 marks for clear knowledge 1 mark for basic knowledge</p> <p>DO NOT reward the simple statement that road congestion is an external cost.</p> <p>DO NOT reward reference to misallocation of resources. DO NOT reward examples.</p>

Question	Expected Answer	Mark	Rationale/Additional Guidance
(ii)	<p><b>Comment on the effectiveness of higher fuel prices as a means of reducing car use</b></p> <p>Up to 2 marks for analysis:</p> <ul style="list-style-type: none"> <li>• higher fuel prices raise MPC / PC / costs of prod. (1)</li> <li>• a contraction / fall in demand / lower consumption(1)</li> <li>• car use now less affordable OR fuel now takes up a higher % of income (1)</li> <li>• alternative modes now relatively cheaper (1)</li> <li>• greater demand for substitute / alternative modes (1)</li> </ul> <p>A further 3 marks are available for discussion including:</p> <ul style="list-style-type: none"> <li>• Inelastic demand for car use / cars are necessities</li> <li>• How big the rise in duty is</li> <li>• Business driving may well see little change whilst leisure driving may see a big fall</li> <li>• It is a blunt policy and takes no account of changes in external costs at different times of the day</li> <li>• Cost-push inflation / loss of competitiveness overseas</li> <li>• Need to be applied internationally and across EU to avoid companies relocating across the Channel</li> <li>• High income groups much less affected by this than low income groups – regressive?</li> <li>• An alternative to car use is needed if this is to succeed</li> <li>• People still drive but buy more fuel efficient cars</li> </ul>	[5]	<p>Diagram analysis marks:</p> <p>1 mark for leftwards shift of supply / MPC 1 mark for fall in demand / quantity</p> <p><i>NOTE: no analysis mark for stating increased price.</i></p> <p>Award all 3 marks where one evaluative point is very clearly / well developed.</p> <p>Alternatively, where 3 evaluative factors are identified then award 3 marks.</p> <p>Accept accurate diagrams for development of PED</p> <p><b>PLEASE ANNOTATE ANSWERS TO c(ii) and c(iii) WITH BREAKDOWN OF MARK AND ALSO BRIEF COMMENT AS TO HOW EVALUATION MARKS AWARDED.</b></p>
(iii)	<p><b>Discuss whether a national road pricing system will be effective in solving the market failure arising from road traffic congestion</b></p> <p>Up to 3 marks for analysis (see right hand column) Up to 5 marks for relevant evaluation, including:</p> <ul style="list-style-type: none"> <li>• What level should the charge be set at?</li> <li>• PED issues – inelastic PED means ERP less effective</li> </ul>	[8]	<p><u>Analysis marks:</u> 3 max. Award 1 mark for each of:</p> <ul style="list-style-type: none"> <li>• charges raise Private Costs to equal Social Costs OR users now pay full SC</li> <li>• charge should be set equal to external costs</li> <li>• road pricing will raise costs of production / PC</li> <li>• the supply curve / MPC shifts left</li> <li>• this will internalise the neg. externality / ext. cost</li> <li>• polluter pays</li> </ul>

Question	Expected Answer	Mark	Rationale/Additional Guidance
	<ul style="list-style-type: none"> <li>• Flat rate charges are regressive</li> <li>• An alternative to the car needs to be in place at the start of the charging scheme ie a substitute is needed</li> <li>• Some minor roads may not be included – hence traffic may be displaced rather than reduced</li> <li>• UK haulage firms will face higher costs which will reduce their competitiveness / is inflationary.</li> <li>• The set up costs of such a scheme could be immense</li> <li>• To be effective, the revenues would have to be hypothecated back in to public transport</li> <li>• Charges need to vary throughout day /from car to car</li> <li>• Needs to be used in conjunction with other solutions</li> </ul>		<ul style="list-style-type: none"> <li>• price rises</li> <li>• demand OR quantity falls / discourages car use</li> <li>• overconsumption is removed</li> <li>• misallocation of resources is corrected</li> </ul> <p>Accept a relevant diagram showing a leftwards shift of supply for all 3 analysis marks. (2 max. for a negative externality diagram for lower Q and higher P but which lacks clear <u>shift</u> of supply curve / MPC).</p> <p>One good point of evaluation can gain up to 3 marks</p>
	<b>Section A total</b>	<b>[25]</b>	

Question	Expected Answer	Mark	Rationale/Additional Guidance
<b>Section B</b>			
2	(a)	[15]	<p><b>Analyse the difference between the short run and long run equilibrium of the firm in monopolistic competition.</b></p> <p>Monopolistic competition is a market structure with:</p> <ul style="list-style-type: none"> <li>• a large number of firms in the industry</li> <li>• firms provide similar but slightly differentiated products</li> <li>• in SR firms make supernormal profits (and these profits provide an incentive / attraction for new firms to enter the industry).</li> <li>• with low/few barriers to entry, new firms will enter the market and compete these profits away in the long run. For the individual firm, this is shown by a leftwards shift in their demand curve as they lose sales to the new entrants. Thus in the long run, only normal profit will be made.</li> </ul> <p><b>Level 3 [9-15 marks]</b> For clear analysis of both short and long run equilibrium. Possible analysis includes two points:</p> <ol style="list-style-type: none"> <li>1. The absence of barriers to entry (L1) enables new firms (attracted by high profits) to enter the market (L2) and compete away SR supernormal profits (L3).</li> <li>2. Only normal profit earned in the LR (L1) as <math>AC=AR</math> (L2)</li> </ol> <p>This is because the new entrants take sales away from existing firms as shown by a leftwards shift in the demand curve for existing firms (L3) OR analysis of the industry supply curve shifting right &amp; price falling (L3)</p> <p><b>Level 2 [5-8 marks]</b> For application of knowledge and understanding of the characteristics of SR and LR monopolistic competition.</p> <p><b>Level 3:</b> Here, answers need to clearly analyse the difference between SR and LR. This may be achieved using diagrams: two perfectly correct diagrams will gain 9 marks maximum although full marks can be gained for a written answer.</p> <p><u>14-15 marks:</u> Excellent analysis. There is good analysis of both points</p> <p><u>13 marks:</u> Very good analysis. One point is clearly analysed WITH correct SR/LR diagrams OR good analysis of one point plus basic analysis of a second</p> <p><u>11-12 marks:</u> good analysis. There is good analysis of one point. (ALSO award 11 marks where there is basic analysis of one point plus two correct diagrams)</p> <p><u>9-10 marks:</u> basic analysis of 1 point OR 2 diagrams</p> <p><b>Level 2:</b> Answers in this level will identify AND describe / explain some of the characteristics of the market OR contain one accurate diagram.</p> <p>7-8 marks: two characteristics identified and described 5-6 marks: one characteristic identified and described</p> <p>One accurate diagram explicitly identified as showing SR <u>OR</u> LR equilibrium will be worth 5 marks.</p> <p><b>Level 1:</b> answers in this level identify some of the characteristics of monopolistic competition: Clear knowledge (2 or more characteristics) = 3-4 Basic knowledge (1 characteristic) = 1-2 marks</p>

Question	Expected Answer	Mark	Rationale/Additional Guidance
	<p><b>Level 1 [1-4 marks]</b> For basic knowledge and understanding of what monopolistic competition is.</p>		
(b)	<p><b>Discuss whether the objective of firms in the transport sector should always be that of profit maximisation.</b></p> <p>Relevant analysis includes:</p> <ul style="list-style-type: none"> <li>• Firms will be keen to maximise profits to keep shareholders happy/maximise their return</li> <li>• Firms may be keen to profit maximise to ensure the most amount of money possible to reinvest</li> <li>• benefits of firms pursuing profit maximisation in terms of greater efficiency / lower prices / greater quality</li> <li>• <i>an accurate diagram showing correct profit max. position (no need to shade area of profit). A diagram with clear indication of where the firm operates is acceptable.</i></li> </ul> <p>Possible evaluation includes:</p> <ul style="list-style-type: none"> <li>• Firms may not be <u>run</u> by shareholders so managers may be free to pursue other objectives (the 'principal - agent problem'). Other objectives include maximising market share, maximising sales revenue, 'satisficing', sacrificing SR profits for larger LR profit and also other managerial objectives.</li> <li>• Profit satisficing may be a more realistic goal where managers are trying to satisfy diverse range of stakeholders – consumers, workers and shareholders etc. This may be seen in the cases of small haulage &amp; coach operators who aim to survive.</li> <li>• Profit satisficing rather than max may be used where firms wish to cross subsidise services</li> <li>• Firms may pursue a policy of predatory pricing and sacrifice SR profits in order to boost LR profit</li> </ul>	[20]	<p><b>SEE EARLIER QWC DESCRIPTORS ON PAGE 2</b></p> <p>Several different approaches are acceptable to this question:</p> <p><b>Approach A:</b> candidate who answers the question directly and looks at <b>WHETHER</b> profit maximisation should be followed (i.e. the benefits of such an approach verses possible costs). For example, increased efficiency and quality of service verses possible costs in terms of lower wages / loss of natural monopoly economies of scale.</p> <p><b>Approach B:</b> candidate analyses <b>WHY</b> profit maximisation is followed and then analyses alternatives to this (see possible evaluative comments in Level 4 descriptor)</p> <p><b>Level 4(a):</b> Relevant judgement may include:</p> <ul style="list-style-type: none"> <li>• firms' objectives will vary depending upon who the most influential stakeholders are</li> <li>• objectives may well vary depending upon the level of regulation/application of competition policy by the government.</li> </ul> <p>To gain 19-20 marks, clear application to transport markets must be used.</p>



Question	Expected Answer	Mark	Rationale/Additional Guidance
	<ul style="list-style-type: none"> <li>• Managers may be unwilling to take risks to profit max.</li> <li>• May not profit max to avoid new firms entering market</li> <li>• Firms may not know where MC=MR is</li> <li>• Profit max may result in cost cutting measures which may result in shortcuts/safety issues?</li> <li>• In a Transport context, service provision may come first e.g. Network Rail is expected to plough any profits it makes back in to infrastructure provision. Hence profit max. may not be a key objective here.</li> <li>• Some firms may be run on a 'not for profit' basis and aim to provide the best possible service to taxpayers at the lowest cost (e.g. merit good provision)</li> <li>• Likewise, in some local bus markets, sales revenue maximisation (and predatory pricing) has arguably been an objective pursued by some firms in the short run (e.g. Darlington and Chesterfield).</li> <li>• In many transport markets, it is more realistic to see non-profit max. objectives - firms often require subsidies to maintain services which profit max. firms would not provide.</li> <li>• Public owned industries aim for service provision</li> <li>• Profit max. may lead to inequity or reduced consumer surplus if achieved by higher prices.</li> </ul> <p><b>Level 4 (a) [16-20]</b> For a discussion which includes a judgement as to why firms will profit maximise or not. Answers in this level must analyse why profit maximisation will AND will not be the aim</p> <p><b>Level 4 (b) [11-15]</b> Discussion of why firms may not always profit maximise.</p> <p><b>Level 3 [5-10]</b> Analysis of why profit maximisation is/is not a relevant strategy for firms to pursue - a one sided answer only.</p>		<p><b>Level 4 (b):</b> 14-15 marks: clear two sided analysis, as below, with clear application to the transport sector.</p> <p>13 marks: clear, balanced, two sided analysis but lacking transport application. Answer analyses why profit maximisation will be main objective and then analyses why firms may not profit maximise.</p> <p>11-12 marks: basic, unbalanced, two sided analysis with or without transport application. For example, basic analysis of why profit maximisation is the main objective before analysing why other objectives may be pursued.</p> <p>AWARD 12 MARKS MAX. WHERE THERE IS ANALYSIS OF PROFIT MAX. <u>AND</u> ANALYSIS OF WHY OTHER OBJECTIVES MAY BE PURSUED BUT NO EXPLICIT CRITICISM OF PROFIT MAX.</p> <p><b>Level 3:</b> Answers which analyse why profit max. is OR is not pursued.</p> <p><u>8-10 marks:</u> one sided analysis (eg firms aim to profit maximise in order to keep shareholders / owners happy) WITH relevant application to transport markets</p> <p><u>5-7 marks:</u> purely theoretical analysis lacking any transport application. (Theory of firm diagram showing profit maximisation with nothing else = 5 marks).</p> <p><b>Level 2:</b> basic application of alternative objectives eg answer lists what the possible alternative objectives are OR states why firm profit max with no analysis.</p>

Question	Expected Answer	Mark	Rationale/Additional Guidance
	<p><b>Level 2 [3-4]</b> For an application of knowledge and understanding of what alternatives to profit maximisation exist. Answers list alternatives objectives which the firm may pursue without actually analysing why these may be realistic.</p> <p><b>Level 1 [1-2]</b> For knowledge and understanding of what profit maximisation is OR what is meant by firms' objectives.</p>		

Question	Expected Answer	Mark	Rationale/Additional Guidance
3 (a)	<p><b>Analyse the main reasons why there has been increased growth in air travel in the last ten years.</b></p> <p>Candidates will be expected to analyse factors which may account for the rise in air travel. These <u>may</u> include:</p> <ul style="list-style-type: none"> <li>• The fall in relative prices of air fares (particularly for short haul flights)</li> <li>• Lower barriers to entry in the short haul market (deregulation with the ‘open skies’ policy in the EU)</li> <li>• The rise in price of alternative modes (eg rail)</li> <li>• Increased disposable incomes</li> <li>• Changes in tastes &amp; fashions (eg holidays abroad)</li> <li>• Technology – many more consumers now shop on line for plane tickets</li> <li>• Lower cost airlines have emerged, increasing the availability/supply of flights</li> <li>• Increased number of airports increasing the capacity for flights in / out of many UK cities and also increase choice of destinations to fly to.</li> <li>• Globalisation resulting in more business trips and more global trade (requiring transport)</li> <li>• Increased competition (price and non price)</li> </ul> <p><b>Level 3 [9-15 marks]</b> Analysis of why air travel has grown.</p> <p><b>Level 2 [5-8 marks]</b> Application of knowledge and understanding of why there has been increased demand for air travel. Relevant factors explaining increased air travel are listed but not analysed.</p>	[15]	<p><b>Level 3</b> answers analyse different factors.</p> <p>Accept any relevant points which analyse why growth may have occurred. These may be supply or demand factors</p> <p>14-15 marks: Excellent analysis - three factors all analysed clearly. Five factors analysed in a basic way 13 marks: Very good analysis – three or four factors analysed in a basic manner OR two analysed well. 11-12 marks: Good analysis of one factor OR basic analysis of two factors. 9-10 marks: basic analysis of one factor only.</p> <p>(Note: the list of factors on the left is simply indicative of acceptable points and in no way exhaustive).</p> <p><b>Level 2</b> answers identify and explain what the factor is without analysing why this leads to greater air travel.</p> <p>7-8 marks: where 2 factors are explained 5-6 marks: where 1 factor only is explained</p> <p>The distinction between Level 2 and Level 3 is vital here. For example, “Increased disposable incomes have resulted in rising demand for air travel” is level 2 until some economic analysis is applied here, for example: “increased disposable incomes mean that consumers will now be able to afford to buy more goods and services and hence the demand curve for products will shift to the right” is Level 3</p> <p><b>Level 1</b> answers include basic references to why demand curves shift to the right but lack transport application.</p>

Question	Expected Answer	Mark	Rationale/Additional Guidance
	<p><b>Level 1 [1-4 marks]</b> For a basic knowledge and understanding of why any demand curve shifts. (No application to air travel).</p>		
(b)	<p><b>Discuss the impact of increased competition on firms in the airline market.</b></p> <p><u>Relevant analysis includes:</u></p> <ul style="list-style-type: none"> <li>• Increased competition raises supply / lowers price</li> <li>• Increased productive efficiency. Firms need to lower average costs to reduce prices (to compete with budget airlines). Reduced 'X' inefficiency.</li> <li>• Increased allocative efficiency with firms producing exactly the good which consumers demand</li> <li>• Dynamic efficiency gains (over the long term) with firms investing in more research and development and therefore creating new, innovative products.</li> <li>• Increased consumer surplus if price competition occurs in markets and therefore increased welfare</li> <li>• If the entire industry grows, there will be benefits from external economies of scale.</li> </ul> <p><u>Potential drawbacks/possible evaluation includes:</u></p> <ul style="list-style-type: none"> <li>• Reduced economies of scale – if firms no longer produce at min. AC – productive inefficiency. This is crucial in airline industry, given large fixed costs of leasing and scope for huge economies of scale. (Loss of natural monopoly).</li> <li>• loss of dynamic efficiency with no LR supernormal profits to reinvest / lower R&amp;D.</li> <li>• Competition may only be SR. In LR deregulation may lead to firms being knocked out of the industry by larger firms able to enjoy more significant economies of scale. Accept analysis of oligopoly where small a number of firms dominate the market.</li> </ul>	[20]	<p><b>SEE EARLIER QWC DESCRIPTORS ON PAGE 2</b></p> <p>For level 4 answers, two sided economic analysis of the impact of increased competition is needed.</p> <p><u>Analysis:</u> For L3, some use of economic theory is needed rather than just simple knowledge. For example, <i>“Increased competition raises supply (L2) which results in lower prices (L3)”</i>.</p> <p>Accept accurate, relevant, diagrams for Level 3. Can gain level 3 / analysis for correct perfect competition diagram (showing efficiency) OR monopoly diagram (showing inefficiency).</p> <p>In terms of discussion, accept reference to the impact of competition in the airline market which has resulted in some firms trying to merge/collude in order to remain competitive.</p>

Question	Expected Answer	Mark	Rationale/Additional Guidance
	<ul style="list-style-type: none"> <li>• Possible health &amp; safety implications if firms attempt to lower their AC's</li> <li>• Cost cutting may also result in redundancies</li> <li>• Negative externalities (overcapacity and pollution?)</li> <li>• Firms have responded with mergers and collusion</li> </ul> <p><b>Level 4 (a) [16-20]</b> For a discussion and judgement as to what impact greater competition will have on the airline market. Answers in L4(a) will be expected to develop economic arguments relating to why increased competition could be both positive and negative and then conclude as to whether the overall effect will be beneficial or not.</p> <p><b>Level 4 (b) [11-15]</b> For a basic discussion of both the advantages and disadvantages of increased competition in airline markets but which fails to offer any judgement relating to the overall impact. For 14-15 there must be explicit reference to the airline market.</p> <p><b>Level 3 [5-10]</b> For an analysis of <u>either</u> the benefits of increased competition or the drawbacks of it. Answers which fail to make reference to the airline market will gain 5-7 marks.</p> <p><b>Level 2 [3-4]</b> For an application of knowledge and understanding of what the benefits of increased competition or the drawbacks of this could be. Answers in this level will simply identify some of the benefits OR costs without actually developing theory to support or analyse these points.</p>		<p><b>Level 4(a):</b> Relevant judgement may include:</p> <ul style="list-style-type: none"> <li>• Which airline markets are being discussed? A rise in competition in the already competitive short haul market may have little effect whilst a rise in competition in long haul markets (eg transatlantic) will have a much bigger impact</li> <li>• It depends upon how long increased competition remains (ie is it SR or LR?)</li> <li>• How significant is the rise in competition?</li> <li>• Ultimately, whether or not consumers benefit depends upon how active government competition policy is in policing markets</li> <li>• It is the level of contestability rather than the level of competition which ultimately matters</li> </ul> <p>To gain 19-20 marks, clear application to the airline market must be used.</p> <p><b>Level 4(b):</b> 14-15 marks: clear, two sided analysis <u>which makes explicit application to the airline market</u></p> <p>13 marks: clear, two sided economic analysis which includes no reference to the airline market whatsoever</p> <p>11-12 marks: basic, unbalanced discussion with one side analysed more clearly than the other with OR without application to the airline market</p> <p><b>Level 3:</b> 8-10 marks: clear use of economic analysis to analyse the impact of a rise in competition with explicit reference to the airline market 5-7 marks: relevant analysis which does not include reference to the airline market.</p>

Question	Expected Answer	Mark	Rationale/Additional Guidance
	<b>Level 1 [1-2]</b> For knowledge and understanding of what form increased competition could take or a simple understanding of what increased competition means (ie price/non price competition) BUT lacking any reference to what impact increased competition could have on markets.		

Question	Expected Answer	Mark	Rationale/Additional Guidance
4 (a)	<p><b>Analyse what is meant by an integrated transport policy.</b></p> <p>Answers should analyse policies which broadly attempt to integrate different modes of transport (inter-modal policies) and which attempt to integrate transport policy in to the environment in which it operates.</p> <p><u>Relevant examples include:</u> through ticketing, park and ride schemes, bike and ride schemes, the building new transport infrastructure ‘hubs’ to bring together train, bus, car, tram and bicycles and the creation of a single transport authority within local authority areas in order to co-ordinate such policies. The use of road user charging and subsidies can also be seen as part of a wider, integrated strategy. In addition, policies which see greater direct control over transport by the government may be seen as relevant.</p> <p><b>Level 3 [9-15 marks]</b> For an analysis of exactly what an integrated policy includes. Answers in this level must clearly analyse how such policies result in there being a link between modes.</p> <p><b>Level 2 [5-8 marks]</b> For an application of knowledge and understanding of what an integrated policy would include. For example, at a basic level this may be a list of relevant policy examples.</p> <p><b>Level 1 [1-4 marks]</b> For basic knowledge &amp; understanding of what an integrated transport policy means in theory but lacking practical examples of how such a policy will be applied in reality: 3-4 marks: a clear definition of integration developed / explained without reference to examples 1-2 marks: simple definition – “a policy encompassing all modes of passenger &amp; freight transport”</p>	[15]	<p><u>The key benchmark for analysis (L3) is whether candidates explain how the policy links two different modes of transport. Such an answer gains L3 whilst pure description of the policy gains L2. For example:</u></p> <p><i>“Through ticketing is where the same ticket can be used on different modes of transport (L2). This means that people will be able to transfer between trains and buses more easily and will encourage them to do so (basic L3)”</i></p> <p><i>“Subsidies are payments made by government to encourage greater provision of transport services (L2). Subsidising infrastructure improves the ease for motorists changing between different modes and thus encouraging movements between modes (L3).”</i></p> <p>Such analysis would clearly be enhanced with the clear application of economic terms and concepts. For example, simple supply and demand diagrams could be used to show how ‘Park and Ride’ schemes encourage greater bus use / shown by a rightwards shift of the demand curve for buses.</p> <p><b>Level 3:</b> 13-15 marks: clear analysis of two policies 11-12 marks: basic analysis of two policies OR good analysis of one 9-10 marks: basic analysis of one policy only</p> <p><b>Level 2:</b> 7-8 marks: Good application: identification and description of policies. 5-6 marks: Basic Application: identification of different policies.</p>

Question	Expected Answer	Mark	Rationale/Additional Guidance
(b)	<p><b>Discuss whether recent government policy has been successful in achieving an integrated transport policy</b></p> <p>Accept a wide definition of ‘recent government policy’ to include privatisation &amp; deregulation. More recently the ‘Ten Year Plan’ of 2000/2004 attempted to introduce an integrated solution to transport issues but many of the targets initially adopted in 2000 were not met and many of the policy suggestions within this were not implemented.</p> <p>More recently still, the Eddington Report has recommended increased investment in the rail network and increasing capacity on bus routes, the use of road pricing targeted at congested areas and the creation of an Independent Planning Commission to decide upon strategic projects.</p> <p>The government has also supported local authorities who have wished to introduce road pricing as part of a wider strategy of reducing car use by improving public transport infrastructure. That said, in many cases such as Edinburgh and Manchester, local residents have overwhelmingly rejected such proposals.</p> <p><b>Level 4 (a) [16-20]</b></p> <p>For a discussion which includes a judgement as to the extent to which recent transport policy could be deemed to be ‘integrated’. Answers will be expected to develop analysis of why recent policy could be seen to integrated and then discuss the problems of this in practice.</p> <p><b>Level 4 (b) [11-15]</b></p> <p>For a basic discussion of whether or not recent policy could be deemed to be integrated or not. Answers in this level must analyse why it might successfully be seen as integrated and also discuss the problems of these policies</p>		<p><b>SEE EARLIER QWC DESCRIPTORS ON PAGE 2</b></p> <p><b>Level 4 – two sided analysis</b></p> <p><i>Candidates analyse why the policy results in links / movements from one transport mode to another. This is then followed by criticisms of the policy which is underpinned with analysis. Accept <u>any</u> relevant economic evaluation of limitations of the policy.</i></p> <p><b>Level 4(a):</b> Possible ‘judgement’ includes:</p> <ul style="list-style-type: none"> <li>• The greater fragmentation of control in the transport sector, with more companies now involved in running transport services, both in the private and public sectors, means that it will be more difficult for government to co-ordinate a national, integrated response. Hence some policies which have fragmented the transport market may mean that integration has been harder to achieve.</li> <li>• The extent to which integration may be achieved depends upon the strength of political willpower as policies such as road pricing can prove to be very unpopular politically (evidenced by local referenda results).</li> </ul> <p><b>Level 4(b):</b> Relevant discussion will include analysis of the limitations of individual policies which explain why an integrated policy may not be a reality. For example:</p> <ul style="list-style-type: none"> <li>• Deregulation has resulted in more private sector firms in the market. Hence national co-ordination of bus timetables is much harder – so more difficult to make journey connections with rail/tram/planes etc.</li> </ul>



Question	Expected Answer	Mark	Rationale/Additional Guidance
	<p><b>Level 3 [5-10]</b> For an analysis of whether recent government policy has been successful in achieving an integrated transport policy</p> <p><b>Level 2 [3-4]</b> For an application of knowledge and understanding of what recent government policies include. Answers will be able to identify some recent government policies but will fail to apply the issue of integration here to look at whether or not they can be classed as being integrated.</p> <p><b>Level 1 [1-2]</b> For knowledge and understanding of what recent government policy is.</p>		<ul style="list-style-type: none"> <li>• Road Pricing may not be set at the right level &amp; therefore few will switch to other modes.</li> <li>• Subsidies and new ‘transport hubs’ may result in little rise in demand for public transport if people still perceive buses to be an inferior good and unreliable – hence not switching.</li> </ul> <p>14-15 marks: very good evaluation - two recent government policies are discussed.</p> <p>13 marks: good evaluation-clear discussion of one policy OR basic discussion of two policies.</p> <p>11-12 marks: basic, unbalanced discussion, with one side analysed more clearly than the other</p> <p><b>Level 3:</b> 8-10 marks: good analysis: very good analysis of one policy OR good analysis of 2 or more policies (this may be just critical analysis of policy only – a one sided answer) 5-7 marks: basic analysis: analyses one policy</p>
	<b>Section B total</b>	<b>[35]</b>	
	<b>Paper total</b>	<b>[60]</b>	

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