



Mark Scheme (Results)

Summer 2025

Pearson Edexcel GCE

In Economics B (9EB0)

Paper 1: Markets and how they work

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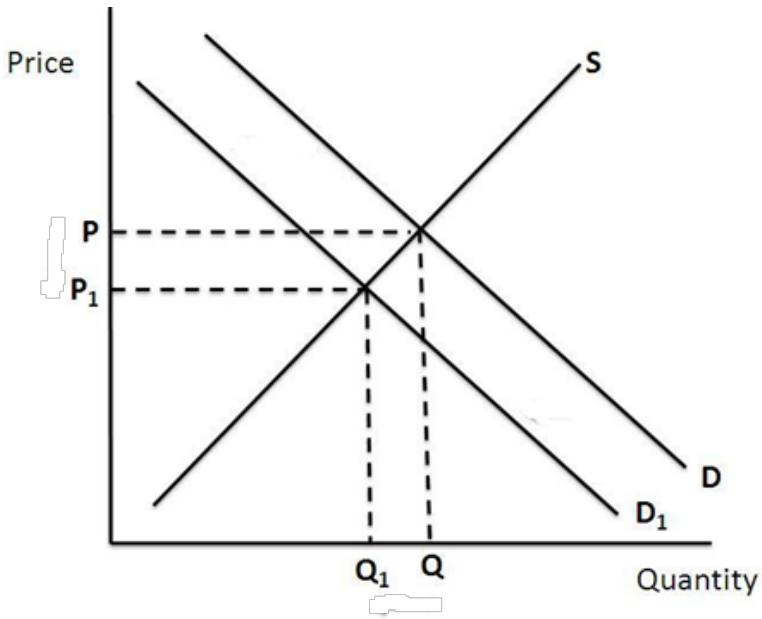
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General Marking Guidance

- 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.

Question Number	Explain one benefit to train operating companies (TOCs) of leasing the trains.	Mark
1(a)	<p style="text-align: center;">Knowledge/Understanding 1, Application 2 Analysis 1</p> <p>Knowledge/Understanding: up to 1 mark for giving a benefit, e.g.</p> <ul style="list-style-type: none"> • It can reduce capital expenditure (1) <p>Application: up to 2 marks are available for contextualised answers, e.g.</p> <ul style="list-style-type: none"> • ROSCOs are responsible for the maintenance of the trains (1) • TOCs paid £3.3bn in leasing fees to ROSCOs (1) <p>Analysis: Up to 1 mark available for developing the benefit, e.g.</p> <ul style="list-style-type: none"> • This could improve cash flow for the TOCs because less borrowing is required to acquire new trains (1) 	(4)

Question Number	Using a supply and demand diagram, illustrate the impact on the market for rail travel from a decrease in bus fares.	Mark
1(b)	<p style="text-align: center;">Knowledge/Understanding 2, Application 1, Analysis 1</p> <p>Knowledge/Understanding: up to 2 marks for: constructing supply and demand curves correctly and for labelling the axes with Price and Quantity (1) correctly showing original equilibrium price and quantity P and Q (1)</p> <p>Application: 1 mark for correctly interpreting the shift in the demand curve to the left (1)</p> <p>Analysis: 1 mark is available for showing the new equilibrium and the consequences on the price and quantity axes P₁ and Q₁ (1)</p> 	(4)

Question Number	Using Extract B, calculate to two decimal places, the percentage of total income for the rail industry that came from government subsidies between April 2023 and March 2024. You are advised to show your working.	Mark
1(c)	<p align="center">Knowledge/Understanding 1, Application 3,</p> <p>Knowledge/Understanding: 1 mark for the correct formula for percentage of total income that comes from government subsidies:</p> $\frac{\text{Government subsidies}}{\text{Total income}} \times 100 \quad \textbf{(1)}$ <p>Application: Up to 3 marks for calculations</p> $\frac{\pounds 12.5\text{bn}}{\pounds 25.4\text{bn}} \quad \textbf{(1)} \quad \times 100$ <p>= 49.21% (1)</p> <p>NB if no working is shown award marks as below:</p> <p>If the answer given is 49.21% award 4 marks If the answer given is 49.21 award 3 marks</p>	(4)

Question Number	Analyse two possible reasons why the UK Government subsidises rail travel.	Mark
1(d)	<p>Knowledge/Understanding 2, Application 2, Analysis 2</p> <p>Knowledge/Understanding: up to 2 marks for giving two reasons, e.g.</p> <ul style="list-style-type: none"> • To encourage the use of public transport instead of private cars (1) • To make rail transport more accessible to many more people (1) <p>Application: up to 2 marks for contextualised answers, e.g.</p> <ul style="list-style-type: none"> • Government subsidies were £12.5bn from April 2023 until March 2024 (1) • TOCs can use the subsidy to lower the price of rail tickets (1) <p>Analysis: up to 2 marks for developing a reason/cause/consequence, e.g.</p> <ul style="list-style-type: none"> • Fewer cars on the road helps to reduce road congestion/decrease carbon emissions (1) • UK rail travel is more affordable ensuring that the benefits of rail transport are widely available to all income groups (1) 	(6)

Question Number	Using Extract C, discuss the power that train drivers have in the labour market.	Mark
	Indicative content	
1(e)	<p style="text-align: center;">Knowledge/Understanding 2, Application 2, Analysis 2, Evaluation 2</p> <ul style="list-style-type: none"> • ASLEF's successful negotiation for £600 for overtime shifts demonstrates the union's strength against <i>Avanti West Coast</i> • This supports the argument that train drivers have power in the labour market partly due to their unique skills and bargaining power by being a member of a trade union • Train drivers can disrupt essential travel for many people with industrial action which enhances their negotiating position in the labour market • The potential for some train drivers to earn around £100 000 annually, including overtime, reflects the high value of their work in the labour market • The specialised nature of driving trains, requiring years of training, limits the supply of qualified train drivers, strengthening their market position • However, technological advancements could threaten the traditional role of train drivers reducing their power in the labour market • The fact there has been 22 months of travel disruptions suggests that train drivers do not have power in the labour market • More industrial action leading to travel disruptions, as experienced over 22 months, could sway public opinion and political support away from train drivers' demands • More working from home and use of alternative modes of travel could reduce the demand for train services, reducing the power of the train drivers 	(8)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted. Limited attempt to address the question.
Level 2	3–5	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are developed. Judgements may be attempted.
Level 3	6–8	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen. Arguments are developed, using logical, coherent chains of reasoning. A balanced awareness of competing arguments.

Demonstrating application (AO2) in responses

Where questions specifically stipulate the use of data or information provided in a stimulus, students:

- must directly reference, interpret or analyse the information provided in the stimulus
- in addition, may select examples from their own knowledge but these must be relevant and directly connected to the context/issues set out in the stimulus.

Where questions do not specifically stipulate the use of data or information provided in a stimulus, students:

- must select relevant examples from their own knowledge, these must be directly connected to the context/issues set out in the question, and
- may directly reference, interpret or analyse the information provided in any relevant stimulus.

Question Number	Using Extract D, assess the impact on consumers of <i>Avanti West Coast</i> having a monopoly on its routes. Indicative content	Mark
1(f)	<p>Knowledge/Understanding 2, Application 2, Analysis 3, Evaluation 3</p> <ul style="list-style-type: none"> • As a monopolist, <i>Avanti West Coast</i> can set higher prices because there is no competition on this route • Consumers have no alternative but to pay the prices set or choose a different mode of transport, which might not be as convenient or efficient • Typically, without competitive pressure, monopolies may not have enough incentive to improve service quality or efficiency • With only 46% of services running on time, significantly lower than the national average, consumers are likely experiencing unreliable services, which is a direct consequence of the lack of competition or being poorly managed • Given the company's financial approach, there is a concern that consumer interests might be secondary to shareholder returns, potentially leading to higher fares • Despite <i>Avanti West Coast's</i> underperformance, its contract was renewed for up to 9 years, which might decrease the urgency to enhance service quality • However, <i>Avanti West Coast's</i> monopoly allows for a standardised service across its routes, ensuring a consistent and predictable travel experience for passengers • As a sole operator, <i>Avanti West Coast</i> can achieve economies of scale, potentially lowering operational costs and improving efficiency, which could be reflected in better resource allocation and perhaps more affordable pricing for consumers • Monopoly status provides <i>Avanti West Coast</i> with the financial stability to invest in long-term infrastructure improvements and technological advancements, enhancing the overall quality and reliability of the service 	(10)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted. Limited attempt to address the question.
Level 2	3–4	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are presented but with limited attempt to address the question. Comparisons and judgements may be attempted.
Level 3	5–7	Accurate knowledge and understanding, supported by use of relevant evidence to support the argument, clear chains of reasoning, well developed with arguments. An awareness of the significance of competing arguments is present although this may lack balance.
Level 4	8–10	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen, logical, coherent chains of reasoning, showing full understanding of the question. Arguments are developed and evaluated. A full and balanced awareness of the validity and significance of competing arguments.

Demonstrating application (AO2) in responses

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Question Number	Assess whether the investment into a new railway line between Birmingham and Manchester can reduce geographical immobility. Indicative content	Mark
1(g)	<p style="text-align: center;">Knowledge/Understanding 2, Application 2, Analysis 4, Evaluation 4</p> <ul style="list-style-type: none"> • Geographical immobility refers to barriers people face when moving from one area to another to find work • Investment in the railway could improve worker mobility between Birmingham and Manchester, effectively reducing geographical immobility by facilitating easier and faster commutes for employment opportunities across these major city regions • By linking two major economic hubs, the rail link can integrate labour markets, enabling employers to access a broader talent pool and workers to access more job opportunities • This can help to reduce geographical immobility, as workers have more flexibility to change jobs without relocating • The proposed rail link is likely to stimulate investment in surrounding areas, creating jobs in construction, retail and other sectors, further reducing geographical immobility by diversifying regional economies • However, the £36bn cut from the HS2 project highlights the huge expenditure required for such infrastructure, which could be a barrier to reducing geographical immobility • There will be a significant time lag involved in building such a new trainline • With more people working from home might mean geographical immobility is less of a problem than it was 10-15 years ago • Financing such projects through government funding combined with private finance might strain public resources or increased borrowing • Focus on just infrastructure may overlook other crucial other factors such as affordable housing or occupational immobility which impact on geographical immobility 	(12)

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	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted. Limited attempt to address the question.
Level 2	3–5	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are presented but with limited attempt to address the question. Comparisons and judgements may be attempted.
Level 3	6–9	Accurate knowledge and understanding, supported by use of relevant evidence to support the argument, clear chains of reasoning, well developed with arguments. An awareness of the significance of competing arguments is present although this may lack balance.
Level 4	10–12	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen, logical, coherent chains of reasoning, showing full understanding of the question. Arguments are developed and evaluated. A full and balanced awareness of the validity and significance of competing arguments.

Demonstrating application (AO2) in responses

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Question Number	Assess the possible benefits to the UK economy if the UK Government buys more trains. Indicative content	Mark
1(h)	<p style="text-align: center;">Knowledge/Understanding 2, Application 2, Analysis 4, Evaluation 4</p> <ul style="list-style-type: none"> • Buying new trains can be considered to be part of fiscal policy • It could directly safeguard jobs at the <i>Alstom</i> and <i>Hitachi</i> factories and indirectly supports 5,000 to 7,000 supply chain jobs which are crucial for the local economy and for maintaining employment levels • Maintaining these jobs is crucial for local economies and helps preserve specialised skills and knowledge in the rail manufacturing industry • Manufacturing activity from train orders injects money into the economy, having a multiplier effect benefiting not just the railway sector but also related industries, from parts suppliers to service providers • Purchasing additional trains could significantly improve the UK's public transport infrastructure. Newer, more modern trains can enhance the passenger experience through better reliability, increased capacity and improved comfort • Investing in the rail network supports the government's broader transport and environmental objectives, such as reducing road congestion and lowering carbon emissions by encouraging a shift from car to rail travel • However, government resources are limited and spending on new trains must be balanced against other public spending priorities, such as healthcare, education and social services • Increases in infrastructure spending such as trains, might result in a fiscal deficit or require an increase in taxation to fund the capital outlay • Government intervention in the form of bulk train purchases could distort the market, potentially stifling competition and innovation to consumer needs • It may create dependency on government contracts, making manufacturers less responsive to market signals and competitive pressures • The post-global health crisis shift towards remote working raises questions about future passenger demand for rail services and whether additional trains are needed 	(12)

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Level 4	10–12	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen, logical, coherent chains of reasoning, showing full understanding of the question. Arguments are developed and evaluated. A full and balanced awareness of the validity and significance of competing arguments.

Demonstrating application (AO2) in responses

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Question Number	Evaluate the extent to which the removal of the cap on bankers' bonuses will be beneficial to the UK banking industry. Indicative content	Mark
2	<p style="text-align: center;">Knowledge/understanding 4, Application 4, Analysis 6, Evaluation 6</p> <ul style="list-style-type: none"> • Competitive pay can boost the competitiveness of banks by motivating bank employees to maximise personal performance and corporate profits • Unlimited bonuses could drive performance in financial sectors where reward is closely linked to company success, such as investment banking • Matching compensation packages with those of international competitors may attract top talent, enhancing productivity and innovation within the UK financial sector • This allows London to compete more effectively with major financial centres outside of the EU which do not impose similar caps on bankers' bonuses • Flexibility in wage structures, including bonuses, allows banks to respond to economic fluctuations and manage labour costs dynamically • Banks can adjust salaries and bonuses based on economic conditions, improving financial stability during downturns • Higher incomes from bonuses could lead to increased consumption and investment by high earners, contributing to economic growth due to the multiplier effect • The UK banking sector already contributes 12% of GDP and removing the cap could potentially increase this benefitting the wider UK economy • However, high-risk behaviour, potentially encouraged by unlimited bonuses, can lead to greater financial instability • This risk behaviour was a key factor in the 2008 financial crisis, highlighting the dangers of excessive risk-taking • If employees are rewarded for high-risk behaviour that is not matched with long-term company performance, it can lead to moral hazard • Removing the bonus cap might incentivise behaviours that are profitable in the short term but detrimental in the long term • There could be public outrage as many people in the UK are facing a cost-of-living crisis and this could intensify social tensions about wealth distribution and taxation in the UK • In conclusion, it will largely depend on the banking sector's ability to manage these risks effectively and on the government's capacity to regulate the sector to protect the broader public interest 	(20)

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	0	A completely inaccurate response.
Level 1	1–4	Isolated elements of knowledge and understanding, using little or no relevant evidence. Arguments and chains of reasoning may be attempted, but fail to connect causes and consequences. Limited attempt to address the question.
Level 2	5–9	Elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are presented, but connections between causes and consequences are incomplete. Limited attempt to address the question. Comparisons, judgements or conclusions may be attempted, but are unsupported or generic.
Level 3	10–15	Accurate knowledge and understanding, supported by use of relevant evidence to support the argument, developed chains of reasoning, showing understanding of connections between causes and consequences. Arguments are well developed and partially evaluated. An awareness of the significance of competing arguments is present although this may lack balance. A conclusion may be attempted but may not show awareness of the significance of competing arguments.
Level 4	16–20	Accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen and fully integrated to support the argument, well developed and logical, coherent chains of reasoning, showing full understanding of the question. Arguments are fully developed and evaluated. A full awareness of the validity and significance of competing arguments, leading to nuanced and balanced comparisons, judgements or conclusions.

Question Number	Evaluate whether the social benefits of building nuclear power stations outweigh the social costs. Indicative content	Mark
3	<p data-bbox="459 264 1182 331">Knowledge/understanding 4, Application 4, Analysis 6, Evaluation 6</p> <ul data-bbox="400 376 1283 2002" style="list-style-type: none"> • Large infrastructure projects such as Hinkley Point C contribute significantly to social benefits (private + external benefits) to the local and national economy through job creation during construction and operation phases • These jobs are often well-paying and can significantly boost local economies • Nuclear power provides a stable, reliable source of low-carbon energy unlike renewable sources like solar and wind, which is crucial for meeting climate targets and is crucial for reducing dependence on fossil fuels • Once operational, Hinkley Point C will generate enough electricity to power 6 million homes and provide 7% of the UK's electricity needs, directly supporting the UK's energy security and climate goals • Nuclear power plants are extremely efficient in terms of the amount of energy they produce relative to their size compared to other forms of clean energy like wind or solar farms • There are strict regulations in the nuclear industry reducing the risk of accidents and enhancing public trust over time • However, there can be significant social costs (private + external costs) from building nuclear power stations • Large amounts of land, labour, building materials and heavy building machinery will be needed to construct the power plant at Hinkley Point C and Sizewell C • The construction of Hinkley Point C has been estimated to have increased from £26bn to £46bn reflecting the high capital requirements that are a direct financial burden to EDF • Hinkley Point C will incur ongoing costs associated with maintenance, management and obtaining nuclear fuel to generate electricity • The construction and operation of nuclear facilities such as Hinkley Point C can lead to external costs such as a negative impact on the local environment, including potential wildlife loss and habitat changes • The construction of nuclear power stations may involve relocating local communities and can deter other investments in the area due to perceived risks, impacting local economies which can be seen by local pressure group Stop Hinkley • In conclusion, any method of energy production will involve costs to a certain extent, and it depends on how these are managed over time 	(20)

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