



# Mark Scheme (Results)

Summer 2025

Pearson Edexcel GCA A Level

In Economics B (9EB0)

Paper 2 Competing in the global economy

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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.

## Section A

Question Number	Using this data and data in Extract D, calculate to 2 decimal places, the likely change in demand for frozen food in December 2022. You are advised to show your working.  Answer	Mark
<b>1(a)</b>	<p align="center"><b>Knowledge/understanding 1, Application 3</b></p> <p><b>Knowledge/understanding:</b> 1 mark for correct formula:</p> $\frac{\% \Delta Q_d}{\% \Delta Y} \quad (1) = YED$ <p><b>Application:</b> up to 3 marks for calculating:</p> <p>Change in income in December 2022 = -4.4% <b>(1)</b>  -4.4% X -2.37 <b>(1)</b> = 10.43% <b>(1)</b></p> <p><b>NB if no working is shown award marks as below:</b></p> <ul style="list-style-type: none"> <li>• If the answer given is 10.43% award 4 marks</li> <li>• If the answer given is 10.43 award 3 marks.</li> </ul>	<b>(4)</b>
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Question Number	With reference to Extract B, explain the impact of labour shortages on aggregate supply. Answer	Mark
<b>1(b)</b>	<p><b>Knowledge/understanding 1, Application 2, Analysis 1</b></p> <p><b>Knowledge/understanding:</b> 1 mark for identifying an impact, e.g.</p> <ul style="list-style-type: none"> <li>• Changes in the costs of inputs and/or productivity are key factors influencing AS <b>(1)</b></li> </ul> <p><b>Application:</b> up to 2 marks are available for a contextualised answer, e.g.</p> <ul style="list-style-type: none"> <li>• Increasing pressure on wages from labour shortages/the 1.13m vacancies increases costs for firms <b>(1)</b></li> <li>• Low productivity from skills shortages <b>(1)</b></li> </ul> <p><b>Analysis:</b> 1 mark for developing the impact, e.g.</p> <ul style="list-style-type: none"> <li>• Rising costs of production reduce aggregate supply <b>(1)</b></li> </ul>	<b>(4)</b>

Question Number	With reference to Extract C, explain <b>one</b> reason why high food price inflation might affect the living standards of low or fixed-income groups. Answer	Mark
<b>1(c)</b>	<p style="text-align: center;"><b>Knowledge/understanding 1, Application 2, Analysis 1</b></p> <p><b>Knowledge/understanding:</b> 1 mark for identifying a reason, e.g.</p> <ul style="list-style-type: none"> <li>• Low or fixed-income groups may spend a high percentage of their income on food <b>(1)</b></li> </ul> <p><b>Application:</b> up to 2 marks are available for, e.g.</p> <ul style="list-style-type: none"> <li>• Cheaper brands rather than premium brand foods may be purchased reducing the quality of nutrition <b>(1)</b></li> <li>• Less income may be available to spend on other necessities such housing, heating and clothing <b>(1)</b></li> </ul> <p><b>Analysis:</b> 1 mark for a consequence on living standards, e.g.</p> <ul style="list-style-type: none"> <li>• Higher food prices mean that less income is available to spend on other items which will reduce the living standards of these groups <b>(1)</b></li> </ul>	<b>(4)</b>

Question Number	With reference to Extract A, analyse <b>two</b> ways trade unions and professional bodies impact the labour market. Answer	
<b>1(d)</b>	<p style="text-align: center;"><b>Knowledge/understanding 2, Application 2, Analysis 2</b></p> <p><b>Knowledge:</b> up to 2 marks for identifying a way, e.g.</p> <ul style="list-style-type: none"> <li>• Trade unions and professional bodies act on behalf of their members to negotiate better pay <b>(1)</b></li> <li>• And improve working conditions <b>(1)</b></li> </ul> <p><b>Application:</b> up to 2 marks for contextualised answers, e.g.</p> <ul style="list-style-type: none"> <li>• The BMA are demanding a 35% pay increase <b>(1)</b></li> <li>• Trade Unions also negotiate about working hours/pensions/ holiday entitlement <b>(1)</b></li> </ul> <p><b>Analysis:</b> up to 2 marks for developing the impact, e.g.</p> <ul style="list-style-type: none"> <li>• Higher labour costs may decrease the demand for labour from firms <b>(1)</b></li> <li>• Better working conditions may increase the supply of labour from workers <b>(1)</b></li> </ul>	<b>(6)</b>

Question Number	<p>With reference to Extract B, discuss the impact of skill shortages on international competitiveness.</p> <p>Indicative content</p>	Mark
1(e)	<p><b>Knowledge/understanding 2, Application 2, Analysis 2, Evaluation 2</b></p> <ul style="list-style-type: none"> <li>• International competitiveness refers to the ability of firms within a country to compete effectively in international markets</li> <li>• Competition may be based on price or non-price factors, such as quality, product design and availability/lead-times for orders</li> <li>• Skill shortages tend to force up wages as firms compete for workers who have the necessary skills</li> <li>• This then increases costs for firms and may result in higher prices</li> <li>• If costs and prices are rising more rapidly in the UK than for firms or in other countries, this can reduce international competitiveness</li> <li>• BCC reports that firms are struggling to meet both domestic and export orders</li> <li>• BCC further reports increasing pressure on wages</li> <li>• However, skill shortages can be improved through increased investment in education and training</li> <li>• Skill shortages can be reduced through increased inward migration of skilled workers and low-skill/unskilled workers where labour shortages exist</li> <li>• International competitiveness can be improved through macroeconomic policy aimed at keeping inflation low and stable</li> <li>• International competitiveness can be improved through currency depreciation, although this will depend upon the impact this has on import prices and costs, as well as the attractiveness of the economy to migrant labour when wages are paid in UK pounds</li> </ul>	(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	<p>With reference to Extract A, assess the economic impact of the increasing number of strikes on the UK economy.</p> <p>Indicative content</p>	Mark
1(f)	<p><b>Knowledge/understanding 2, Application 2, Analysis 3, Evaluation 3</b></p> <ul style="list-style-type: none"> <li>• Strikes involve workers withdrawing their labour for a period of time, stopping or reducing the production of goods and delivery of service</li> <li>• Workers do not receive pay when they are striking, reducing disposable income and decreasing consumer spending in the economy</li> <li>• Consumer spending is a component of aggregate demand (AD)</li> <li>• Lower motivation and productivity may reduce aggregate supply (AS)</li> <li>• Lower AS may decrease economic growth and increase inflationary pressures</li> <li>• Train strikes may decrease labour mobility, increase traffic congestion and increase transport costs for firms, decreasing growth and increasing inflationary pressures</li> <li>• However, the impact on AD and AS will depend upon the number of strikes and the how long the strikes last</li> <li>• Lower AD may lead to lower economic growth but also less inflationary pressure</li> <li>• If the number of strikes quickly falls as disputes are resolved, then the impact on AD may be small</li> <li>• Higher wages may increase productivity and AS</li> <li>• Inflationary pressures may increase unless the rise in wage costs is offset by increasing productivity</li> <li>• Therefore, strikes generally reduce growth and increase inflationary pressures in the UK economy</li> </ul>	(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, with well developed 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.

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- may directly reference, interpret or analyse the information provided in any relevant stimulus.

Question Number	<p>With reference to Extract B, assess how government economic policies might help to reduce the cost of childcare in the UK.</p> <p>Indicative content</p>	Mark
<b>1(g)</b>	<p><b>Knowledge/understanding 2, Application 2, Analysis 4, Evaluation 4</b></p> <ul style="list-style-type: none"> <li>• The BCC identifies barriers to the supply of labour and argues government intervention is needed to reduce the high costs of childcare</li> <li>• This could be through supply-side policies, including taxes, benefits, education and training, grants and subsidies</li> <li>• Childcare could be provided through government spending as a universal benefit, free at the point of delivery or subsidised to reduce the cost</li> <li>• Childcare costs could be paid before income tax by parents or firms given tax incentives, subsidies or grants to provide free childcare for employees</li> <li>• The BCC argues more flexible working policies might be used to allow parents to enter the labour market, relying less on expensive childcare</li> <li>• However, supply-side policies are expensive and there is an opportunity cost, meaning government spending on childcare cannot be spent on the next best alternative such as healthcare or infrastructure</li> <li>• Such policies can only be effective over the longer term</li> <li>• Expanding the Shortage Occupation List may be more effective in reducing the costs of childcare, through cheaper labour for childcare providers</li> </ul>	<b>(12)</b>

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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, with well developed 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.

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Question Number	<p>With reference to Extract D, assess the impact of falling real pay on the UK economy.</p> <p>Indicative content</p>	Mark
1(h)	<p><b>Knowledge/understanding 2, Application 2, Analysis 4, Evaluation 4</b></p> <ul style="list-style-type: none"> <li>• Real pay takes into account inflation</li> <li>• Real pay indicates the amount of goods and services that can be bought and is used in contrast to nominal wages</li> <li>• In the UK, real pay fell in every month between April 2022 and December 2022</li> <li>• This represents a sustained decrease in the purchasing power of UK households</li> <li>• Falling household real income reduces consumer spending in the economy</li> <li>• Falling real income may also reduce consumer confidence</li> <li>• As consumer spending is the largest component of aggregate demand (AD) this may reduce AD, all else remaining equal</li> <li>• This decrease in AD may reduce sales revenues and profits for firms</li> <li>• This may then increase unemployment</li> <li>• Lower consumption and higher unemployment may also reduce tax receipts</li> <li>• However, firms that sell inferior goods may see an increase in sales revenue and profits as real incomes fall</li> <li>• In the long-run, due to rising unemployment, wages expectations may fall and cost-push inflation may decrease</li> <li>• Unemployment may then fall in response to lower wages and economic growth may increase</li> <li>• With lower inflation in 2023-2024, it is likely real pay may increase</li> <li>• Overall, the evidence suggests falling real pay may both reduce aggregate demand and mean lower revenues and profits for most firms</li> <li>• The economic impact will depend upon the size of the reduction in real pay and the length of time in which real pay decreases</li> </ul>	(12)

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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, with well developed 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.

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## Section B

Question Number	<p>The water industry in England and Wales has been transferred into the private sector. Evaluate the extent to which this has resulted in unintended consequences.</p> <p>Indicative content</p>	Mark
2	<p><b>Knowledge/understanding 4, Application 4, Analysis 6, Evaluation 6</b></p> <ul style="list-style-type: none"> <li>• Unintended consequences occur when actions taken by economic decision makers with a specific objective in mind lead to unexpected outcomes</li> <li>• In this case, an economic policy, used by the government in order to achieve the economic objective of increased efficiency, has had the unintended consequence of increased pollution</li> <li>• In theory, efficiency is increased through profit motivated firms reducing costs, increasing productivity through investment and operating in a competitive market</li> <li>• The transfer of state owned firms to the private sector is intended to increase efficiency by introducing the profit motive into an existing sector, such as the provision of water and wastewater services (Extract E)</li> <li>• The water and wastewater services industry is dominated by a few large firms such as Thames Water, Severn Trent and United Utilities (Extract F)</li> <li>• The behaviour of these large firms is regulated by 3 government agencies Ofwat, Environment Agency and The Drinking Water Inspectorate (Extract G)</li> <li>• However, while the policy has created highly profitable firms, unintended consequences such water pipe leakage and storm sewage emissions into rivers and coastal waters has been an increasing problem (Extract E)</li> <li>• Despite public outrage at these negative externalities and the activities of regulators, the private firms have been associated with rising pollution</li> <li>• This can be seen as an unintended consequence of the policy, where profits are made by charging high prices and lowering costs</li> <li>• The regulation of the sector has been ineffective and characterised by asymmetric information, which has increased the scale of the unintended consequences as firms have been able to self-monitor/self-regulate</li> </ul>	(20)



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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.

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## Section C

Question Number	Evaluate the impact on the UK economy of the decision to leave the EU.  Indicative content	Mark
3	<p><b>Knowledge/understanding 4, Application 4, Analysis 6, Evaluation 6</b></p> <ul style="list-style-type: none"> <li>• The EU is a trade bloc which allows for the free movement of goods, services, capital and labour between member states. This free movement includes agricultural products</li> <li>• Since the UK left the EU trade bloc, this has meant that UK exports to the EU are now subject to trade restrictions, including non-tariff barriers</li> <li>• In April 2024, similar non-tariff barriers have been imposed on EU agricultural imports</li> <li>• The UK agricultural sector no longer receives the system of subsidies made available within the EU by the common agricultural policy (CAP) and a replacement system has not been fully implemented</li> <li>• Farmers claims that their incomes have been negatively affected by this process and are asking for a guaranteed minimum income</li> <li>• The deficit in the UK balance of trade has increased from £38bn in 2021 to £108bn in 2023</li> <li>• Since balance of trade is a component of AD, this may have reduced UK economic growth</li> <li>• However, the non-tariff barriers on imported agricultural products from the EU to the UK have only just been introduced</li> <li>• This may reduce the value of imports from the EU, reducing the trade deficit</li> <li>• The extent to which this occurs will depend upon if imports from the EU are substituted by imports from non-EU members, as this will sustain the trade deficit</li> <li>• The increasing replacement of EU subsidies with UK subsidies for agriculture may also improve incomes in the agricultural sector</li> <li>• The nature of any trade agreements with other trade blocs will also impact upon the UK balance of trade</li> <li>• In summary, evidence would suggest that so far the costs of leaving the EU have exceeded the benefits in respect of the UK economy</li> </ul>	(20)

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