Mark Scheme (Results)

November 2021

Pearson Edexcel GCE
In Economics B (9EB0)
Paper 2: Competing in the Global Economy

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	Answer	Mark
1(a)	**Knowledge/understanding 1, Application 3** **Knowledge/understanding:** 1 mark for correct formula for calculating mean: sum divided by the count **OR** $\dfrac{\text{Sum of All Data Points}}{\text{Number of Data Points}}$ **(1)** **Application:** up to 3 marks for calculating the mean: 68.4 **(1)** /11 **(1)** and 1 mark for the correct answer: 6.22% **(1)** **NB: if no working is shown award marks as below** • the correct answer is given as 6.22% award 4 marks • the correct answer is given as 6.22 award 3 marks	**(4)**

Question Number	Answer	Mark
1(b)	**Knowledge/understanding 1, Application 2, Analysis 1** **Knowledge/understanding:** 1 mark for identifying a likely reason e.g. ILO measures all of those out of work whereas claimant count only includes those claiming unemployment benefits **(1)** **Application:** up to 2 marks are available for contextualised answers e.g. ILO rate of 3.9% in 2018 was 1.2% higher than the claimant count at 2.7% **(1)** decreasing unemployment rate since 2010 likely to be matched by decreasing claimant count in same time period **(1)** **Analysis:** 1 mark available for developing explanation: e.g. not everyone who is unemployed on the ILO measure claims unemployment benefit. This tends to make the ILO unemployment rate higher than the claimant count. **(1)**	
		(4)

Question Number	Answer	Mark
1(c)	**Knowledge/understanding 1, Application 2, Analysis 1** **Knowledge/understanding**: 1 mark for explaining an external cost e.g. cost to third-parties not included in the price mechanism **(1)** **Application:** up to 2 marks are available for a contextualised answer e.g. Edinburgh receives more than 4 million international visitors a year **(1)** and this will cause traffic congestion/pollution/litter or any other valid example **(1)** **Analysis:** 1 mark for developing the analysis, e.g. These external costs then have to be paid by residents/tax payers of Edinburgh **(1)**	**(4)**

Question Number		
1(d)	**Knowledge/understanding 2, Application 2, Analysis 2** **Knowledge:** up to 2 marks e.g. Tourism is a service export/invisible export - (X-M) component of AD **(1)** Employment in the local economy provides wages and consumer spending – C component of AD **(1)** **Application:** up to 2 marks e.g. In 2016, tourism contributed £900m to net exports **(1)** four million international visitors a year creating employment in tourism **(1)** **Analysis:** up to 2 marks e.g. Therefore tourism increases AD through rising net exports **(1)** and increased consumption spending **(1)**	
		(6)

Question Number	Indicative content	Mark
1(e)	**Knowledge/understanding 2, Application 2, Analysis 2, Evaluation 2** • Transient Visitor Levy (TVL) is an example of a specific tax • TVL is a £2 specific tax on the first week of tourist accommodation • The tax would be collected by the hotels/guest houses • The tax increases the price paid by the tourist and will decrease demand • This may reduce the incomes of accommodation providers such as hotels and guest houses • Fewer tourists may mean less spending in the local economy • However, the £2 specific tax for the first week of accommodation is a relatively low rate of taxation thus the impact on tourism may be minimal • It may depend on other economic influences, such as the economic cycle	**(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:
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Question Number	Indicative content	Mark
1(f)	**Knowledge/understanding 2, Application 2, Analysis 3, Evaluation 3** • Circular flow of income model (accept an accurate diagram, if given) describes injections and leakages/withdrawals of money from the economy • Injections include: investment; government spending; exports. Leakages/withdrawals include: savings; imports; taxation • Tourist industry adds to the circular flow of income as an export, £900 million in 2016 • March 2019, 35.5% of private sector employment was in firms were registered outside of Scotland • USA-owned businesses operating in Scotland – generated 37.1% of all turnover from foreign-owned registered businesses in Scotland • Tourist industry attracts investment/FDI from foreign owned firms, adding to the circular flow of income • Indirect tax receipts from the tourist industry, including VAT and TVL are a leakage from the circular flow of income • Direct tax paid by foreign owned firms in Scotland are a leakage from the circular flow of income but may contribute to government spending • However, the extent of the leakage from taxation will depend upon how much of the tax revenue is spent by the government in the form of investment and wages • This transfer of profits on turnover back to the country in which the firm is registered can also be seen as a leakage from the circular flow of income • The extent of the injection from tourism will also depend upon the value of imports (leakages/withdrawals) required to sustain the tourist industry • Foreign firms are also likely to employ foreign workers who may transfer income (leakages/withdrawals) to the country in which they are primarily resident (EU or non-EU)	**(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.

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
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Question Number		Mark
1(g)	**Knowledge/understanding 2, Application 2, Analysis 4, Evaluation 4**

- Unemployment refers to those actively seeking work but unable to obtain suitable employment
- Unemployment in Scotland fell from 8.2% in 2010 to 3.9% in 2018
- One effect of decreasing unemployment can be that there may be a smaller pool of labour available for firms
- This smaller pool of labour may increase labour costs, as wages are driven up by the decreasing supply of labour
- Decreasing unemployment may increase skill shortages and reduce productivity
- This may reduce the competitiveness of some Scottish firms
- However, one positive effect of decreasing unemployment may be a rise in wages and disposable income
- Rising disposable income may increase consumer spending and demand for the goods and services supplied by Scottish firms
- The impact on wages and costs for firms will depend upon how quickly firms are able to increase the skills and training of employees
- Skill shortages may be reduced through migrant labour which may keep wages lower than would otherwise be the case
- The impact upon demand for firms will depend upon the sector and if the good or service is income elastic or inelastic | |
| | | **(12)** |

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 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.

Demonstrating application (AO2) in responses
Where questions specifically stipulate the use of data or information provided in a stimulus, students:
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Question Number	Indicative content	Mark
1(h)	**Knowledge/understanding 2, Application 2, Analysis 4, Evaluation 4**	
	• GDP per capita is total GDP/population	
	• Changes in GDP and/or population can change the GDP per capita figure	
	• Increase of £6 080 in GDP per capita between 2008-2018	
	• Increase of 25.63% in GDP per capita in the period 2008-2018	
	• More wealth/income created per head of the population	
	• Suggests that living standards may be increasing	
	• Rising GDP per capita has also been accompanied by falling unemployment suggesting improving living standards	
	• Increasing nominal/money GDP per capita does not take into account inflation	
	• Real GDP per capita data may give a more accurate measure of living standards as it takes into account changes in living costs (inflation)	
	• However, GDP per capita does not show how this increased wealth and income is distributed	
	• Rising GDP per capita may be associated with rising income and wealth inequality	
	• More useful measure for living standards may be HDI, which includes health, education and income variables with equal weighting	
	• Data required on absolute and relative poverty	
	• The presence of foreign owned firms and migrant workers may suggest that some of the profits and income is being transferred overseas therefore not improving living standards in Scotland	
		(12)

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 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.

Demonstrating application (AO2) in responses
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Section B

Question Number		Mark
2	**Knowledge/understanding 4, Application 4, Analysis 6, Evaluation 6** • FDI is investment in productive assets by firms or governments in a country other than the one in which it is registered or based • FDI is distinguished from portfolio investment, in that it is direct investment in the real economy • FDI may provide employment in the short-term, in construction and in the long-term in running the firm • It can also bring technology transfer, including knowledge of production methods which is particularly important in the rapidly changing entertainment industry • The motion picture, television and music industry has grown by 43% since the start of 2016 • The data on the UK film industry shows that while some investment is from multinational corporations (Sky), some is also from government investment • FDI has also been attracted through fiscal policy - tax credits introduced in 2007 and extended in 2012. • Productions by firms operating in the UK can claim back a tax rebate on their spending • MNCs look to produce and sell in free markets such as the UK, increasing consumption and investment which promotes economic growth • UK membership of the EU customs union attracted inward FDI, as multinational corporations were able to produce in the UK and export to the EU with no trade barriers • However, the resulting integration of the UK economy with other economies may mean that the economy becomes more susceptible to external shocks • Extract F would suggest that FDI is cyclical • The impact of this reduction in FDI is likely to be lower growth and higher unemployment, as well as a deterioration in the current account if FDI was focused in export industries • The motion picture, television and music industries are global industries with products exported worldwide and not focused on the EU and may not be affected by the UK leaving the EU	**(20)**

Level	Mark	Descriptor
	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.

Demonstrating application (AO2) in responses

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Section C

Question Number	Indicative content	Mark
3	**Knowledge/understanding 4, Application 4, Analysis 6, Evaluation 6** • Stakeholders are the individuals, firms and government who have an interest in the success or failure of an industry • In this case, consumers are looking to replace a meat based diet with a what they see as a more sustainable and healthy plant based diet • Likely to reduce demand in the market for meat and dairy products but increase demand in market for meat substitutes • Firms are responding to this non-price demand factor, changing tastes, by investing in product innovation and horizontal integration • Merger of *DuPont* by *IFF* is the outcome of profit signalling in the market for meat-free food • Consumer sovereignty suggest that firms are simply responding to changes in consumer tastes • However, the shift away from meat might cause unemployment for stakeholders in the meat production and processing industries, including livestock farming and dairy farming • It is not necessarily the case that arable farming is more sustainable that meat production • It is not necessarily the case that a plant based diet is healthier for everyone • Possible stakeholder conflict between consumers, seeking an environmentally sustainable diet and/or healthy diet, with food producers seeking to maximise profits and share price • Asymmetric information between producer and consumer, resulting in market failure as vegan/vegetarian consumers make purchasing decisions without understanding the environmental or health impact • The market power of food producers is allowing them to influence consumer tastes in the pursuit of higher profits (£21.81 per kg for fake burgers) • Consumers seeking to reduce environmental damage and firms seeking profits may mean producing profitable products that consumers most want in terms of vegan and vegetarian products thus resulting in no conflict	**(20)**

Level	Mark	Descriptor
	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.

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