



Examiners' Report June 2022

GCE Economics B 9EB0 01

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Introduction

There appeared to be good understanding of economic and business terminology throughout all sections of the paper. It was encouraging to see that most candidates appeared to have an excellent understanding of the command words, with two-sided arguments presented by most for discuss, assess and evaluate questions.

The ability of the most able candidates was shown through their capacity to apply their economic knowledge and understanding to the specific markets presented to them in the extracts, whereas those struggling with such concepts typically answered questions with a 'common sense' approach with a lack of economic understanding.

There were far too many responses that relied heavily on assertion and generic answers which failed to fit the higher levels of response descriptors and therefore scored low marks. This paper offered candidates a mix of topics and the questions seemed to discriminate well, with a wide variety of responses seen for all questions. Very few candidates failed to finish all the questions demonstrating good time management.

Question 1 (a)

Many candidates were able to correctly calculate the answer of 65.05%. However, some candidates did not include the percentage sign and therefore could only score 3 marks.

Some candidates did correctly select the market share for the top 5 firms but incorrectly added these up so it is essential that candidates do take their time with questions such as this and check answers to ensure they gain all marks available.

- 1 (a) Using Extract A, calculate to two decimal places the 5-firm concentration ratio for the UK car manufacturing industry. You are advised to show your working.

(4)

5 firm concentration ratio
= top 5 firms percentage

$$22.8 + 13.1 + 9.84 + 9.43 + 8.88$$

$$= 64.05\%$$



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Examiner Comments

This response scored 4 marks for correctly identifying the 5-firm concentration ratio for the UK car manufacturing industry as 64.05%.



ResultsPlus
Examiner Tip

Always show your workings and double check calculation questions because it is very easy to omit the correct units and not give your answer to two decimal places.

Question 1 (b)

Oligopoly was given as the reason by most candidates for the knowledge mark but any other valid reason was also accepted. For example, reasons such as there being a high degree of brand loyalty, product differentiation, barriers to entry, interdependence and the market is dominated by a few firms were all accepted.

Application was problematic with some candidates giving generic responses that could apply to any industry. Application must be specific to the car industry and this could include features of cars that might differentiate it from other car brands, using the names of car firms in terms of market share and the use of 64.05% from the previous question.

For the analysis mark, references to the use of non-price competition such as branding and advertising was rewarded and there were some great analytical points made about the avoidance of price wars.

(b) Explain **one** reason why there is less likely to be price competition in the car industry.

(4)

The car industry is an oligopoly. Oligopoly is when several few large companies high percentage of the market share such as Volkswagen, Stellantis and BMW. The top 5 firm concentration ratio for UK car industry is 64.05% therefore it is considered oligopoly. Oligopoly don't compete on price they compete on non price factors such as quality and product differentiation this is because they are interdependent on each other meaning if one firm Volkswagen reduce price Stellantis and BMW may also reduce price this can lead to price wars. If they keep on lowering their price their profits would decrease.



This response scored 4 marks. It is specific to the car industry and not generic. It identifies that the industry is indeed an oligopoly for the knowledge mark.

The response does have 2 separate uses of application: the use of 64.05% from the previous question and for using the example of Volkswagon and BMW.

Analysis is shown by an understanding that car firms use non-price factors and why it is so in terms of avoiding a price war and consequently the impact on profits.



Application is where candidates have a tendency to lose marks. Application can be the use of data either from the extracts or from a previous question. In this case, the use of 64.05% from question 1a was rewarded and could be used to as application to support the response. Simply copying large parts of the extract will not gain application marks and information has to be used to support either the knowledge or analysis for it to be rewarded.

(b) Explain **one** reason why there is less likely to be price competition in the car industry.

(4)

The car industry is an oligopoly as it has a 5-firm concentration ratio of 64.05% & any 5-firm ratio over 60% is an oligopoly. In oligopolies non-price competition tends to be used in the long run due to them not wanting price wars to occur. If the market leader, Volkswagen group decreases their prices then the close competitors will do the same & eventually no firms will be making a profit & the level of competition will decrease as firms are forced to leave the market.



ResultsPlus
Examiner Comments

Knowledge and analysis points can be interchangeable and the main difference is that for a point to count as analysis, we are looking for some sort of developed consequence as to why there is less likely to be price competition in the car industry. Knowledge can be a simple statement such as the car industry is an oligopoly. Remember, there are no marks for definitions for the 4 mark questions and the knowledge mark will always be for the reason.



ResultsPlus
Examiner Tip

This example starts off with the knowledge mark – oligopoly and then gives an application point by using 64.05%. Analysis is then given in terms of non-price competition and avoiding price wars. The last sentence combines application and analysis in terms of what would happen if Volkswagen decreases their price – a reason why they do not compete on price.

Question 1 (c)

This question scored well with many candidates correctly stating the profit for the year margin was 3.33%. Unfortunately, some candidates omitted the percentage sign or did not give their answer to two decimal places and therefore could only achieve 3 marks. The answer of €3.33m was often seen when candidates gave a monetary value rather than a margin and this could still achieve 3 marks if the correct formula and workings were shown.

(c) Using Extract B, calculate to two decimal places the profit for the year margin for Stellantis in 2020. You are advised to show your working.

(4)

$$\text{Profit for the year margin} = \frac{\text{Profit for the Year}}{\text{Sales revenue}} \times 100$$

$$\frac{€ 2 022 \text{ m}}{€ 60734 \text{ m}} \times 100$$

$$\text{Profit for the Year} = 3.33\%$$



ResultsPlus
Examiner Comments

This response scored 4 marks for the correct answer of 3.33%. It is clearly set out and includes the formula and workings.



ResultsPlus
Examiner Tip

Always write out the formula and show your workings. You can still gain up to 3 marks with an incorrect answer if these are correct. Do not forget to include $\times 100$ as part of the formula. Check you have given the answer to two decimal places and have the correct units.

Question 1 (d)

This question was a challenge with many candidates incorrectly shifting the supply curve.

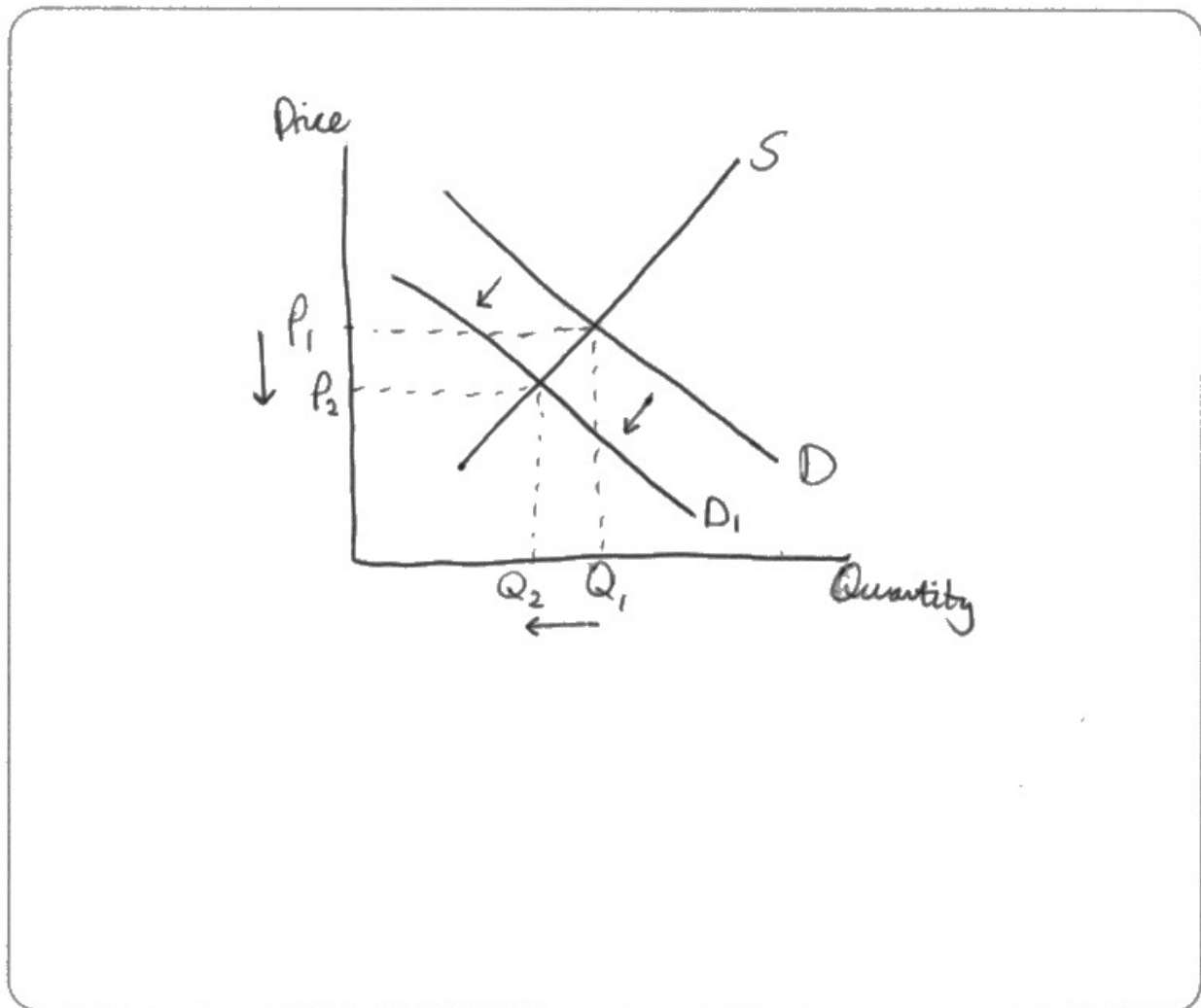
The question was testing the understanding of the impact of a change in price of substitute products. Petrol and diesel cars are substitutes for electric cars therefore a decrease in price of electric cars due to an increase in the subsidy would therefore result in a fall in demand for petrol and diesel cars. Consequently, this would result in a left shift of the demand curve and not the supply curve. The diagram was worth 4 marks and the written analysis was worth 2 marks.

Often marks were lost because of incorrect labels of the x and y-axis: it must be labelled Price and Quantity and **not** Quantity Demanded. P and Q was accepted. It is essential that the original and new equilibrium price and quantity are labelled on the axes. Arrows are not required but many candidates did use them to indicate the direction of the shift. Candidates who did incorrectly shift the supply curve could still achieve 2 marks if the labels were correct.

For the written part of the question, marks were awarded for some understanding that petrol and diesel cars are substitutes for electric cars and that demand would fall because electric cars would be cheaper. The focus had to be on why demand for petrol and diesel cars decreases and not because of what might be happening to the supply factors in the future.

(d) Using a suitable diagram, analyse the likely impact on the market for new petrol and diesel cars if the government increases the subsidy on new electric cars.

(6)



As ~~the~~ new electric cars are a substitute good for new petrol and diesel cars, a change in price of \downarrow electric cars will impact the demand for \downarrow petrol and diesel cars.

An ~~an~~ increased subsidy for new electric cars will result in their price ~~being~~ decreasing. Therefore, as a substitute good is now less expensive, there will be less demand for new petrol and diesel cars as people will be more likely to choose a \downarrow new electric car.



This response scored 6 marks. There is a correctly labelled diagram and the written explanation shows an understanding of substitutes and the reason why demand will fall for petrol and diesel cars.



Diagrams need to be correctly labelled with Price and Quantity and often the x-axis is incorrectly labelled Quantity Demanded. You do not need to use arrows and it is better to label the new curve to show the direction of the shift. In this example the candidate has used D and D1 to indicate a decrease in demand.

Question 1 (e)

This question presented challenges for some candidates. There were some very confused responses which did not understand exchange rates or thought that car firms received a different amount when the exchange rate depreciated. Better responses could see the benefits in terms of potentially an increase in car exports to Europe and had context on both sides of the argument rather than a generic assessment of the impact of a depreciation. The counter argument often considered the impact of more expensive imports of car parts and the concept of elasticity and the duration of the weaker pound on car sales.

SPICED

Of all the vehicles made in the UK, 81% are exported, with over half going to the EU.

(e) Discuss the likely impact on UK car exports following a depreciation of the pound against the euro.

(8)

A depreciation of the pound denotes a fall in value^{of the £}, meaning less euros can be bought per £. This causes imports to the UK to become relatively more expensive, whilst exports more price competitive.

The depreciation would make exports of cars made in the UK (such as JLR and VW) more price competitive in the EU, where $\approx 40-50\%$ of UK manufactured cars go. This may increase revenue for UK manufacturers allowing them to earn higher profits if costs are kept low. Moreover, the increase in revenue may trigger investment from firms, especially such as Stellantis who are looking to establish their new unified brand. The increased turnover and investment may promote productive efficiency in the market. The reduction in price may help price elastic brands to expand sales abroad and break into new markets through ~~independent~~ penetration pricing.

However, if the ~~pro~~ manufacturers are net importers (i.e. brands like BMW source parts from Germany) then their overall costs may actually increase, and offset any increase in revenue. The depreciation may also have only a small impact due to price elasticity. For example, the relative drop in prices in the EU for Maserati may have a price inelastic effect due

to the products luxury nature and high price regardless of drops. Finally, car importers in the EU may be tied into pre-determined contracts ^{due to consistent demand} and so in the short term a depreciation would have minimal impacts on the UK car industry. The extent of the depreciation, coupled with the length of the depreciation will dictate the impact on the UK car industry. Finally, the strength of the £ in the other 40.5% exporting countries may well offset any gains made, as the dollar for example may have fallen in comparison to the pound.



ResultsPlus
Examiner Comments

This response scored 8 marks. There is very good use of economic theory and use of context throughout the response. The evaluation is balanced and has detailed chains of reasoning.



ResultsPlus
Examiner Tip

The 'discuss' question is always an evaluation question and many candidates only gave a one-sided response. Ensure a balanced assessment is made and the use of context on both sides of the argument will always enhance a response.

Question 1 (f)

This question proved popular with many candidates able to provide a balanced assessment of the benefits of selling a range of different car brands. Responses included chains of reasoning about *Stellantis* being able to spread risks and targeting a range of different customers in terms of demographics and car requirements. The counter argument focused on the issues of being spread too thin or the potential diseconomies of scale *Stellantis* could face from having so many different car brands. Use of context was much better and weaker responses tended to be one-sided or have very poor evaluation for the counter argument.

(f) Assess the likely benefits for Stellantis of selling a range of different car brands.

(10)

Stellantis has 18 car brands in its business including Peugeot, Fiat, Vauxhall and Maserati, meaning the firm operates in many types of markets selling to the mass and niche customer bases through more bespoke car brands such as Maserati. This allows them to capture demand from differing customer bases and maximise sales in doing so.

One benefit of selling a range of brands is the spreading of risk across multiple assets, meaning if one of Stellantis' car brands was to suffer a damaging PR event such as Volkswagen's dieselgate, Stellantis would be able to absorb demand and customers into other brands they own like Vauxhall, rather than suffering a massive blow to a significant portion of their income and market share had they not been diversified across multiple brands. This puts Stellantis in a position of strength in regards to resiliency as their diversified business structure means they can ride out economic shocks.

Another benefit for Stellantis is their ability to appeal to more customer bases and markets as a result of their many differing brands. Owning mass market manufacturers like Vauxhall means Stellantis can sell large numbers of vehicles at large scale but additionally they are also able to

capture demand from more niche and bespoke product focused consumers through their smaller brands like Maserati which makes sports cars, this allows Stellantis to penetrate more areas of demand and cater to more customer wants, increasing their sales potential as a result. However it could be argued there are disadvantages to Stellantis from selling 18 car brands as diseconomies of scale could arise from the firm's massive manufacturing operations, in the event management of Stellantis' brands is completed under one entity there could be extreme difficulty conveying communications across the whole firm considering the vast scale of operation (1000 working at Vauxhall's factory alone), this could lead to inefficiencies in production and ineffective management of Stellantis' operations which would increase average costs compared to more streamlined and smaller scale operations that they're in competition with. However Extract B mentions Stellantis branding will not feature on any of the 18 individual brands suggesting management structures will remain localised and therefore shielded from vast diseconomies of scale.



This response scored 10 marks. It clearly identifies several benefits for Stellantis of selling a range of different car brands and incorporates a range of economic concepts on both sides of the argument. Plenty of context is used including candidate's own knowledge in terms of 'dieselgate' and how this might apply to Stellantis.



Context can be from the extracts themselves or from your own wider reading. Often we see very good responses that have plenty of economic concepts but they lack context so using the extracts or your own relevant context does make a difference when marking the levels-based questions as we take a holistic view when awarding the mark.

Question 1 (g)

Many candidates were able to use the extract to assess the benefits of saving jobs in the local area and the impact the subsidy may have in terms of producing electric vehicles for the UK. The counter argument was mainly focused on the opportunity cost of the subsidy and the extent to which it would indeed benefit the UK economy. The better responses were able to link to the impact on the UK economy in terms of unemployment, GDP and AD/AS.

(g) Assess the benefits to the UK economy of subsidising the Vauxhall car plant in Ellesmere Port.

(12)

The government investment ~~is~~ through subsidies is a form of intervention in order to stimulate the UK economy through the creation of ~~is~~ new jobs.

Subsidising the plant will ~~offer~~ ^{save} 1000 direct jobs, and 6000 jobs through the supply chain. This decreases levels of unemployment, and increases ~~levels of~~ consumers marginal propensity to consume through wages via the plant. This increases the amount of money within the circular flow of income, resulting in AD shifting to the right, resulting in an expansion of the UK economy and an increase in GDP. ~~Furthermore,~~ ^{car} If the plant closes, these jobs will be lost, resulting in a contraction of the economy.

Furthermore, the electric car plant will likely increase UK exports following regulation which prevents petrol and diesel cars by 2030. As a result, there will be more exports, resulting in an increase in the UK's balance of payments. This would reduce leaks in the economy, and further increases GDP.

ti

However, subsidising the plant will be expensive upfront, with an estimated £30m government subsidy. This makes it an extremely expensive fiscal policy short term, however money capital generated through tax revenue from the saved jobs and increased exports to EU countries may repay the government investment long term, however there is likely a large time lag.



ResultsPlus
Examiner Comments

This response scored 10 marks and accessed Level 4. The main argument is much stronger than the counter argument and no conclusion is offered. It is a Level 4 response, but at the lower end of the criteria because of this. The response is focused on the UK economy and makes reference to macroeconomic concepts.



ResultsPlus
Examiner Tip

Try to provide a balanced evaluation where the main arguments for and against are equally weighted. Often we see unbalanced evaluation with one side having more weight. A conclusion is required for the 12 mark questions.

Question 1 (h)

This question was a challenge for many candidates due to a lack of focus on the UK economy. Some candidates focused on the reduction of negative externalities without making a direct link to how this would impact on the UK economy in terms of health spending, the wellbeing of the population and the overall impact on the environment.

Some candidates assessed the cost of banning petrol and diesel cars in terms of the negative impact on tax revenues for the UK Government when less tax would be received from electric cars and the cost of the infrastructure needed for electric vehicles.

The main issue for most candidates was a lack of focus and there tended to be a general discussion on how it would impact on various stakeholder groups rather than the impact on the UK economy.

(h) Assess the likely impact on the UK economy of the Government banning the sale of new petrol and diesel cars from 2030.

(12)

The government banning new petrol and diesel cars is a form of regulation.

By banning petrol and diesel cars, the UK economy will likely benefit as a negative externality of pollution will reduce. This would improve people's health causing a positive multiplier to occur with less worker absenteeism, resulting in higher productivity for the firm and leading to economic growth in the long run. Also, by forcing people to buy electric cars from 2030, people will benefit in the long run as electric cars cost '67p per mile' whereas petrol cars cost '74p per mile'. As a result, people's discretionary incomes will rise and consumption on other goods will rise, resulting in an increase in aggregate demand and economic growth. Therefore, by banning petrol and diesel cars environmental damage will reduce and the economy will benefit from the positive externalities of using electric cars.

However, banning petrol and diesel cars can be seen as having a regressive impact as electric

cars are generally more expensive to buy. This means that lower income households will have to spend more on a car when their current petrol/diesel car needs replacing, causing them to have less money to spend on less goods causing their standard of living to reduce. Also, the government won't benefit from the '£465' tax on petrol cars, thereby reducing the government's income which could cause government spending to reduce and a slow down of economic growth. Also, the jobs associated with creating petrol/diesel cars will be lost, causing an increase in structural unemployment.

To conclude, banning petrol and diesel cars will benefit the UK economy. In the short run it will reduce pollution which in the long run means the government won't have to spend as much to reduce environmental damage, allowing them to spend it elsewhere and stimulate economic growth.



This response scored 10 marks and accessed Level 4. The focus of the response is on the UK economy rather than just a general discussion of banning petrol and diesel cars. There are several strands with developed chains of reasoning and use of context on both sides of the argument.



Make sure you have a specific focus for your evaluation rather than trying to cover too many points. Higher marks are always achieved by having depth rather than a 'kitchen sink' approach.

Question 2

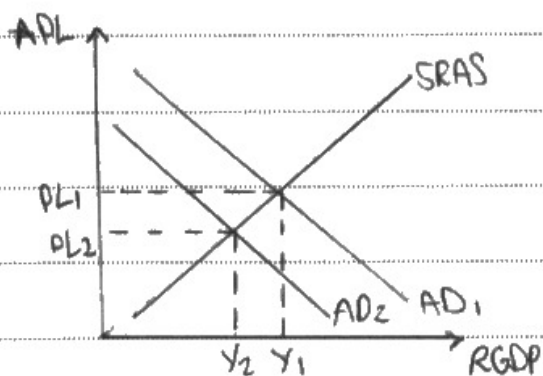
This was the most challenging question on the paper with many candidates not understanding how monetary policy can be used to control inflation and instead focused their responses on economic growth rather than inflation.

For evaluation, examiners were looking for some understanding as to why monetary policy might not be effective and the potential trade-off with economic growth, unemployment, time lags and it depended on the type of inflation being experienced. Better responses had accurate use of AD/AS diagrams to support their evaluation and did bring in recent events with the cost of living crisis and recent inflation rates of 9%. Often evaluation was in the form of alternative policies to control inflation and although this is credited, in order to access the higher levels, the disadvantages of monetary policy must be addressed **before** launching into alternative policies such as fiscal or supply-side policies.

2 Evaluate the effectiveness of using monetary policy to control inflation in the UK.

(20)

Using contractionary monetary policy by raising interest rates may reduce inflation in the UK. This is because raising interest rates increases the cost of borrowing for both consumers and businesses. This is likely to reduce consumption in the economy, particularly if consumers have higher mortgage payments and so lower disposable income to spend. Business investment is likely to decrease also as many businesses take out loans. Investment and consumption are both components of aggregate demand so reducing these may reduce aggregate demand and demand-pull inflationary pressures.



This diagram shows how reducing AD from AD_1 to AD_2 may reduce the average price level from PL_1 to PL_2 .

However, there is a trade-off between the UK's macroeconomic objective to keep inflation at 2% and to have low unemployment and economic growth. If demand in the economy is reduced then businesses may have to lay off workers, thus unemployment shifting from Y_1 to Y_2 . Therefore, raising interest rates may be likely to hit low income people most as generally low-skilled labour jobs are the

first to be fired. ^{As} ~~the~~ the objective of reducing inflation currently is to help deal with the cost of living crisis and the negative impact this is having on low income people, then raising interest rates may not help these people and actually push them further into relative and absolute poverty.

On the other hand, raising interest rates may be a beneficial method to reduce inflation due to the effect it may have on the exchange rate - The pound may be likely to appreciate as hot money flows take advantage of better saving rates in the UK. An appreciation of the pound will make imports cheaper and exports more expensive, so may reduce net exports (X-M). Net exports are a component of AD so reducing AD may help to reduce inflationary pressures.

However, raising interest rates may not target cost-push inflation which is the major issue at the moment. The extract states that the upward inflationary pressure is mostly due to increasing costs of 'clothing, motor fuel' - cost-push factors. This is even more the case in 2022 as oil prices have risen and continue to rise even higher, pushing inflation to around 7%. Therefore, using demand-side policies

will not target this and may result in stagflation - high inflation, along with high unemployment. This will benefit no parties so supply-side policies would be better to deal with cost-push inflation.

Overall, the effectiveness of using monetary policy to control inflation would depend how much interest rates are changed by. Furthermore, it would also depend on the type of inflation; currently the causes of inflation are cost-push so supply-side policy may be better equipped to deal with it. There is also a time-lag of around two years to see the impact of monetary policy so if there was an urgent issue more immediate measures may need to be taken, such as fiscal policy which may ease pressures in the short-term. Choosing to 'wait for inflation to subside' has clearly not worked and so measures do need to be put in place to deal with rampant inflation.



This response scored 17 marks and accessed Level 4. There is sound economic understanding about the use of monetary policy and the potential trade-offs from using a contractionary monetary policy. The candidate not only considers the impact on economic growth but shows an understanding of higher interest rates on the exchange rate and how this might affect net exports. There is an appreciation as to the type of inflation being experienced with a good conclusion.



Although the question does not ask for a diagram, use one if you think it will help support your evaluation. If you are being asked about a macroeconomic concept such as inflation, then use an AD/AS diagram to illustrate the potential trade-offs that might occur from a course of action.

Question 3

This question proved to be more popular than question 2 and many candidates were able to access the higher levels.

In terms of evaluation, it did not matter which way the arguments for and against appeared in the response and many candidates did start with arguments for not reducing regulation in terms of exploitation of workers. Context was better and many candidates were able to use the information about Uber in the extracts to support the arguments for and against employee protection. Context was not limited to the information in the extracts and some responses did bring in the recent events with P&O Ferries and the lack of regulation in developing countries such as Bangladesh.

Some arguments for reducing employee protection centred on attracting FDI into the UK and the potential benefits this could bring to the UK economy in terms of jobs and economic growth.

A conclusion is required and often this was just a repetition of previous points made rather than any solid final judgement. As with all the 20-mark questions, there is no 'correct' answer and the question was specifically designed to invite a range of arguments for and against employee protection.

3 Evaluate the case for a reduction in the regulations that protect UK employees.

(20)

A reduction in the regulations to protect UK employees will result in lower costs of production to businesses in the economy and hence increase productive and allocative efficiency.

By reducing regulations to protect employees such as reducing / removing the national living wage of £8.91 for employees; ^(contract H) businesses within the economy will minimise their costs leading to greater productive efficiency and hence profits could be used elsewhere such as in R&D in order to increase allocative efficiency additionally - in doing so, the government would be maintaining competition and lower prices in several markets throughout the UK economy, reducing market failure. This will result in lower prices for consumers if lower costs are passed on or the form of lower prices or higher profit margins for producers which will lead to more retained profit for R&D, growth and expansion creating increased efficiency of production processes and funding for investment in capital which could increase the ~~future~~ potential future economic growth in the UK economy. As in the case of Uber, employees could act as independent contractors ~~however~~, striving to increase output and earn profits based on productivity which could further boost the UK's competitiveness.

However, as said by the business secretary this may reduce the protection and reduce workers' rights within various sectors in the economy. This will enable employers to pay workers below the

national living wage which ~~might~~ will result in reduced ~~costs~~ incomes and disposable incomes to employees as a result. This will have worse effects on employees who are already earning the minimum wage and may lead to increased poverty and inequality in the UK economy as a result. This will result in lower standards of living to employees throughout the economy reducing the Component of AD and decreasing real GDP, productivity and competitiveness in the UK economy.

Additionally, reducing regulations on workers such as introducing zero-hour contracts will enable employers to be more flexible when it comes to employees ^(contract I) based on factors such as seasonal demand ~~and~~ and the position of the economy on the economic cycle e.g. during a recession where there is less demand for goods and services employers will only call in workers which they think are needed to produce the specific amounts of output. This will result in higher allocative efficiency and reduce market failure as a result. Businesses will reduce waste in addition to this improving productive efficiency which might also increase cost-advantages felt by businesses. This will result in higher productivity and reduced wastage of scarce resources in the UK economy.

However, these regulations may come with several unintended consequences. By putting workers on zero-hour contracts, UK citizens are at higher risk of poverty as there is no certainty of a call-up to work, additionally, these increased regulations are likely to have greater impact on lower income earners ~~reducing~~ increasing inequality.

Worries about jobs and health will increase and this may diminish consumer confidence in the economy as well as reduce AD and GDP as a result.

In conclusion, reduced regulation of employees is likely to increase both productive and allocative efficiency through increased productivity in the UK economy as a result of reduced waste ~~and~~ and other factors such as pay based on output, however, this is likely to have negative impacts on employee welfare and be framed upon such as in the case of Uber which may have significant unintended consequences such as to the NHS. In the long-term, employee protection is likely to be more beneficial. CBA may be conducted.



ResultsPlus
Examiner Comments

This response scored 16 marks and accessed Level 4. There is a detailed evaluation of the pros and cons of reducing the regulations that protect UK employees. There are developed chains of reasoning with use of relevant evidence on both sides of the argument. There is a conclusion which tries to consider the long term implications but it is mainly a repetition of earlier points.



ResultsPlus
Examiner Tip

Conclusions are important and are the last thing the examiner reads, so make them count. Do not just repeat previous points or summarise your response. Come to a final judgement that answers the question set.

Paper Summary

Based on their performance on this paper, candidates are offered the following advice:

- Follow the instructions given. Some candidates failed to give answers to 2 decimal places for the calculation questions.
- Do not forego marks for not fully labelling diagrams. Some candidates failed to correctly label the supply and demand diagram in Q1(d).
- Read the questions carefully and this was evident on Q1(d) where many candidates shifted the supply curve rather than the demand curve.
- Understand the difference between macro and micro supply and demand diagrams and when to appropriately use each one.
- The use of relevant evidence is required throughout the paper and is a significant element of the response. Evidence can be from the extracts provided or using examples provided by the candidate themselves.
- The command word 'discuss' is an evaluative command word so candidates must provide both sides of an economic argument in order to achieve full marks.
- Use economic concepts rather than generic 'common sense' answers. This particularly applied to Q1(b), Q1(h) and Q1(g).
- Do not be afraid to use diagrams to support your responses even if the question does not ask for a diagram. Often diagrams can illustrate some very important economic concepts.
- Examination timing is important and work on the premise of 1 mark per minute for all questions.

Grade boundaries

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