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Examiners' Report
June 2025

GCE Economics B 9EB0 01

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June 2025

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Introduction

This paper successfully differentiated between candidates across the full range of ability, with many demonstrating a strong grasp of economic concepts. Those with secure subject knowledge generally performed well, particularly on extended response questions, where answers were often well-structured and perceptive. However, there were also weaker responses that reflected limited understanding of the specification content. Common causes of underperformance included not addressing the command words and a lack of precision in interpreting the questions. In particular, instructions such as 'assess' and 'evaluate' were sometimes ignored or misunderstood. A number of candidates lost marks by misreading or not fully engaging with the question wording. Future candidates should be reminded of the need to apply relevant context throughout their responses. Repeating generic phrases, using pre-learned material, or simply copying from case studies will not meet the criteria for the higher levels of the mark scheme. For questions marked using levels of response, it is essential that answers incorporate relevant and specific evidence in order to reach the top levels.

Marking Levels – A Holistic Approach

This specification continues to use marking descriptors for all levels-based questions. It is essential for centres to understand these descriptors and how they are applied. The levels-based mark schemes are used holistically rather than by assessing individual objectives.

How to Find the Correct Mark Using Levels-Based Marking: Questions 1(e), 1(f), 1(g), 1(h), 2 and 3

1. Identifying the Correct Level

The first step in levels-based marking is to decide which level best fits the overall quality of the response. This should be approached using a ‘best-fit’ method. Responses may display features from more than one level, but examiners must use their professional judgement to determine which level most accurately reflects the response as a whole.

For example:

- A single strong paragraph at Level 4 would not on its own justify placing the response in Level 4, but it might support a mark at the top of Level 3, unless the rest of the response is notably weaker.
- An answer that generally matches Level 3 but includes some elements typical of Level 2 may be best placed at the bottom of Level 3.
- Similarly, if a response shows features of both Level 1 and Level 3, the most appropriate placement may be Level 2.

2. Deciding on a Mark Within a Level

Once the correct level has been identified, the next stage is to assign a mark within that level. This process depends on how many marks are available in the level:

Levels with 2 marks:

- Examiners begin with the assumption that the response meets the top of the level and only move to the lower mark if the response just meets the minimum requirements.

Levels with 3 or more marks:

- Examiners start by considering the middle mark in the level (or the upper-middle mark if there is an even number of marks) and then adjust the mark up or down based on how well the response meets the level descriptor.
- Examiners award the **top mark** when the response fully meets the descriptor and is as strong as can realistically be expected at that level.
- Examiners award the **bottom mark** when the response just meets the level, with minimal evidence of the required characteristics.
- Examiners use the **middle range** of marks for responses that meet the level reasonably well, showing a mix of strengths and minor limitations.

The final mark should always reflect the quality of the response in relation to the descriptor, not simply the number of points made. Consequently, a candidate attempting evaluation with some context will not automatically be placed in the top levels; weak evaluation or lack of context may result in a maximum achievement of Level 2. Some candidates are still copying out large sections of the extracts with only limited evaluation, which will result in lower-level marks.

Examiners do not cap or restrict marks based on how a question is answered. For example, marks are not capped for responses that lack application or are generic in nature. No mark or level is restricted for any particular reason. With holistic marking, some parts of a response may be stronger or weaker than others, but examiners assess the overall quality of the response rather than taking an ‘average'.

Question 1(a)

This question required candidates to give a valid benefit to train operating companies of leasing trains. For the Knowledge mark, examiners accepted a wide range of benefits including improving cash flow, avoids large upfront costs of purchasing an asset outright, decreases costs and fixed/predictable lease payments. There are no marks for definitions and many candidates still waste time doing this.

Application had to be specific to the rail industry and could be drawn from any of the Extracts, not just Extract A. Many candidates quoted from Extract A and used the data from Extract B. Application included ROSCOS being responsible for the maintenance of the trains, £3.3bn paid in leasing fees and names of train operating companies such as Avanti West Coast. If the response was generic and could apply to any industry, it could only score 2 marks. For the Analysis mark, any consequence or development of the benefit given for the Knowledge point was awarded, such as higher profitability. The Analysis point did not need to be in context.

Read Extracts A–F in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Explain **one** benefit to train operating companies (TOCs) of leasing the trains.

(4)

One benefit to TOCs of leasing the trains is that they get instant access to the train without having to pay the full price upfront. They also receive the benefits of the 'maintenance and rebuilding of the trains' that are leased to them, ensuring the highest quality whilst having to pay over a longer period of time, helping TOCs stay profitable. For example, TOCs can pay the large sum of '£3.3bn' over a long period of time ~~at~~ and don't have to find the money immediatley.

ResultsPlus Examiner Comments

This response scored 4 marks as follows:

Knowledge: get instant access to the train without having to pay the full price upfront.

Application: benefits of the maintenance and rebuilding of the trains.

Application: TOCS can pay the large sum of £3.3bn over a long period of time.

Analysis: helping TOCS stay profitable.

ResultsPlus Examiner Tip

The 'Explain' question can be answered in four sentences. Try to structure your response in the order of the mark scheme. Start with the Knowledge mark, followed by your two separate pieces of Application and conclude with the Analysis mark.

Using the words from the question (in this case train operating companies and trains) is **NOT** considered Application and it is often common for candidates to only give one piece of Application. Think of the Application as the filling in a sandwich with the Knowledge and Analysis either side of it. Using this structure will ensure you do not write generic responses.

Read Extracts A–F in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Explain **one** benefit to train operating companies (TOCs) of leasing the trains.

(4)

Leasing is the process of paying for a service/product in order to borrow for a limited time to benefit business operations. It is stated that ROSCO leases trains to TOC's. This benefits the TOC's as they do not have to purchase the trains outright, which would incur expensive costs, and instead can pay to use the trains for their services until they are no longer needed, reducing total costs and allowing TOC's to lease multiple trains at once which may otherwise be out of budget.

ResultsPlus
Examiner Comments

This response scored 2 marks as follows:

Knowledge: do not have to purchase the trains outright…

Analysis: reducing total costs and allowing TOCS to lease multiple trains at once which may otherwise be out of budget.

This response is generic and is not specifically applied to the train industry and could apply to any lease agreement. The part of the response that states "ROSCOS leases the trains to the TOCS" is not enough and is taken from the question and more was needed in terms of the maintenance and repair of the trains to be able to award the Application.

ResultsPlus
Examiner Tip

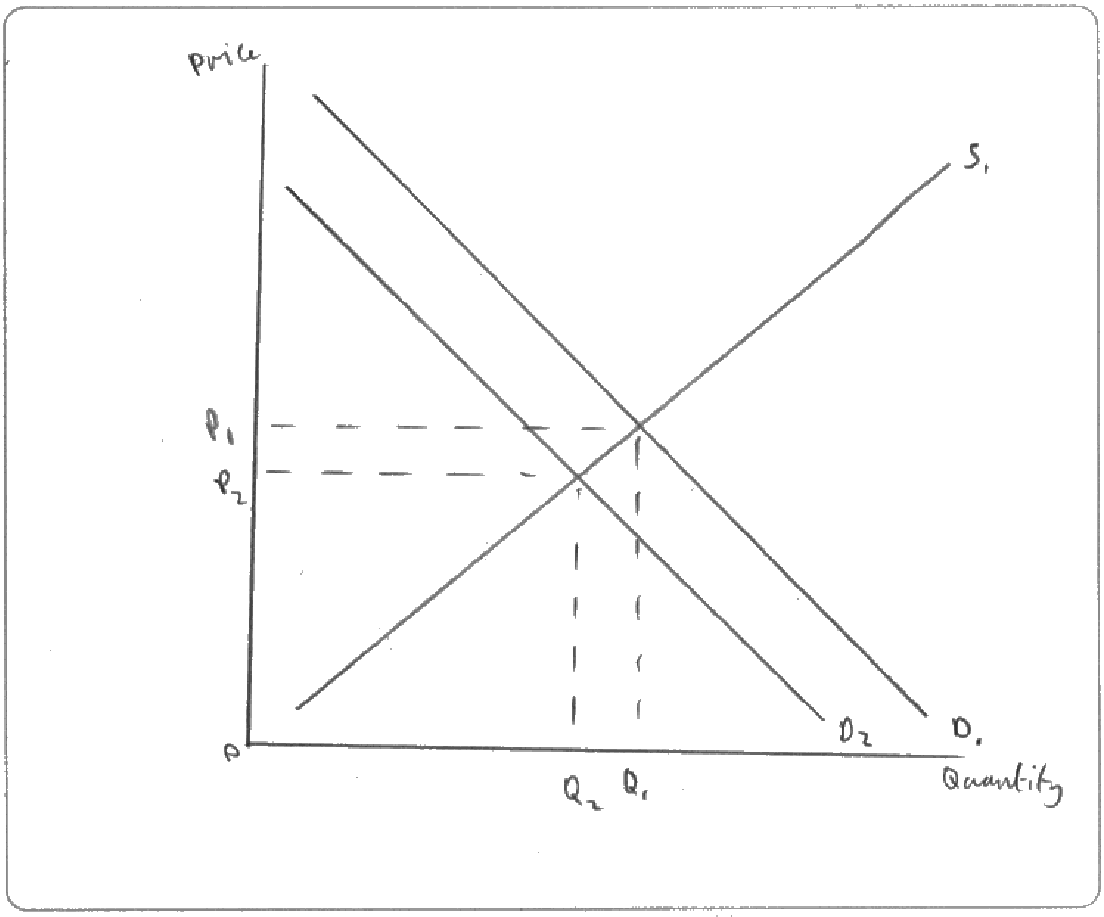
Do not define any of the key terms and ensure you include two separate pieces of application. Many candidates often omit context, resulting in responses that only demonstrate knowledge and analysis.

Question 1(b)

This question required candidates to use a supply and demand diagram to illustrate the impact on the market for rail travel after a decrease in bus fares. As in previous examination years, some candidates used incorrect labels for the diagram and therefore it is essential that candidates use past examination papers to practise this type of question. Only Price and Quantity (or P & Q) will be accepted for the axes and the original equilibrium and new equilibrium must be shown to demonstrate the impact on the market.

(b) Using a supply and demand diagram, illustrate the impact on the market for rail travel from a decrease in bus fares.

(4)



ResultsPlus
Examiner Comments

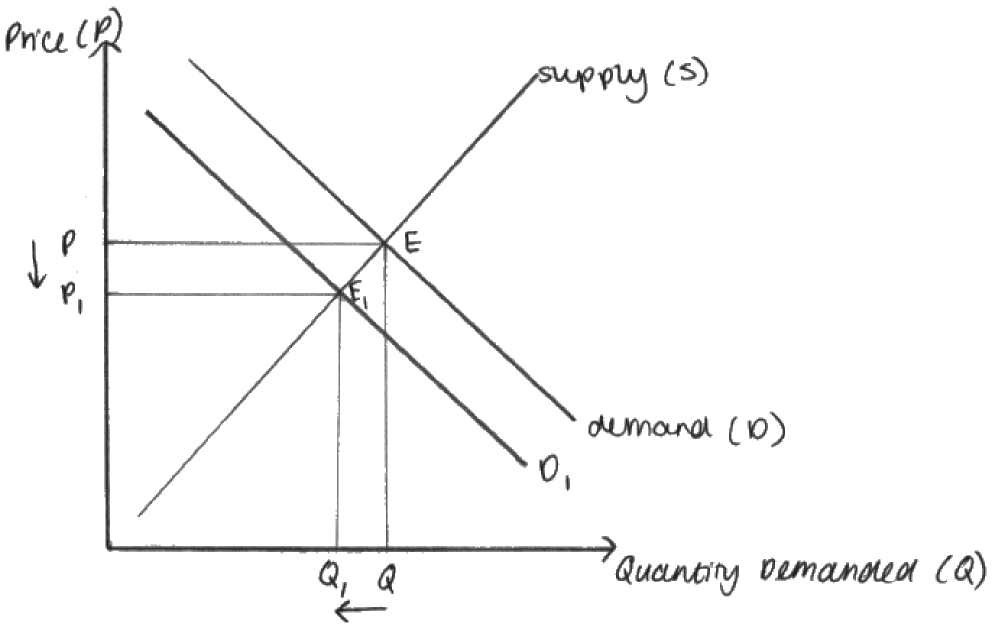
This response scored 4 marks and is an accurate supply and demand diagram showing the correct shift in the demand curve. Correct labels are used and shows the impact on the market for rail travel from a decrease in bus fares (a substitute for rail travel).

ResultsPlus
Examiner Tip

Use a ruler and make sure the diagram is large enough to fill the box provided.

(b) Using a supply and demand diagram, illustrate the impact on the market for rail travel from a decrease in bus fares.

(4)



As the substitute is cheaper, demand for rail travel falls.

ResultsPlus
Examiner Comments

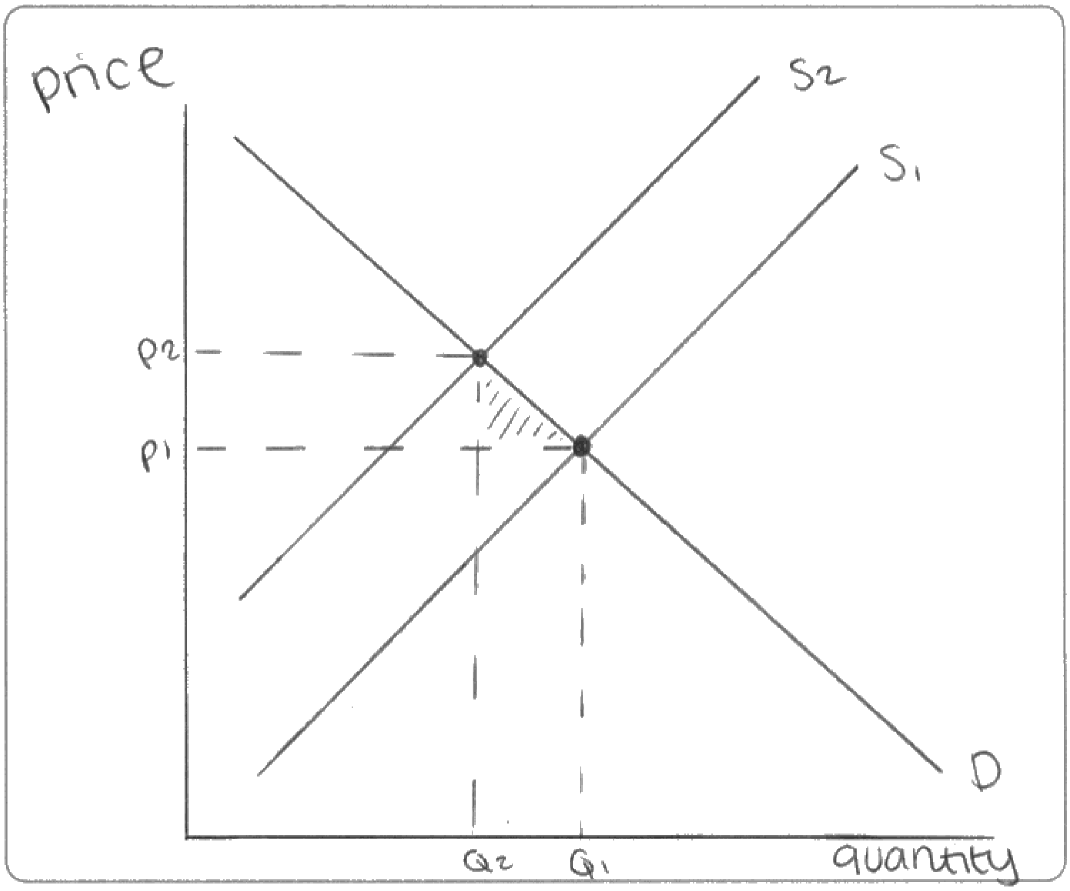
This response scored 3 marks only due to the incorrect labelling of the x axis as Quantity Demanded.

ResultsPlus
Examiner Tip

Do not use Quantity Demanded for the x axis. Always label the equilibriums on the axes.

(b) Using a supply and demand diagram, illustrate the impact on the market for rail travel from a decrease in bus fares.

(4)



ResultsPlus
Examiner Comments

This response scored 2 marks for correct labels and for showing the original equilibrium (both Knowledge marks). Application and Analysis cannot be awarded due to the incorrect shift of the supply curve.

ResultsPlus
Examiner Tip

Candidates can still gain the 2 Knowledge marks for correct labels of Price, Quantity, Supply, Demand and for showing the initial equilibrium.

Question 1(c)

This question was very well answered by the majority of candidates. This was a relatively straightforward question which required the candidates to calculate the percentage of total income for the rail industry that came from government subsidies. Some candidates were not awarded the full 4 marks because they failed to show the % sign or give the final answer to two decimal places despite this being stated in the question.

(c) 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.

(4)

$$\frac{\text{govt subsidy income}}{\text{total income}} \times 100$$

$$\frac{12.5}{25.4} \times 100 = 49.21\%$$

ResultsPlus
Examiner Comments

This response scored 4 marks for a correct final answer of 49.21%. The response is given to two decimal places with the correct units.

ResultsPlus
Examiner Tip

Always write out the formula no matter how simple a calculation appears. Show your working. Check the decimal places and correct units have been used. It is very easy to drop marks on these types of questions and rush through them. Always do a sense check.

(c) 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.

(4)

$$\frac{\text{gov subsidies}}{\text{total income}} \times 100$$

$$\frac{£12.5bn}{£25.4bn} \times 100 = 0.49\%$$

ResultsPlus
Examiner Comments

This response scored 3 marks. There is an incorrect final answer but can be awarded the Knowledge mark for the correct formula and 2 Application marks for the correct placement of figures.

ResultsPlus
Examiner Tip

It is advisable for candidates to show the formula and workings, as candidates can gain marks for workings even if the final answer is incorrect.

(c) 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.

(4)

~~25.0 − 11.1 = 13.9~~ ~~13.9~~

$\cancel{\frac{11.1}{25} \times 100 = 44.4\%}$

$\frac{12.5}{25.4} \times 100 = \cancel{49}\ 49.2\%$

ResultsPlus
Examiner Comments

This response scored 2 marks. The final answer is not to two decimal places. There is no formula given so we cannot award the Knowledge mark for this and it can only be awarded the 2 Application marks for the correct placement of 12.5 and 25.4.

ResultsPlus
Examiner Tip

Always include a formula in your working. This is worth 1 Knowledge mark and could make all the difference in the final grade awarded.

Question 1(d)

This question was generally answered very well in the scripts seen, with many candidates achieving 6 marks for a variety of valid reasons. Examiners accepted any appropriate responses, not just those listed in the mark scheme, provided they were clearly distinct. As with the 'Explain' question, no marks were awarded for definitions and the Knowledge mark was given only for a valid reason. It was important that candidates gave two different reasons, each assessed separately for Knowledge, Application and Analysis, with a maximum of 3 marks per reason, regardless of how much additional relevant material was included. The order of Assessment Objectives within the response did not affect marking and it was common for the Knowledge mark to appear part way through. Where only one reason was given, the maximum available was 3 marks. Candidates were credited for identifying positive consequences for any relevant stakeholder group, including firms in the rail industry, consumers, government or the wider community.

(d) Analyse **two** possible reasons why the UK Government subsidises rail travel.

+ ↑ costs for TOCs

+ low emissions

(6)

One reason is to make rail travel cheaper for both TOCs and travellers. Between 2023-2024 the UK rail industry's total expenditure was £25bn whereas their income was £25.4bn, so they only made £0.4bn in profit. Subsidising rail travel means rail firms can operate more profitably then pass the lower costs onto consumers in the form of lower prices which will increase demand for rail travel and allow all rail industry firms more profit that they can use to innovate.

Also, subsidising rail travel means increasing demand for a low-emission way of travelling. Train travel is the most eco-friendly way to travel long distances which means if it's made cheaper more people will use train travel rather than driving or even flying, reducing the negative externalities associated with car travel - such as reduced costs on the NHS from reduced respiratory illnesses or helping the UK reach our net zero goal.

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Examiner Comments

Total marks: 6 marks

Knowledge: make rail travel cheaper.

Application: use of data from Extract B - only made £0.4bn in profit.

Analysis: lots of analysis - rail firms can operate more profitably then pass the lower costs onto consumer.....demand increases...more profit to innovate.

Knowledge: increase demand for a low-emission way of travelling.

Application: lots of application with references to eco-friendly travel, driving or flying.

Analysis: lots of analysis with references to reducing negative externalities and reduced costs to NHS.

ResultsPlus

Examiner Tip

Try to think of the 6-mark 'analyse' question, where two reasons are asked for, as a 2 x 3-mark question. When two reasons are asked for, each valid reason can achieve 1 Knowledge mark, 1 Application mark and 1 Analysis mark. Each valid reason is therefore marked separately. If only one valid reason is identified, then a maximum of 3 marks can be achieved. Try to use paragraphs to indicate to the examiner where a new reason begins.

Question 1(e)

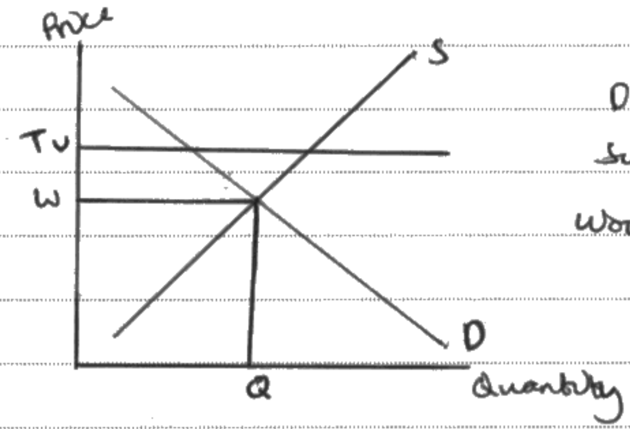
Many responses to this question were simplistic, with some candidates merely stating that train drivers had power in the labour market due to their pay rise, without offering meaningful analysis or engaging with the extract. However, many did refer to the size of the pay increase, current wage levels and the prolonged 22-month strike action to argue that drivers had the ability to push up wages, particularly where labour was scarce or required specialised training. There were also some strong points made about the role of trade unions and collective bargaining. Valid comments were made about the importance of the rail industry to the economy and how high wages could signal a shortage of train drivers, further supporting the idea of labour market power.

Some candidates included diagrams to illustrate the impact of trade unions, though these were not necessary to achieve full marks; incorrect diagrams were not penalised given the question did not ask for one. For the counter argument, a range of valid approaches were seen, including how higher wages could attract new entrants to the profession thereby reducing bargaining power, how Train Operating Companies may hold monopsony power or how government intervention could limit strike action. Others noted that the impact might depend on how many drivers actually strike. The focus of the question was on the power of train drivers rather than trade unions specifically and full marks were awarded even where unions were not mentioned. A conclusion was not required, but where one was offered it was considered for merit. Responses were marked holistically across three levels, based on the quality rather than quantity of points. Most responses fell into Level 2, demonstrating elements of knowledge and understanding, some relevant evidence and occasional chains of reasoning and evaluation. A number of stronger scripts reached Level 3 by using economic theory effectively, developing clearer lines of argument and presenting more balanced evaluation.

(e) Using Extract C, discuss the power that train drivers have in the labour market.

(8)

Train Drivers have a significant amount of power in the labour market as it is a relatively high skilled occupation with high amounts of training required. This means supply is finite and ~~demand~~ excess demand is evident. Railways are so important to the infrastructure and geographical mobility of the economy that the government can't allow them to be on strike for extended periods of time. Due to the finite supply and significant reliance on train drivers, the ASLEF trade union has significant power in the labour market. Through collective bargaining and the threat of potential strike action the 21,000 members were granted the option of £600 to work and extra shift. Furthermore, annual salaries are expected to rise from £70,000 to £100,000, showing the impact of the Trade Unions and power of train drivers in the UK labour market.



Due to the inelasticity, supply and demand would be affected minimally.

However, the Government can and are attempting to ~~~~ combat that. By using schemes such as lowering the minimum age of drivers to 18 and increased advertisement and information provision, they may be able to significantly increase the supply of train drivers, which would in turn limit their power. This means that the power of train drivers in the labour market may not be as impactful.

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Examiner Comments

This response scored 8 marks

This response has a very strong main argument clearly focused on the power of train drivers and why they do command higher wages.

There is a balance of competing arguments with logical, coherent chains of reasoning. The counter argument brings in own knowledge about the lowering of the age to become a train driver (always welcomed!) and shows why train drivers might not have as much power in the labour market.

ResultsPlus
Examiner Tip

'Discuss' is an evaluative command word and therefore requires a two-sided response even if the question asks for the benefits. A conclusion is not required for the 'discuss' question.

(e) Using Extract C, discuss the power that train drivers have in the labour market.

(8)

The labour market refers to the market for workers, specifically in the rail industry in this scenario. Due to the rail industry being vital to the economy for transport purposes, the government cannot afford for it to be jeopardised. This will provide train drivers with power in the labour market as the industry would not function ~~•~~ without train drivers. Due to the ASLEF trade union, train drivers have therefore managed to gain a pay rise due to their power in the labour market. Trade unions are groups of workers aligned together ~~as~~ in order to maintain workers rights. They have the power to go on strike, threatening the rail industry with no workers to keep train services running. This would prevent consumer travel, costing the economy.

The power train drivers have in the market, however, may be dependent on the quantity of workers in the rail industry. If there is an excess of workers, then the power they have may be minimised due to the fact that the ~~•~~ rail companies could hire more workers.

ResultsPlus
Examiner Comments

This response scored 3 marks

This is an average response that does have some Knowledge and understanding of why train drivers have power and shows the importance of train drivers to the economy.

There are some developed chains of reasoning for the main argument. The counter argument is not as well developed, but does attempt to show why power might be minimised.

ResultsPlus
Examiner Tip

Balanced evaluation is key to accessing the higher levels and aim for an equal discussion using relevant evidence.

Question 1(f)

It did not matter which way round candidates structured their evaluation of Avanti West Coast having a monopoly on some of its routes; some began with the negative impact on consumers, while others started with the positive. The number of impacts discussed was not a determining factor in the overall mark awarded, as candidates could still access Level 4 with a well-developed evaluation of just one impact on each side. Some responses began with a definition of monopoly or legal monopoly (25% market share), though this was not necessary to achieve full marks.

Negative impacts on consumers were generally stronger, with many candidates effectively using the information provided about late arrivals and poor performance by Avanti West Coast to support arguments about high prices and poor customer service. There was also good application of economic theory to explain how there was reduced consumer choice, limited competition and how the prioritisation of shareholders (illustrated by high shareholder returns) could negatively affect consumers. Any valid approach was accepted. In contrast, the counter arguments outlining benefits to consumers tended to be less well developed, though a range of valid points were seen. These included potential price reductions from economies of scale, reinvestment of profits into rolling stock to reduce delays, improved route stability, access to modern trains through leasing and the ability to innovate through R&D. While use of evidence was typically strong when discussing the negative impacts, it was often less seen when candidates addressed consumer benefits.

(f) Using Extract D, assess the impact on consumers of *Avanti West Coast* having a monopoly on its routes.

* From Scotland to Manchester

(10)

By Avanti West Coast having a monopoly, it could ~~be~~ mean they are exploiting economies of scale. By operating on a region wide scale, Avanti's total output may increase resulting in decreased costs of production - This could be passed onto consumers in the form of lower prices, meaning that the usage of trains for long journeys may become widely available for those who previously couldn't afford it. Additionally, due to Avanti West coast having a monopoly, they could invest high ~~[illegible]~~ amounts of retained profit into innovation and R+D. This may help advance their service, offering beneficial features to consumers such as reduced journey times ~~[illegible]~~ or increased hospitality such as having food carts. This could increase consumers satisfaction with train journeys ~~[illegible]~~ as ~~as a result minimise~~ Avanti could opt to have a more ~~[illegible]~~ efficient service.

However, due to their being a lack of competition in the market, Avanti could become productively inefficient, as well as X-inefficient. This means that there is minimal incentive for ~~[illegible]~~ Avanti to ~~[illegible]~~ innovate or reduce production costs as consumers have a lack of choice when choosing which rail company to travel with. This could therefore result in higher costs of production for Avanti, which could then be passed onto consumers in the form of higher prices. Additionally, only ~~over~~ 46% of Avanti's trains ran on time, highlighting that consumers may be disadvantaged by Avanti ~~being~~ having a monopoly as travel times may increase, resulting in a poor service for consumers as they have no competition to incentivise innovation and efficient practices.

Therefore, due to Avanti West Coast having a monopoly, consumers may face increased costs for a worse service, ~~disadvantaging~~ disadvantaging them.

ResultsPlus
Examiner Comments

This response scored 10 marks

This is an excellent response which thoroughly evaluates the impact on consumers. There are developed economic concepts on both sides of the argument with use of relevant evidence throughout. The chains of reasoning are logical, coherent and demonstrate a full understanding of the question. The evaluation is balanced and considers the significance of competing arguments.

ResultsPlus
Examiner Tip

You do not need to give any definitions to score full marks on the levels-based questions. Often, this is the starting point for many candidates but definitions just waste valuable time which you can use to answer the question set.

(f) Using Extract D, assess the impact on consumers of *Avanti West Coast* having a monopoly on its routes.

(10)

A ~~monopt~~ monopoly means a ~~firm~~ single firm as complete control over a market. A benefit of Avanti West Coast having a monopoly may be the ~~low to~~ large market share. With large market share firms like ~~the~~ Avanti may benefit of ~~market share~~ Economics of scale (EoS), means the average cost per unit decreases. Avanti may be ~~the~~ able to offer low prices as are seeing a larger number of sales from Scotland, Wales, Manchester and Liverpool ~~the~~ they may be willing to sacrifice profit margins as they have a large sale revenue so consumers have cheaper travel.

However a negative impact of ~~A~~ Avanti having a monopoly is the lack of compitition. Avanti have full control of the market so have no competition so have no incentive to improve services. ~~The~~ Even through customers may dislike the issues of trains arriving late or not at all, there is no subsititutes or alternative so will have to consume from Avanti. Consumers may be unhappy but have no consumers soveriainty.

Overall the impact is significant as Avanti has been renewed for a further 9 years so they monopoly will be there for almost a decade and they have ~~compete~~ complete control over price and services ~~to~~ it depends on the objective of Avanti.

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Examiner Comments

This response scored 6 marks (Level 3)

This response is a good response and does provide a positive and a negative impact for the consumer. It demonstrates economic concepts and there is use of relevant evidence on both sides of the argument. There are chains of reasoning with some development of why Avanti West Coast is able to provide a poor service. Attempts a conclusion at the end and tries to consider the objectives of Avanti.

ResultsPlus
Examiner Tip

Use plenty of economic concepts and terminology in your responses to differentiate your responses.

Question 1(g)

This question was generally well answered, with many candidates able to explain how the introduction of a new rail line could help both existing and unemployed workers access employment opportunities in different regions, thereby reducing geographical immobility. These arguments were often extended to highlight potential wider benefits for the UK economy, such as increased economic growth, reduced travel times and improved productivity. Counter arguments typically focused on opportunity cost, the potential impact on the fiscal deficit, the long timescales involved in construction, concerns over affordability of tickets, uncertainty about the availability of jobs in other regions and additional barriers such as access to housing or alternative policies like supply-side policies to reduce geographical immobility. Some candidates included diagrams to support their responses, though these were not necessary to achieve full marks; incorrect diagrams were not penalised, as none were required by the question.

Stronger responses featured clear application of economic concepts and developed chains of reasoning, while weaker answers often relied too heavily on paraphrasing the extract or offering generalised, common-sense arguments. Examiners rewarded analytical depth and economic understanding rather than repetition of source material.

(g) Assess whether the investment into a new railway line between Birmingham and Manchester can reduce geographical immobility.

(12)

The investment into a new railway between Birmingham and Manchester may help increase connectivity to the productive hub of London. This may help reduce the north-South divide that often disadvantages workers in the north. This is due to many major ~~[illegible]~~ high skilled jobs, such as those in the financial sector being in London, and so ~~[illegible]~~ with an ~~[illegible]~~ increased access to ~~[illegible]~~ a railway line, ~~th~~ journey times between Manchester and London may decrease. This could result ~~[illegible]~~ in workers being able to travel ~~[illegible]~~ to London daily and therefore could ~~increase the productive capacity of the UK.~~ decrease the impact of geographical immobility. This may also help increase the productive capacity of the UK as by decreasing the time and cost it would take for workers to travel, then it could maximise the hours spent working resulting in a boost in economic growth due to higher productivity and efficiency. ~~[illegible]~~ This could have a multiplier effect as these workers would have a higher wage, potentially being able to afford high housing prices close to major productive hubs, further reducing geographical immobility.

However, the impact of the new railway between Birmingham and Manchester may be minimal as it could produce a significant time lag between when the ~~[illegible]~~ plan was proposed and when construction actually finishes. This could mean that workers may not see the benefits of this decreased barrier to travel for years, resulting in a minimal reduction in geographical immobility. Adiitionally, large infrastructure Projects such as HS2 are extremey expensive costing up to £36 billion for this new leg of railway. This money may be better spent on local transport, ~~[illegible]~~ or subsidising existing routes. ~~[illegible]~~ ~~[illegible]~~ By subsidising rail routes, it could mean that an increased proportion of people from lower income households may be able to access train service and decrease geographical immobility. Adiitionally, due to expensive house prices in London, the government may want to implement rent controls as this could widen the demographic able to access higher paying jobs in London.

Therefore, in the ~~[illegible]~~ short term, the impact of a new ~~[illegible]~~ railway being built between Manchester and Birmingham may have little to no effect on reducing geographic immobility. So inorder to recieve the long term benefits, the government may want to combine this supply side policy with other interventions such as grants or subsidies to decrease geographical immobility in the short term.

ResultsPlus
Examiner Comments

This response scored 12 marks

This is an excellent response which is fully focused on the question. Both sides of the argument show accurate knowledge and understanding, supported throughout by use of relevant evidence. The chains of reasoning are logical and coherent. Arguments are developed and evaluated. The candidate considers the long term and short term implications.

ResultsPlus
Examiner Tip

Do not be afraid to use diagrams in your response even if a diagram is not required in the question. Often diagrams can illustrate an economic concept much more quickly than writing, and examiners do not negatively mark if there are errors in your diagrams. Diagrams should be a staple in your 'toolkit' of economic concepts and used appropriately. If you are going to use diagrams in your response, then please do refer to them and do actually use them to support your answer.

(g) Assess whether the investment into a new railway line between Birmingham and Manchester can reduce geographical immobility.

(12)

The new railway line could reduce geographical immobility. ~~Experts~~ concluded that a new rail line is essential to address the 'missing ~~r~~ link'. A new rail line would make it more convenient for workers who travel as their travel times are likely to be reduced. A better connected route could also motivate and encourage ~~we~~ people to travel to work in person. This could reduce unemployment as more people are working and off state benefits, which leads to a growth in GDP and of the whole UK economy. Geographical immobility occurs when people struggle to move and travel for work. Therefore, this new line could help reduce it.

However, it may not help reduce geographical immobility. Although the proposed link is said to follow the original route but at a lower cost, prices are still likely to be high. ~~A~~ This is because the demand for the connected and convenient line is likely to be very, at least initially. As demand rises, so does the price. This might result in a lot of people not being able to afford the train tickets, causing a divide between the rich and the poor. ~~As well as this~~ This can lead to people just not travelling for work, not because there's no transport, but because it is not in their price range. ~~This t~~ Therefore geographically immobility won't decrease and will just remain constant.

In conclusion, this new railway line has its pros and cons to reducing geographical immobility. It is likely that it will reduce to some extent, due to the more convenient route. Overall, the impact will be dependent on the cost of building it, therefore the price of the tickets for consumers and how much time they save. If they don't save a lot of time taking the new ~~route~~ line, they are not likely to use it, keeping immobility stagnant.

ResultsPlus
Examiner Comments

This response scored 5 marks

There are elements of knowledge and understanding, using limited relevant evidence. Arguments and chains of reasoning are presented and do show how the new line might help workers access jobs. The counter argument is focused on the cost of the new line. The second page is just a summary of previous points and does not add anything. The response matches the descriptors for Level 2 so is awarded at the top of the level. Evaluation is not developed enough for Level 3.

ResultsPlus
Examiner Tip

Always provide a conclusion for the 12-mark questions but do not simply repeat your previous points. The conclusion must add something to your response and this could be in the form of a judgement as to whether you think there are more positive or negative implications from a particular economic situation.

Question 1(h)

This question was generally well answered, with many candidates effectively using the context provided in Extract F to demonstrate the potential benefits to the UK economy of the government purchasing new trains. A number of responses included references to aggregate demand or discussed effects on macroeconomic indicators such as economic growth and unemployment; while these were not required, any valid benefit was credited, not just those listed in the mark scheme. Although the question did not ask for an AD/AS diagram, some candidates included one to illustrate the effects on aggregate demand or supply. Diagrams did not attract additional marks or determine the level awarded but, where accurate, they were used as evidence of knowledge and understanding and to support analysis of the consequences of government purchasing trains.

The counter argument was often framed around opportunity cost, drawbacks of government intervention in the rail market, the impact on the fiscal deficit or inflationary effects. A range of valid approaches were accepted. However, these counter arguments tended to be less developed than the main analytical arguments. As with Question 1(g), stronger responses applied economic concepts and terminology, moving beyond common-sense reasoning. Simple evaluation tended to place a response in Level 2 at most, while those offering developed chains of reasoning, relevant evidence, appropriate theory and well-balanced evaluation were more likely to reach Level 3 or above.

UK train manufacturers have urged the government to buy more trains.

(h) Assess the possible benefits to the UK economy if the UK Government buys more trains.

(12)

By increasing the amount of trains that the government owns, it may help increase efficiency in the travel sector. for example, Privitised company's such as Avanti West Coast only have limited trains due to high private investment costs needed to increase their stock. This means that a large proportion of Privitised rail companies train runs late, with Avanti West coast only having 46% run ontime. Therefore, if governments increase the number of trains they operate, it could result in decreased waiting time for the population travelling by a train. This may have a multiplier effect ~~as~~ on the UK economy as it could maximise the amount of hours people spend in work, boosting their productivity and output which can therefore result in expansion of the UK economy. Additionally, if governments bought more trains then they would need to employ a higher proportion of the population to work on them - either by ~~[illegible]~~ driving them or collecting tickets. This could mean that UK unemployment could decrease from its current 4.4% and provide a higher number of people with disposable income. This could further benefit the UK economy as a decrease in unemployment may mean demand for goods and services increase, potentially increasing employment in other sectors* ~~as demand increases significantly~~ ~~* [illegible]~~ * to satisfy increased demand.

However, if the government buys more trains it could crowd out investment from private sectors. ~~For example,~~ This may result in a decrease in FDI as some investors may feel it is inefficient to compete with the government. This could result in a contraction to the UK economy as with less investment, private rail companies may find it harder to expand and innovate, potentially ~~[illegible]~~ decreasing the efficiency in the rail sector.* Additionally, by governments increasing investment ~~or government spending~~ into trains it causes an opportunity cost as this capital could've been spent elsewhere. For example, if the government elected to increase spending into healthcare, it may mean that GP appointments wait times could ~~could decrease~~ decrease. This may mean that the overall health of the labour force could increase, which ~~[illegible]~~ may therefore increase productive capacity as well as a possible reduction in welfare benefits the government may have to pay ~~[illegible]~~ to those with poor health. Finally, the government may also increase their fiscal deficit if taxes have not been raised to fund this increase ~~therefore the effectiveness of the [illegible]~~ in trains investment. This may worsen spending on capital in other sectors.

Therefore, the effectiveness of increasing investment into trains will depend on how well these trains are managed and if they can run efficiently. If they don't ~~[illegible]~~ run on time then the benefits to the UK economy may be minimal.

* and reducing output potential by private firms

ResultsPlus
Examiner Comments

This response scored 12 marks

This is an excellent response and covers several different strands. There is accurate knowledge and understanding, with good use of relevant evidence on the main argument. It has logical, coherent chains of reasoning which show a full understanding of the question. Arguments are developed and evaluated. The counter argument is perhaps a bit more generic and lacks application to trains but holistically this is a strong response. The overall quality is very high and does cover a range of arguments.

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.

UK train manufacturers have urged the government to buy more trains.

(h) Assess the possible benefits to the UK economy if the UK Government buys more trains.

(12)

If the government buys more trains, it can save the 5-7 thousand jobs in the railway supply chain which are currently at risk. By saving the jobs, workers will have more disposable income ~~...~~ ~~...~~ and will spend more in the local economy, stimulating growth. It will also save jobs, reducing unemployment and therefore government spending in ~~...~~ benefits.

However, the high costs of purchasing the trains could outweigh the smaller cost of paying unemployment benefits. Therefore the high spending could impact ~~...~~ the economy because money isn't being invested into the right areas.

To ~~conclude~~ conclude, I think that the UK government buying more trains could lead to economic growth ~~...~~ as more people will use train travel because it is more readily available, leading to high tax revenue for the government.

ResultsPlus
Examiner Comments

This response scored 4 marks (Level 2)

This has very simplistic evaluation. There are elements of economic knowledge and understanding using limited relevant evidence in the main argument. Arguments and chains of reasoning are presented but the balance is not as convincing. The l ast part of the response is just a repeat of earlier points.

ResultsPlus
Examiner Tip

You must demonstrate accurate use of economic concepts in your response in order to access the higher levels. You should spend 1 minute per mark and look to provide a balanced assessment.

Question 2

This question tended to produce more unfocused responses than Question 3, with some candidates simply copying large sections of the extract rather than engaging in economic analysis. Where this occurred and there was minimal use of economic theory, responses were best placed in Level 1 or low Level 2 if there was some limited development or weak evaluation. Most candidates were able to assess the potential benefits of removing the cap on bankers' bonuses, such as attracting more financial institutions to the UK, boosting productivity, increasing tax revenue from the financial sector, creating more employment opportunities and encouraging more entrants into the profession. Any valid benefit to the UK banking industry was credited. The counter arguments often centred on the risks of excessive risk-taking, moral hazard, the negative impact on the housing market (for example, through sub-prime lending), the possibility of triggering another financial crisis and the widening of inequality. All valid drawbacks were accepted. The number of arguments presented was not considered in awarding marks; instead, the focus was on the quality of evaluation and the application of economic concepts.

Read Extract G in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Evaluate the extent to which the removal of the cap on bankers' bonuses will be beneficial to the UK banking industry.

(20)

Rachel Reeves the labour chancellor of the exchequers removal of the 200% of normal wage bankers bonus caps could help increase growth in the UK industry and promote growth in the economy as a whole. Higher potential bonuses could increase incentives for bankers to work harder and maybe take on more hours thus increasing productivity and output per worker helping boost the productive potential of the UKs already thriving financial sector. Increased potential bonuses could increase incentives for people to enter this industry which could increase the supply and skill set of potentially employees increasing competition.

It could also be beneficial as it could lead to overall higher incomes in the industry increasing ~~gap ... ...~~ peoples disposable income which could increase deposits of savings into commercial banks from the bankers themselves. As higher income individuals they likely have a higher marginal propensity to save which could increase liquidity in the banking system encouraging greater borrowing & investment. The greater incomes increasing consumer expenditure and AD could increase the sectors contributions to even more than 12% and even more than £100bn tax revenue boosting govt tax receipts helping alleviate pressure on the fiscal deficit & public debt.

However it could negatively impact the industry, this deregulation could increase probability of commercial bank failure. The cap was put in place after the global financial crisis evidenced need for stronger regulatory framework. Bonuses were used by some banks as an unofficial incentive for employees to take more risky ~~[illegible]~~ approaches with depositors funds in order to make the greatest return possible. High bonuses rewarding short term huge financial gains led to a more risky and short termist organisational culture, if this were to be the case again it could lead to greater uncertainty in the financial sector which could reduce FDI and investment.

If firms don't carefully monitor their cash flow they could end up overlending and have insufficient liquidity to operate due to giving employees huge cash bonuses. This increases the potential of banks becoming insolvent which could lead the govt with no choice but to bail banks out to avoid widespread economic impacts and depositors losing their money lowering confidence, certainty and sustainable long term growth in the financial sector.

In conclusion, it depends on a number of variables, 200% of normal wage was already a very high cap so eliminating this may not have a huge impact if firms dont choose to give more than that anyway. Paul Nowak is likely right in saying the decision could increase income inequality boosting the incomes of those already on high ones which could have socio economic consequences. Since the global financial crises regulatory authorities were introduced the PRA, FPC and FMA, this should mean even with the removal the nature of banking still has less of problem with moral hazard and making short termist risky decisions e.g. as the PRA check banks hold sufficient liquidity to withstand shocks. It likely does increase chance of bank failure which is hugely problematic with the 2008 bailouts costing the UK over £130 billion but with the other regulatory bodies & reluctance to have another global recession the impact would be overall positive.

(Total for Question 2 = 20 marks)

ResultsPlus
Examiner Comments

This response scored 18 marks

This is an excellent response with several strands on both sides of the argument. There is accurate knowledge and understanding supported throughout by use of relevant evidence. The chains of reasoning are logical and coherent showing a full understanding of the question. Arguments are fully developed and evaluated. Some of the response is quite descriptive in parts rather than evaluative. The conclusion does lift the response and adds to the overall quality of the response.

ResultsPlus
Examiner Tip

For a 20-mark response, it is crucial to create a simple plan rather than the 'kitchen sink' approach which tries to cover too many points. This helps ensure that the response is balanced and not one-sided. The conclusion should demonstrate judgement without introducing new concepts that have not been addressed earlier in the response.

Remove cap
↓
More loans
↓
potential returns
However
↓

SECTION B

Read Extract G in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Evaluate the extent to which the removal of the cap on bankers' bonuses will be beneficial to the UK banking industry.

(20)

The removal of the bankers' bonus cap may be beneficial the the banking industry, as there may be an increasing number of banks moving to and investing ~~the~~ in the UK, as bankers are able to earn more money. ~~Are~~ This may mean more firms are able to take out loans from more banks, as bankers are able to do so without a cap. This could see a huge rise in revenue through the repayment of loans with added interest, allowing bankers to earn more, producing £278bn in 2023, which could continue to rise. ~~Rising bonuses may also mean that firms find it easy to at pay~~ Therefore, firms can reinvest money into expansion and growth, creating more employment opportunities, more than the already 2.5 million people already employed, creating a multiplier effect as they can then earn more.

~~However~~

However, if bankers only have increasing revenue as a target, they may then take more risky loans than usual. This may cause market bubbles, and prices rise due to speculation. If market bubbles, then pop, banks could see a tremendous loss of money if ~~the~~ firms default on their loans, leading to a potential financial crash as seen in 2008/9. This in turn could see banks going bust, and need the Bank of England to bail them out.

Overall, it depends upon how far bankers go in allowing risky credit decisions, and if banks are too big to fail. If firms keep ~~costs~~ ~~low~~ bonuses relatively low, there is evidence to suggest this will improve the banking industry massively, but ~~cost~~ ~~it~~ if taken too far could have terrible consequences.

ResultsPlus
Examiner Comments

This response scored 8 marks (Level 2)

This is a basic response that does simplistic evaluation. There are elements of knowledge and understanding using relevant evidence on both sides of the argument. There are some chains of reasoning but the connection between causes and consequences are incomplete. It does evaluate to show the potential problems of removing the cap. Attempts a conclusion but the overall quality is not developed enough to access Level 3.

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.

Question 3

This question was generally well answered, with many candidates engaging directly with the requirement to assess social benefits and social costs, rather than offering a generalised or common-sense discussion about whether nuclear power stations should be built. Candidates were not required to distinguish explicitly between private and external costs or benefits and valid responses included general discussions of social impacts. Responses were structured in various ways, with many beginning by outlining the social benefits before moving on to the social costs, which was entirely acceptable. Accepted benefits included cheaper electricity, job creation, reduced reliance on fossil fuels and other positive externalities. Accepted social costs included environmental concerns, construction-related noise, opportunity cost and other negative externalities.

While some candidates made use of the context from the extract, others drew on wider reading, both of which were credited. The number of points made on each side was not considered in the assessment; instead, responses were judged on the quality of evaluation and the effective use of economic concepts. Some candidates included externality diagrams to support their analysis, but these were not required to achieve full marks. Where diagrams were used but inaccurate, they were not penalised, as the question did not explicitly require one. The examples used in this report show the difference in quality between a Level 2 and Level 4 response. It is all about the use of economic concepts rather than trying to answer from just the extracts and common sense. Candidates need to show that they have studied the subject for 2 years and showcase their knowledge in the 20-mark questions.

Read Extracts H–I in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate whether the social benefits of building nuclear power stations outweigh the social costs.

(20)

There could be high social benefits from the new power stations built. There could be high private benefits to the firms that operate and own the stations as they could generate high profits due to the lucrative nature of the energy industry. As energy is essential PED is often quite price inelastic so firms could generate large profits with wide profit margins. The stations could provide private benefits through creating jobs likely increasing in creating workers disposable incomes which could boost their living standards & quality of life as well as raising consumer expenditure, AD & GDP.

There could also be high external benefits from new nuclear stations. Greater UK nuclear capacity could reduce the amount of energy consumed from fossil fuels. Nuclear energy is renewable and doesn't involve combustion of fossil fuels unlike gas, oil and coal thus reducing negative externalities of production for third parties. ↑ Nuclear use should ~~[illegible]~~ ~~[illegible]~~ decrease CO_2 emissions which should lower greenhouse gas emissions contributing to climate change benefitting all of society and should help UK reach its 2050 net zero target. Increased energy security domestically could also positively impact 3rd parties as they could be less subject to drastic price changes from international supply side shocks like the cost push inflation exacerbated by the Russia-Ukraine conflict increasing oil prices.

However there are negative social costs privately and externally. The nuclear plants would have huge private costs for construction with Hinkley alone costing £46 billion, and even after construction there will likely be high operating expenses due to the high technical nature of the industry. This cost of construction is a high risk for investors as to whether they will make a profit especially due to the controversial nature of nuclear energy leading to some public reluctancy or outrightly trying to prevent increased nuclear like the Hinkley campaign.

There also negative externalities of production. Even though the energy produced after will be cleaner than the construction they could lead to large CO_2 emissions and air pollution with use of heavy machinery, transporting raw materials + cement production. This could have negative impacts on local residents who may see increased respiratory problems from air pollution and increased disturbance from noise pollution & potentially increased traffic congestion reducing their quality of life. Nuclear energy has high risks for 3rd parties e.g. due to nuclear accidents like Chernobyl which lead to long term widespread mass evacuations therefore have the potential to cause huge social and economic costs privately and externally.

In conclusion the social benefits likely outweigh the costs with high private benefits for firms profiting and job creation in such an advanced high skill sector should increase average incomes and raise living standards & GDP. Increased energy security reduces vulnerability to crises, wars & conflicts and increased renewable capacity should help combat climate change and reduce the UK's dependancy on fossil fuel imports which could therefore also boost the UK balance of payments e.g. as the UK import a lot of energy for example from Norway across the north sea. There are negative externalities for locals & potentially the environment so it could be that investment into less risky renewable sources like offshore wind energy ~~or~~ tidal power could have less social costs for the same benefit but its likely ~~for~~ social benefits will outweigh costs nevertheless if stations construction is completed & they do begin operations as intended

(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS

ResultsPlus
Examiner Comments

This response scored 18 marks (Level 4)

This is an excellent response which in some respects does too much and does not always focus on social costs and social benefits. The response has accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen and fully integrated to support the argument. The candidate uses plenty of their own examples to support the evaluation. The chains of reasoning are developed, logical and coherent showing full understanding of the question. The counter arguments are fully developed and evaluated. The conclusion does attempt to consider if the social benefits outweigh the social costs.

ResultsPlus
Examiner Tip

To achieve the highest marks on the 20-mark questions, quality should be your focus. It is all about quality rather than quantity. Examiners are not counting the number of points you make and a maximum of 2 arguments per side is more than enough to access the higher levels. If you try to cover too many points, the evaluation becomes too thin and lacks depth and breadth. The 20-mark questions are designed to be open-ended and have a wide range of possible approaches so it is impossible to cover everything in the time you have in the examination. Aim for 1 mark per minute for all questions and demonstrate that you have studied the subject in depth rather than copying out the extracts or using a common sense approach.

↑ 6 million homes, 7% country electricity
↑ reduce fossil fuels.

SECTION C

noise pollution
environmental damage
high investment → opportunity cost

Read Extracts H–I in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate whether the social benefits of building nuclear power stations outweigh the social costs.

(20)

There are many significant social benefits of investing in new nuclear power ~~sat~~ stations. For example, once Hinkley Point C becomes operational, it will power 6 million homes and provide 7% of the country's electricity. This will help to improve the standard of living of many individuals in the UK and could actually lower energy costs. By improving the country's nuclear capacity from 6 gigawatts to 24 in 2050, the UK should become less reliant on energy from overseas, meaning consumers shouldn't have to be charged as much as they currently are during this time where household bills are becoming increasingly harder to pay for many. Therefore, the social benefits of nuclear power are significant. Furthermore, by building new nuclear power ~~sat~~ stations, the UK should become less reliant on fossil fuels, which are much less ~~~~ sustainable than nuclear power. This suggests that social costs should actually fall, meaning social benefits are likely to outweigh social costs.

However, the heavy cost of £46bn and the time delays mean there must be huge opportunity costs for government spending. Extract H mentions the current global health crisis, as well as labour and material shortages. It's arguable that investing in these would be a better way of increasing social benefits by subsidising training, investing in education and healthcare or establishing better trade relationships. Furthermore, the construction of nuclear power stations does inevitably cause environmental damage and noise pollution, which is worsened by how long the Hinkley project is taking. Therefore social costs may outweigh social benefits.

In conclusion, the construction of new nuclear power stations does contribute to social costs, but the current energy situation in the UK must be dealt with. The social costs created from the country running on only 1 gigawatt of nuclear capacity will be massive. Therefore, the social benefits of building new nuclear power stations at this moment in time must outweigh the social costs.

ResultsPlus
Examiner Comments

This response scored 7 marks (Level 2)

This does show a simplistic evaluation of the social benefits and social costs. There are elements of knowledge and understanding using limited relevant evidence. Chains of reasoning are presented but the connection between causes and consequences are incomplete. The candidate does try to evaluate but there are some comments which are not relevant to the counter argument. A conclusion is attempted but this is unsupported.

ResultsPlus
Examiner Tip

Examiners are looking for the ability to construct a logical argument either using the information provided or from wider reading. It is often very disappointing to see the current economic climate not being used to support chains of reasoning. Show that you have left the classroom and embraced the subject content!

Paper Summary

To improve performance in future examinations, candidates should:

- Read each question carefully and ensure their response addresses the question as set.
- Avoid defining key terms in 'Explain' questions, as this is unnecessary and does not attract credit.
- Pay close attention to the accuracy of units and decimal places in calculation questions.
- Provide balanced responses to 'Discuss' questions, considering more than one perspective.
- Respond appropriately to command words such as 'Assess' and 'Evaluate', which require developed judgement.
- Use relevant examples to support and clarify their arguments.
- Apply subject-specific terminology, avoiding vague or overly general comments.
- Allocate time effectively across all questions to avoid excessive detail in one section at the expense of others.
- Include a brief, relevant conclusion in extended responses where appropriate.
- Write clearly and concisely – presentation does affect how responses are interpreted.
- Avoid using extra sheets; the space provided is sufficient and marks are awarded for quality, not quantity.

Grade boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link: https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html

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