

Edexcel a level

economics b question

paper 2 june 2024 +

mark scheme

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Extract C**Child Poverty in 2023**

Education is starting to be seen as a luxury, as the costs associated with getting a child to school and successfully engaging in education become too much. Many households are going without heating or washing due to the significant costs of doing so. This is leaving children without basic levels of hygiene and wellbeing, with many living in cold, damp homes. They cannot afford the basic standard of physical care required to make their attendance in education possible, let alone the essential resources required to travel to their education settings, or access learning online and at home.

5

(Source: adapted from <https://buttleuk.org/news/news-list/state-of-child-poverty-2023/>)

Extract D**The index for bread prices in the United Kingdom from 2018 to 2023**

Year	Average price white sliced bread (800 g)	Index
2018	£1.05	100
2019	£1.07	102
2020	£1.05	100
2021	£1.06	101
2022	£1.20	114
2023	£1.36	

(Source: adapted from <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/czoh/mm23>)

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SECTION B

Read the following extracts (F and G) before answering Question 2.

Write your answer in the space provided.

Extract F

Small number of large multinational firms dominate cloud computer services

In October 2023, the Office of Communications (Ofcom), the UK Government-approved regulatory authority for the broadcasting, telecommunications and postal industries, referred the public cloud infrastructure services market to the Competition and Markets Authority (CMA). This was for an independent market investigation to consider whether there are competition concerns and, if so, what interventions might improve the supply of these important services for UK customers. 5

Cloud services allow remote access to computing resources. They are being rapidly adopted by many businesses and have become an essential part of how many digital services are delivered to consumers. Ofcom has estimated that the market for cloud services in the UK was worth up to £7.5 billion in 2022. 10

In its study, Ofcom identified several features in the supply of cloud services that make it more difficult for customers to switch cloud suppliers.

The features that Ofcom is most concerned about are:

- Egress fees – charges that cloud customers must pay to move their data to another supplier 15
- Discounts – that may incentivise customers to use only one cloud provider
- Technical barriers to switching that may prevent customers from being able to switch between different cloud suppliers.

(Source: adapted from <https://www.gov.uk/government/news/cma-launches-market-investigation-into-cloud-services>)

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Section A

Question Number	Using the information in Extract D, calculate, to the nearest whole number, the index for UK bread prices in 2023. You are advised to show your working.	Mark
1(a)	Knowledge/understanding 1, Application 3 Knowledge/understanding: 1 mark for correct formula for calculating index: (Average price of bread in 2023/Average price of bread in 2018) x 100 OR (price in current year/price in base year) x 100 (1) Application: up to 3 marks for calculating the index for 2023: £1.36/£1.05 (1) = 1.295 1.295 x 100 OR 1.30 X 100 (1) and 1 mark for the correct answer: 130 (1) NE if the working is shown award marks as below: • If the answer given is 130 award 4 marks	(4)

Question Number	Analyse two ways in which high inflation affects individuals.	
1(d)	Knowledge/understanding 2, Application 2, Analysis 2 Knowledge: up to 2 marks for: Inflation may reduce the value of real wages (1) and reduce living standards (1) Application: up to 2 marks for contextualised answers e.g. Many households are going without heating or washing (1) and many are living in cold, damp homes (1) Analysis: up to 2 marks for developing the impact e.g. Decreased purchasing power means they cannot afford as many goods (1) This may negatively affect physical health (1)	(6)

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

Demonstrating application (AO2) in responses

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

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

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

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

Section B

Question Number	Evaluate the methods by which the activities of multinational corporations (MNCs) such as <i>Microsoft</i> , <i>Amazon</i> and <i>Google</i> may be controlled. Indicative content	Mark
2	Knowledge/understanding 4, Application 4, Analysis 6, Evaluation 6 • The main ways in which the activities of MNCs can be controlled are: legal control; pressure groups; social media; self-regulation • Dominance of a small number of big companies over cloud computer services (Extract G) would suggest an oligopoly market structure • Such a market structure means firms have a large amount of market power and there are high barriers to entry, leading to high profits for firms such as <i>Microsoft</i> and high prices for consumers (Extract F) • Legal controls on the activities of MNCs can be established by national governments, this may include price controls or a windfall tax on excessive profits • In the UK the CMA can fine firms for abusing their market power and even force them to reduce barriers to entry • Pressure groups can raise public awareness of the market power of MNCs and organise boycotts of products and demonstrations to highlight excessive profits • In a similar way, social media can be used by groups and individuals to raise awareness of the activities of MNCs including the firms that provide social media services such as <i>Google</i> • Self-regulation is a possible source of control, as large MNCs seek to co-operate with governments and reduce the likelihood of direct government or even international action to limit their activities • However, the impact of legal controls on the activities of MNCs is limited as, by definition, MNCs produce and sell in more than one country. This means it is difficult for individual national governments to create legal controls on their global activities • In addition, large MNCs can have political influence and can also afford to employ expensive legal representation to resist legal controls • Self-regulation will depend upon the willingness of shareholders to accept lower profits in return for a more ethical business model	(20)