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EDEXCEL A ECONOMICS: QUESTIONS BY TOPIC

Poverty and Inequality (4.2)

A Level Economics Theme 4

16 questions · 160 marks · Mark schemes included

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HOW TO USE THIS BOOKLET

Questions are grouped by specification sub-topic and run from the lowest mark tariff to the highest within each one.

Click any row below to jump straight to that sub-topic or question.

On every question page, click ANSWER in the top-right corner to jump to its mark scheme.

Diagrams, graphs, tables and data are printed exactly as they appeared in the original papers.

QUESTION	SOURCE	MARKS	PAGE
4.2.1 ABSOLUTE AND RELATIVE POVERTY		3 Qs · 38 marks	2
1. Q6(a)	A Level Paper 2 June 2018	5	3
2. Q6(b)	A Level Paper 2 June 2018	8	6
3. Q2(d)	A Level Paper 3 June 2025	25	12
4.2.2 INEQUALITY		13 Qs · 122 marks	16
4. Q4(b)	A Level Paper 2 June 2017	1	17
5. Q5(c)	A Level Paper 2 June 2019	1	18
6. Q5(a)	A Level Paper 2 June 2019	2	19
7. Q5(b)	A Level Paper 2 June 2019	2	20
8. Q4	A Level Paper 2 June 2017	5	21
9. Q5	A Level Paper 2 June 2019	5	23
10. Q6(a)	A Level Paper 2 June 2022	5	25
11. Q1(b)	A Level Paper 3 June 2019	8	29
12. Q6(b)	A Level Paper 2 June 2022	8	34
13. Q6(d)	A Level Paper 2 June 2018	10	39
14. Q8	A Level Paper 2 October 2020	25	44
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16. Q1(d)	A Level Paper 3 June 2024	25	54



QUESTIONS

16 questions · 160 marks · 2 sub-topics

SUB-TOPIC 4.2.1

ABSOLUTE AND RELATIVE POVERTY

Sub-topic 4.2.1 · 3 questions · 38 marks · lowest tariff first



SECTION B

Read Figure 1 and the following extracts (A and B) before answering Question 6.

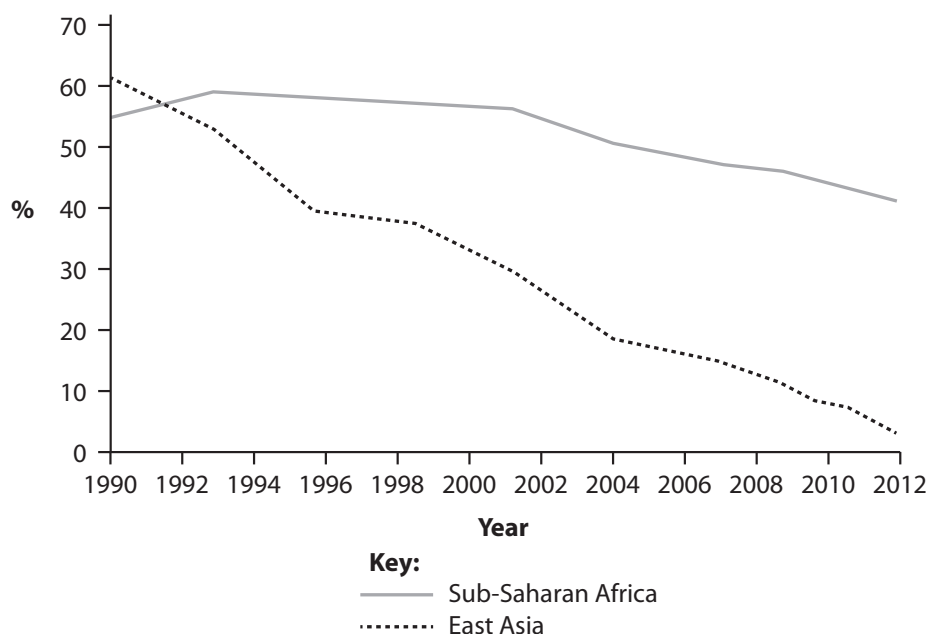
Write your answers in the spaces provided.

You are advised to spend 1 hour on this section.

Question 6

Globalisation and Inequality

Figure 1: Proportion of population in absolute poverty (US\$1.90-a-day 2011 PPP)



(Source: <https://openknowledge.worldbank.org/bitstream/handle/10986/25078/9781464809583.pdf>)

Extract A

Lessons from globalisation

The past 25 years have seen a freeing up of trade. Capital has been free to move around the world. Formerly closed economies in Asia have been opened up and tariffs cut. In emerging economies, a billion people have been taken out of absolute poverty, but relative poverty remains a problem.

5

In many advanced economies globalisation has come to mean, according to the Governor of the Bank of England, "low wages, insecure employment, stateless corporations and striking inequalities". His solution to these problems is threefold: an acceptance by economists that not everybody has gained from trade and technology; a better mix of monetary policy, fiscal policy and structural reform to boost growth; and more inclusive growth. In essence, this is the same conclusion that was reached in the past when there was a fear that market forces had to be moderated to prevent capitalism from destroying itself.

10

The good news is that this moderation of capitalism included real policy changes: an extension of the right to vote, the growth of trade unions, the creation of welfare states, a move to more progressive tax policies, nationalisation of key sectors of the economy, and more activist demand management.

15

The bad news is that this process took about 100 years and was not completed until the end of the Second World War. What's more, protectionism seems to be on the increase as countries seek to protect themselves from inequalities caused by rapid globalisation.

20

(Source: adapted from <https://www.theguardian.com/business/2016/dec/05/mark-carney-globalisation-bank-of-england-capitalism>)



Extract B**Tackling inequality**

Despite decades of substantial progress in boosting prosperity and reducing absolute poverty, the world continues to suffer from substantial inequalities. For example, the poorest children are four times less likely than the richest children to be enrolled in primary education across developing countries. Among the estimated 780 million illiterate adults worldwide, nearly two-thirds are women. Poor people face higher risks of malnutrition and death in childhood and lower chances of receiving key healthcare. Such inequalities result in high financial costs, limit economic growth, and generate social and political burdens and barriers. 5

These consequences highlight the importance of directing attention to the problem of inequality. There are other reasons to tackle inequality. Most economies are struggling to recover from the global financial crisis that started in 2008 and the subsequent slowdown in global growth. The goal of eliminating absolute poverty by 2030 might not be achieved without accelerated economic growth or reductions in inequalities within countries, especially in those with large numbers of poor. Generally speaking, poverty can be reduced through higher average growth, a narrowing in inequality, or a combination of the two. Achieving the same poverty reduction during a slowdown in growth therefore requires a more equal income distribution. 10 15

Some level of inequality is desirable to maintain an appropriate incentive structure in the economy or simply because inequality also reflects different levels of talent and effort among individuals. However, the substantial inequality observed in the world today offers great scope for reducing the gap between rich and poor. Policies to redistribute income from higher-income and wealthy households to those on lower incomes can be achieved without compromising growth, if done effectively. A trade-off between efficiency and fairness is not inevitable. 20 25

(Source: adapted from <https://openknowledge.worldbank.org/bitstream/handle/10986/25078/9781464809583.pdf>)

(5)



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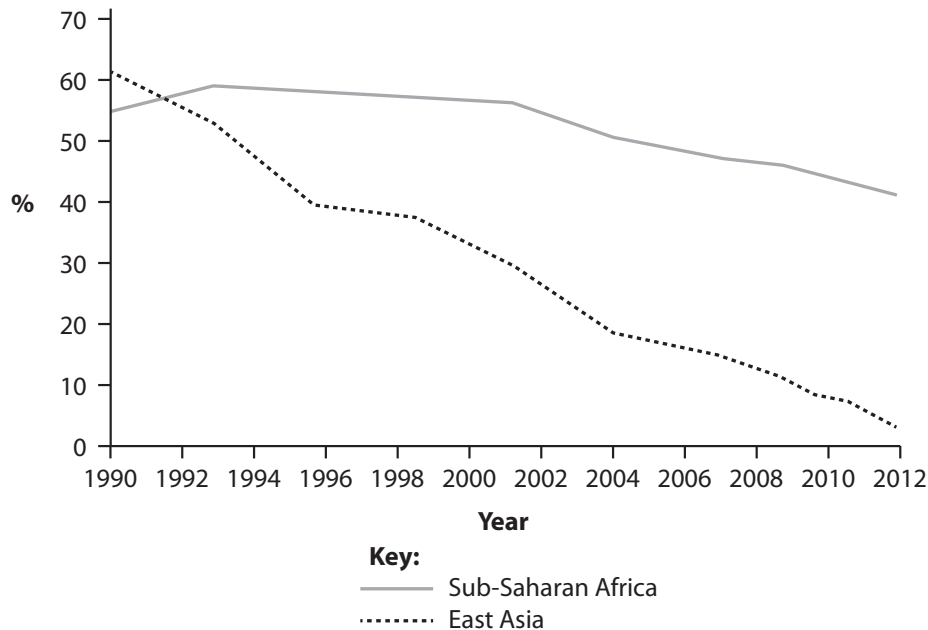
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(8)





Sources for use with SECTION B

Read Figure 3 and the following Extracts (E to G) before answering Question 2.

The economy of India**Figure 3: Selected economic data for India, 2006–2021**

Year	GDP per capita (US\$)	Human Development Index (HDI) value	% people living in absolute poverty
2006	820.0	0.611	55.1
2016	1 714.3	0.624	27.7
2021	2 238.1	0.633	16.4

(Source adapted from: <https://www.statista.com/statistics/1272613/india-multidimensional-poverty-index/>; <https://data.worldbank.org/indicator/>; UN Human Development Reports)

Extract E**135 million Indians escape absolute poverty in recent years**

Absolute poverty in India, measured by the number of people living on under US\$2.15 a day, has fallen dramatically over the last 15 years. The government's dedicated focus on improving access to sanitation, nutrition, cooking oil, banking services, drinking water and electricity has led to significant advances in these areas. The \$2.3 million provision of subsidised cooking oil has positively transformed lives, with a 14.6 percentage points improvement in the access to cooking oil.

(Source adapted from: <https://pib.gov.in/>)

5



Extract F**Buffer stocks in India**

The Indian government is required to maintain a buffer stock of 11 million tonnes of wheat and 10 million tonnes of rice. The grains are purchased from farmers at the minimum support price and stored in secure warehouses across the country. India, once troubled by famine, has more recently managed to remain self-sufficient in most food categories except edible oils, and is the world's largest rice exporter. Even during the global health crisis 2020-2022, when the government distributed free food to nearly 800 million people, buffer stocks ran down but not out. Farmers are encouraged to produce more without any consideration of sustainability.

5

(Source adapted from: <https://ig.ft.com/india-population/>)

Extract G**Population growth in India**

"The greatest obstacle in the path of overall economic development is the alarming rate of population growth," was one Indian government minister's view in 1967. In the 1970s, the Indian government took radical measures to try to prevent population growth, with little success.

5

Then, in the 1980s and 1990s, India began opening up its economy to the private sector. Policymakers began viewing a growing young population in the form of the so-called demographic dividend – when a majority of a country's population is of working age (15-64 years) – as an engine for further economic development. In May 2023 India took over from China as the country with the highest population reaching 1.4 billion. However, it needs enough well-paying jobs designed to serve the modern, urban economy.

10

(Source adapted from: <https://www.aljazeera.com/features/2023/4/18/overtaking-chinas-population-will-india-gain-or-lose>)



(25)

[illegible]

[illegible]



(Total for this part = 25 marks)

15

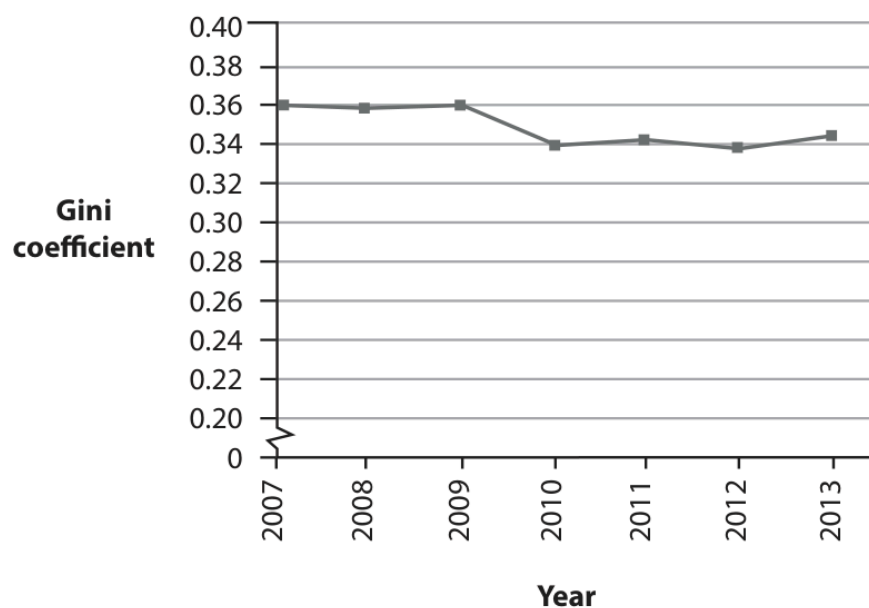
SUB-TOPIC 4.2.2

INEQUALITY

Sub-topic 4.2.2 · 13 questions · 122 marks · lowest tariff first



4 The chart below shows the UK Gini coefficient of incomes, 2007 to 2013.



(Source: adapted from <https://www.equalitytrust.org.uk/how-has-inequality-changed>)

(b) Which **one** of the following values for the Gini coefficient is correct if there is perfect income equality?

(1)

- ☐ A 0
- ☐ B 0.5
- ☐ C 1
- ☐ D 50:50

(Total for Question 4(b) = 1 mark)

- 5 According to the charity Oxfam, the combined wealth of the 62 richest people in the world is the same as the wealth of the poorest half of the world's population. The value of the combined wealth of the poorest half of the world's population has fallen by 38% between 2010 and 2016.

(Source: adapted from <https://www.oxfam.org/en/pressroom/pressreleases/2016-01-18/62-people-own-same-half-world-reveals-oxfam-davos-report>)

- (c) Which **one** of the following would be most likely to reduce a country's Gini coefficient?

An increase in:

(1)

- ☐ A import tariffs
- ☐ B progressive taxes
- ☐ C regressive taxes
- ☐ D value added tax

(Total for Question 5(c) = 1 mark)



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- (a) Explain the distinction between income and wealth.

(2)

(Total for Question 5(a) = 2 marks)



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(Source: adapted from <https://www.oxfam.org/en/pressroom/pressreleases/2016-01-18/62-people-own-same-half-world-reveals-oxfam-davos-report>)

- (b) Explain **one** likely reason why global wealth inequality has increased.

(2)

(Total for Question 5(b) = 2 marks)



(b) Which **one** of the following values for the Gini coefficient is correct if there is perfect income equality?

(1)

- ☐ **A** 0
- ☐ **B** 0.5
- ☐ **C** 1
- ☐ **D** 50:50

(Total for Question 4 = 5 marks)



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(Total for Question 5 = 5 marks)

TOTAL FOR SECTION A = 25 MARKS



SECTION B

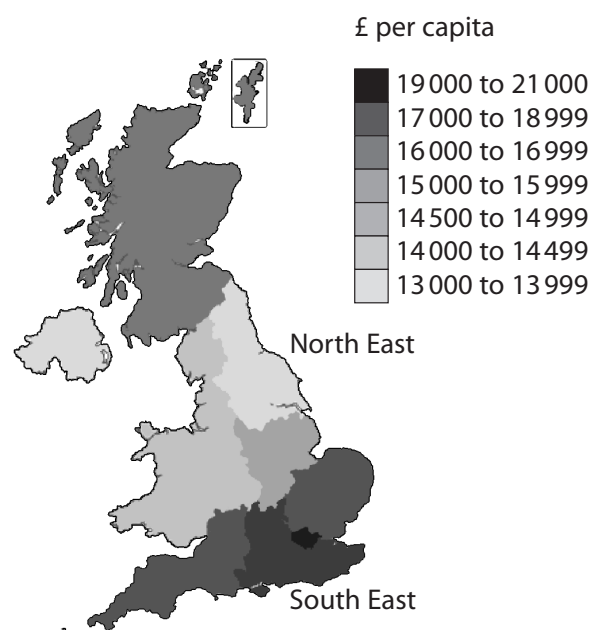
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You are advised to spend 1 hour on this section.

Question 6**UK Government spending and inequality**

Figure 1: UK regional gross disposable household income per capita, 2018



(Source: adapted from University of Sheffield/Office for National Statistics:
<https://www.sheffield.ac.uk/news/nr/uk-higher-regional-inequality-large-wealthy-country-1.862262>)

Figure 2: UK subjective happiness by income, April 2021

Answer to the question: 'On a scale of 1–10, how happy did you feel after yesterday?'
(0 = not at all, 10 = completely)

Less than £10 000	£10 000–£20 000	£20 000–£40 000	More than £40 000
7.31	7.02	7.13	7.29

(Source: adapted from <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/datasets/incomegroupsplittestimatesonpersonalandeconomicwellbeingacrosstime>)

Extract A**Regional inequality in the UK**

Geographically, the UK is highly unequal in incomes. According to research from the University of Sheffield, the estimate of the Gini coefficient is 0.34. There are a number of different reasons for this. First, labour in poor places tend to develop too few skills, with a lack of education holding people back. In Rotherham in the north of England, for example, 21% of disadvantaged 18-year-olds from state schools and colleges go on to higher education compared to 41% in London. Secondly, there is a lack of infrastructure spending in northern cities compared to London. In 2017–18, 28% of public expenditure on transport – and 46% of capital expenditure on railways – was spent in London. The argument for this is that London gets a lot of public money because a lot of people take public transport. This has angered many people in the North. 5 10

These problems cannot be solved quickly. They compound each other. Just as people are rarely poor for one reason, regions do not fall behind only because they have poor transport, poor schools or poor policy making, but for all those reasons and more. Ideally, the UK would develop a bold plan for regional development that could be followed by future governments, as Germany did for its eastern part. Tera Allas of McKinsey, a consultancy firm, argues that improving education is crucial, even if the returns are not immediately obvious. It is easier to improve schools than to persuade businesses to move to a poorer part of the country. 15

(Source: adapted from <https://www.economist.com/britain/2020/07/30/why-britain-is-more-geographically-unequal-than-any-other-rich-country>)

Extract B**Public sector spending on infrastructure**

Economic differences across the UK are large and have grown. The government is looking at reducing this inequality partly through spending on transport infrastructure. Public sector capital spending is due to rise from just over 2% of GDP to 3%. That amounts to around £20 billion of additional spending per year on new capital projects. The government is looking to take advantage of current low interest rates to finance the expansion without worsening its fiscal position.

5

The government is determined to focus this spending on the north of England, Wales and the Midlands. Planned schemes include a new Trafford Park tram line in Manchester and reopening train lines and stations closed back in the 1960s, including stations in Haxby in Yorkshire and Blyth in Northumberland. Progress has already been made in Wales with the reopening of Bow Street station near Aberystwyth. This project has taken 11 years to become a reality and cost £8m. It is estimated that it will generate a boost to the economy of £24m through boosting local trade, creating new jobs in the local area, and easing pressure on congested roads heading into Aberystwyth.

10

15

(Source: adapted from <https://www.economist.com/britain/2020/01/09/the-coming-splurge-on-northern-infrastructure> and <https://www.wales247.co.uk/transport-for-wales-delivers-new-bow-street-station>)

Extract C**Options for UK tax rises in the future**

There are a number of options for raising additional tax revenue in the future. These include:

- increasing council tax on houses: this annual charge paid to local government is currently based on estimated house prices in 1991 and so is very out of date. This would negatively affect areas where house prices have risen the most since 1991
- a one-off wealth tax: a 5% tax on property and pension wealth of more than £500 000 would raise £260 billion to help pay for the global health crisis in five years, according to proposals from the Wealth Commission
- increasing corporation tax: at the 2021 Budget the Chancellor announced that the top rate of UK corporation tax would be increased to 25% by 2023. This will remain the lowest rate in the G7 group of the world's largest advanced countries, but will raise £17.2 billion in 2025–26.

5

10

(Source: adapted from <https://www.telegraph.co.uk/tax/income-tax/five-tax-rises-rishi-sunak-considering-chances-happening-budget/>, and <https://home.kpmg/uk/en/home/insights/2021/03/tmd-corporation-tax-rate-to-increase-to-25-percent.html>)



(5)



SECTION A

Read Figure 1 and the following extracts (A, B and C) before answering Question 1.

Answer ALL Questions 1(a) to 1(c), and EITHER Question 1(d) OR 1(e).

Write your answers in the spaces provided.

You are advised to spend 1 hour on this section.

Question 1

Markets for food and drinks high in fat, salt or sugar (HFSS)

Figure 1: UK market share of potato crisps, 2017

Firm	Brand	Size	Market share of firm	Market share of product	Price (£)
Walkers	All Walkers		55.3%		
	of which: Regular Standard	35 g		28.1%	0.45
	Regular Max	50 g		7.4%	0.63
	Sensations	40 g		2.0%	0.59
	Doritos	40 g		4.7%	0.45
	Other			13.1%	
KP	KP	50 g	22.7%		0.52
Tayto	Golden Wonder		4.2%		
		<40g		3.1%	0.38
		40g+		1.1%	0.72
Other	Other		17.8%		

(Source: adapted from <https://academic.oup.com/restud/article/3108825/The-Effects-of-Banning-Advertising-in-Junk-Food> 6 April 2017)



Extract A**The effects of a total ban on advertising of HFSS foods**

Food and drinks which are high in fat, salt or sugar (HFSS) tend to be sold in highly concentrated markets. Tough new rules banning advertisements for HFSS products, such as those for confectionery, fizzy drinks and potato crisps, come into effect in July 2017 as a means to reduce consumption. The rules apply to media targeted at under-16s and will mean a major reduction in the number of advertisements children see for HFSS products in posters near schools, in films targeted at children, on catch-up television and in social media if it is directed at children. 5

There are three main factors that will determine the effectiveness of the intervention: first, whether advertising acts to expand the market share or steal rivals' market share. Secondly, how firms in the market adapt their behaviour in response to the ban. Thirdly, what substitute products do consumers turn to if they opted out of the targeted market. 10

Results from a recent survey in the UK suggest that the total quantity of crisps sold would fall by around 15% in the presence of an advertising ban, or by 10% if firms respond with price cuts, since the ban acts to make the market more competitive and firms respond to the ban by, on average, lowering their prices. 15

The survey showed that following a ban, consumers are more likely to switch to another junk food than to a healthy food, which (in addition to the pricing response of firms) acts to partially offset any health gains from the policy.

(Source: adapted from The Effects of Banning Advertising in Junk Food Markets, Dubois, Pierre; Griffith, Rachel, Review of Economic Studies Copyright © 2017, Oxford University Press <https://academic.oup.com/restud/article/3108825/The-Effects-of-Banning-Advertising-in-Junk-Food> 6 April 2017 and <https://www.asa.org.uk/news/tougher-new-food-and-drink-rules-come-into-effect-in-children-s-media.html> 30 June 2017)



Extract B**Taxing HFSS foods and subsidising healthy eating widens inequality**

Since low-income groups spend a higher proportion of their income on food and tend to eat less healthily, they are the main targets of taxes on products that are high in fat, salt or sugar (HFSS). Subsidies on healthy food are seen as an alternative policy approach to encourage healthy eating. While data on the impact of such policies are scarce, a recent study on the distributional impacts of HFSS taxes and healthy food subsidies found that these actually widened health and fiscal inequalities. The policies tend to be regressive and favour higher-income consumers. Taxes on unhealthy food increase prices which have a greater impact on low income groups rather than higher income groups. Lower income groups prefer to buy HFSS food.

Subsidies encouraged all income groups to buy more fruit and vegetables. However, those on higher incomes proved more responsive and the average share of budget spent on healthy food actually increased for the higher income groups who were more likely to buy the subsidised healthy food and then spend the savings they had enjoyed on yet more healthy food. The diets of the higher income groups before the subsidy tended to be healthier. The choices of the higher income groups are more responsive to price changes. By contrast, lower income groups, if they responded to lower prices, often used the money saved to buy unhealthy items or something else entirely. The long-term benefits of a healthier diet are harder to grasp for consumers when information gaps exist. Often the immediate boost of a tasty treat is more appealing. Taxes and subsidies do not change that. Other strategies are needed to promote healthy eating, especially education.

(Source: adapted from Economist 5 October 2017 <https://www.economist.com/news/finance-and-economics/21730033-study-suggests-lower-income-families-end-up-paying-more-their-food-taxing-fat> and https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3031005 The Economic Journal September 2017 Vol 127 Issue 604)

Extract C**Tax on fatty foods in Denmark is an economic disaster**

Denmark introduced a specific tax on saturated fat in October 2011. Recognised as a world-leading public health policy, it was abandoned just 15 months later having been both an economic and political disaster.

Indirect taxes of this sort are invariably regressive, disproportionately affecting the elderly and the poor. The specific tax led to prices rising on average 15% for highest-fat products, yielding a total decrease of 5% in the intake of saturated fat from products such as minced beef and cream. 80% of Danish consumers did not change their shopping habits at all. The behavioural change was economically damaging as consumers switched to cheaper brands and crossed the border to Sweden and Germany to do their shopping. Danish tax revenue fell as a result.

(Source: adapted from <https://iea.org.uk/in-the-media/press-release/evidence-shows-a-fat-tax-would-hit-poorest-the-hardest> 25 May 2013 and <https://www.cambridge.org/core/journals/public-health-nutrition/article/effects-of-the-danish-saturated-fat-tax-on-the-demand-for-meat-and-dairy-products/984CF03634C819D50E66C7B5DC5209DA/core-reader>)



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SECTION B

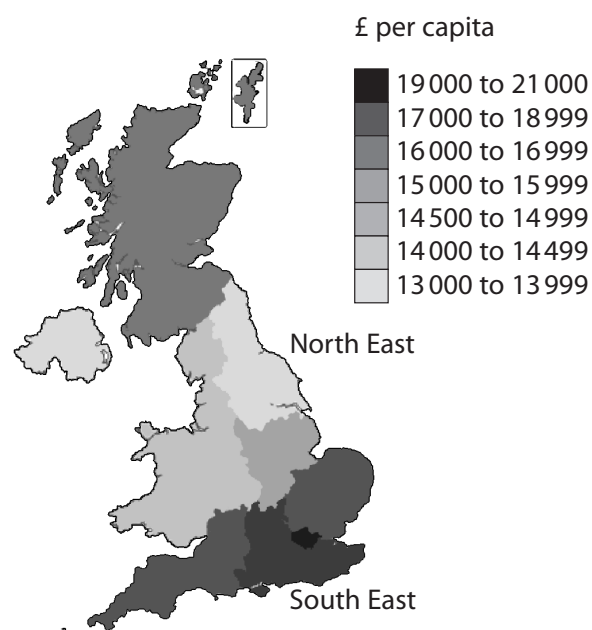
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(Source: adapted from <https://www.economist.com/britain/2020/07/30/why-britain-is-more-geographically-unequal-than-any-other-rich-country>)



Extract B**Public sector spending on infrastructure**

Economic differences across the UK are large and have grown. The government is looking at reducing this inequality partly through spending on transport infrastructure. Public sector capital spending is due to rise from just over 2% of GDP to 3%. That amounts to around £20 billion of additional spending per year on new capital projects. The government is looking to take advantage of current low interest rates to finance the expansion without worsening its fiscal position.

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The government is determined to focus this spending on the north of England, Wales and the Midlands. Planned schemes include a new Trafford Park tram line in Manchester and reopening train lines and stations closed back in the 1960s, including stations in Haxby in Yorkshire and Blyth in Northumberland. Progress has already been made in Wales with the reopening of Bow Street station near Aberystwyth. This project has taken 11 years to become a reality and cost £8m. It is estimated that it will generate a boost to the economy of £24m through boosting local trade, creating new jobs in the local area, and easing pressure on congested roads heading into Aberystwyth.

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(Source: adapted from <https://www.economist.com/britain/2020/01/09/the-coming-splurge-on-northern-infrastructure> and <https://www.wales247.co.uk/transport-for-wales-delivers-new-bow-street-station>)

Extract C**Options for UK tax rises in the future**

There are a number of options for raising additional tax revenue in the future. These include:

- increasing council tax on houses: this annual charge paid to local government is currently based on estimated house prices in 1991 and so is very out of date. This would negatively affect areas where house prices have risen the most since 1991
- a one-off wealth tax: a 5% tax on property and pension wealth of more than £500 000 would raise £260 billion to help pay for the global health crisis in five years, according to proposals from the Wealth Commission
- increasing corporation tax: at the 2021 Budget the Chancellor announced that the top rate of UK corporation tax would be increased to 25% by 2023. This will remain the lowest rate in the G7 group of the world's largest advanced countries, but will raise £17.2 billion in 2025–26.

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(Source: adapted from <https://www.telegraph.co.uk/tax/income-tax/five-tax-rises-rishi-sunak-considering-chances-happening-budget/>, and <https://home.kpmg/uk/en/home/insights/2021/03/tmd-corporation-tax-rate-to-increase-to-25-percent.html>)



(8)





SECTION B

Read Figure 1 and the following extracts (A and B) before answering Question 6.

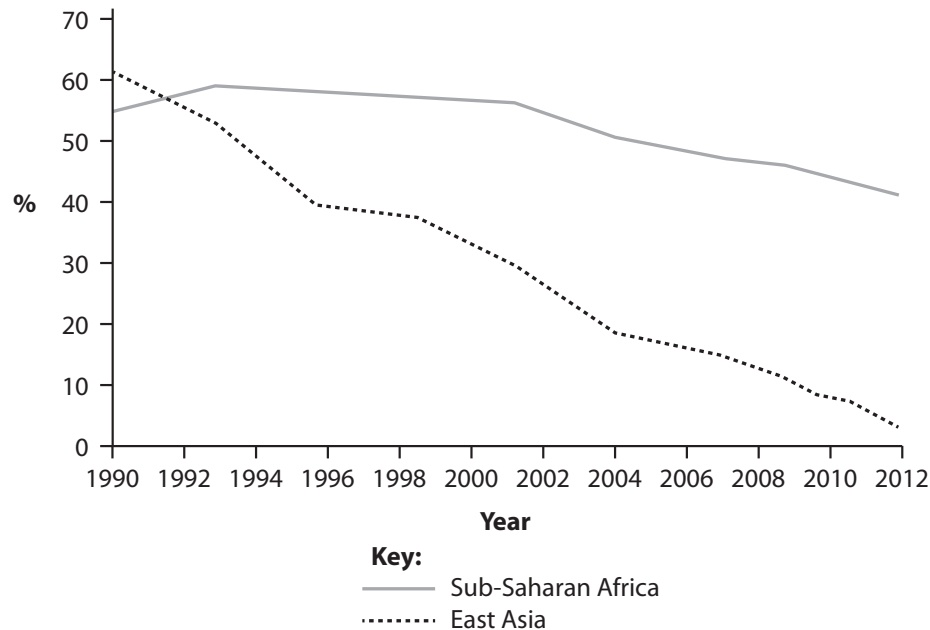
Write your answers in the spaces provided.

You are advised to spend 1 hour on this section.

Question 6

Globalisation and Inequality

Figure 1: Proportion of population in absolute poverty (US\$1.90-a-day 2011 PPP)



(Source: <https://openknowledge.worldbank.org/bitstream/handle/10986/25078/9781464809583.pdf>)

Extract A

Lessons from globalisation

The past 25 years have seen a freeing up of trade. Capital has been free to move around the world. Formerly closed economies in Asia have been opened up and tariffs cut. In emerging economies, a billion people have been taken out of absolute poverty, but relative poverty remains a problem.

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In many advanced economies globalisation has come to mean, according to the Governor of the Bank of England, "low wages, insecure employment, stateless corporations and striking inequalities". His solution to these problems is threefold: an acceptance by economists that not everybody has gained from trade and technology; a better mix of monetary policy, fiscal policy and structural reform to boost growth; and more inclusive growth. In essence, this is the same conclusion that was reached in the past when there was a fear that market forces had to be moderated to prevent capitalism from destroying itself.

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The good news is that this moderation of capitalism included real policy changes: an extension of the right to vote, the growth of trade unions, the creation of welfare states, a move to more progressive tax policies, nationalisation of key sectors of the economy, and more activist demand management.

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The bad news is that this process took about 100 years and was not completed until the end of the Second World War. What's more, protectionism seems to be on the increase as countries seek to protect themselves from inequalities caused by rapid globalisation.

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(Source: adapted from <https://www.theguardian.com/business/2016/dec/05/mark-carney-globalisation-bank-of-england-capitalism>)



Extract B**Tackling inequality**

Despite decades of substantial progress in boosting prosperity and reducing absolute poverty, the world continues to suffer from substantial inequalities. For example, the poorest children are four times less likely than the richest children to be enrolled in primary education across developing countries. Among the estimated 780 million illiterate adults worldwide, nearly two-thirds are women. Poor people face higher risks of malnutrition and death in childhood and lower chances of receiving key healthcare. Such inequalities result in high financial costs, limit economic growth, and generate social and political burdens and barriers. 5

These consequences highlight the importance of directing attention to the problem of inequality. There are other reasons to tackle inequality. Most economies are struggling to recover from the global financial crisis that started in 2008 and the subsequent slowdown in global growth. The goal of eliminating absolute poverty by 2030 might not be achieved without accelerated economic growth or reductions in inequalities within countries, especially in those with large numbers of poor. Generally speaking, poverty can be reduced through higher average growth, a narrowing in inequality, or a combination of the two. Achieving the same poverty reduction during a slowdown in growth therefore requires a more equal income distribution. 10 15

Some level of inequality is desirable to maintain an appropriate incentive structure in the economy or simply because inequality also reflects different levels of talent and effort among individuals. However, the substantial inequality observed in the world today offers great scope for reducing the gap between rich and poor. Policies to redistribute income from higher-income and wealthy households to those on lower incomes can be achieved without compromising growth, if done effectively. A trade-off between efficiency and fairness is not inevitable. 20 25

(Source: adapted from <https://openknowledge.worldbank.org/bitstream/handle/10986/25078/9781464809583.pdf>)



(10)



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44





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SECTION A

Read Figures 1 and 2 and the following extracts (A and B) before answering Question 1.

Answer ALL Questions 1(a) to 1(c), and EITHER Question 1(d) OR 1(e).

Write your answers in the spaces provided.

You are advised to spend 1 hour on this section.

Question 1

The UK economy

Figure 1: UK gas prices in pence per therm, August 2002 to August 2022

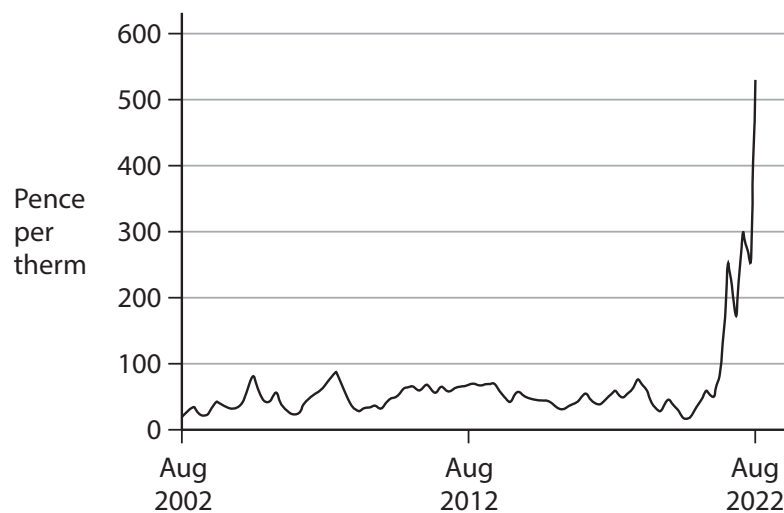
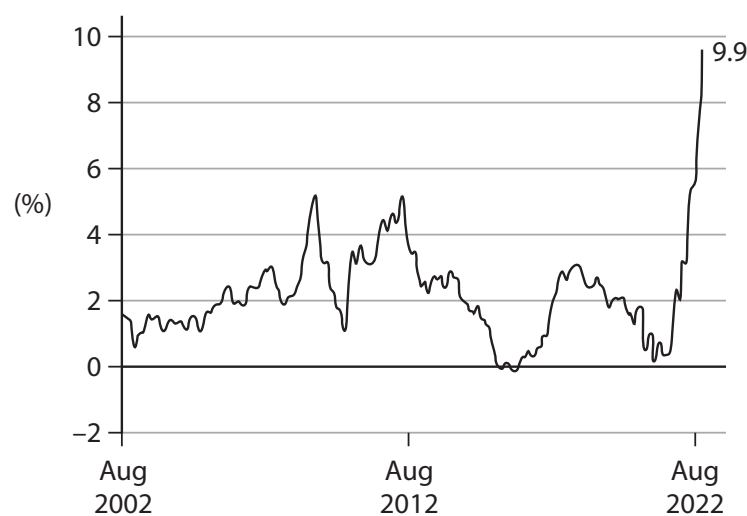


Figure 2: UK inflation, CPI, August 2002 to August 2022



Extract A**Fiscal policy changes in the UK, Autumn 2022**

After many changes in policy, people earning above £150 000 will now no longer benefit from the tax cut in the September 2022 mini-budget, which proposed the removal of the 45% tax band. The proposed change in the main 20% standard rate of income tax moving to 19% has been postponed.

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In April 2022, a 1.25% rise in national insurance contributions was implemented, labelled as a health and social care levy. It was cancelled in Autumn 2022. Britain's poorest households would have lost £7.56 a year from the national insurance rise. The richest 10% of households, earning an average of £108 000, would have lost £1 800.

Another measure in the Truss Government's £30 billion tax cut proposals that would have benefitted the rich, was the removal of the 2023 planned rise in corporation tax from 19% to 25%. The former chancellor wanted to cut the tax to 15% but this was the wrong time to do this. The former chancellor also removed the 2014 cap on bankers' bonuses, clearly an unfair decision at the time when public sector workers were told to accept pay caps to keep inflation under control.

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The reflationary fiscal policy triggered warnings that the Monetary Policy Committee of the Bank of England would raise interest rates further – having already raised them from 0.1% in 2021 to 2.25% in September 2022. This meant an end to the fiscal rules set by the government in the recent past: debt to be falling as a share of national income by 2024 and no borrowing for day-to-day spending.

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(Source: adapted from 'Tax cuts benefit high income earners the most' R Merrick The Independent: 19 September 2022 and FT Source: adapted from Sebastian Payne and Chris Giles in London 29 August 2022)

Extract B**Inequality to rise in the UK**

The rising cost of living is expected to affect low-income families the most. Inflation in Autumn 2022 is expected to hit 14% for families in the poorest tenth of the income distribution, compared with 8% for families in the richest tenth, driven in large part by rising energy costs and food prices. Around half of the food consumed in the UK is imported, and the 20% fall in the value of the pound in 2022 has affected lower income groups more because food is a higher proportion of their spending. The government's decision to freeze benefits, rather than allowing them to rise in line with current inflation, means that the support provided is a real terms cut for families currently receiving high levels of benefits. A two-year freeze on energy price caps will now only last until April 2023, which would have kept the average energy bill at £2 500 rather than £3 500.

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(Source: adapted from IFS Report: Living standards, poverty and inequality in the UK: July 2022 and <https://www.ft.com/content/6de5b52e-64c8-4997-8939-e1c59172daa7?shareType=nongift>)

(25)





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(Total for this part = 25 marks)

53

SECTION A

Read Figures 1 and 2 and the following extracts (A to C) before answering Question 1.

Answer ALL Questions 1(a) to 1(c), and EITHER Question 1(d) OR 1(e).

Write your answers in the spaces provided.

You are advised to spend 1 hour on this section.

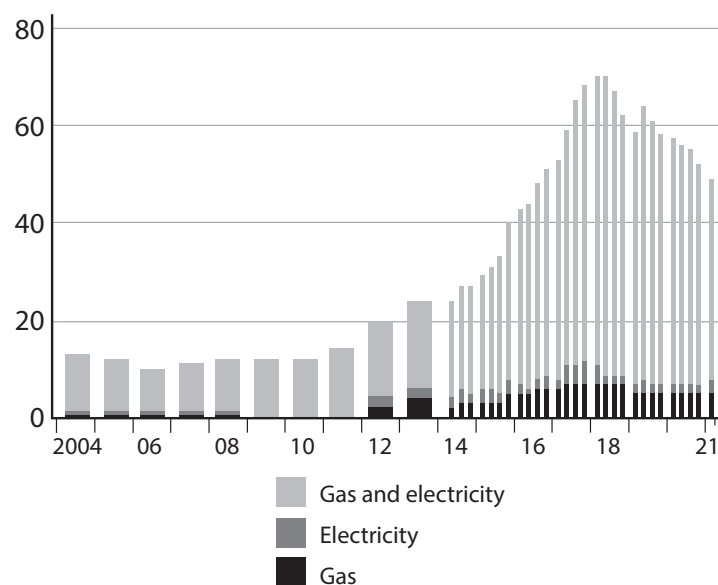
Question 1

The energy market

Figure 1: UK wholesale gas prices per therm, 2021, in pence



Figure 2: Number of firms supplying gas and electricity in the UK, 2004–2021



Extract A**Rising gas prices**

UK consumers are some of the biggest users of gas. 85% of homes use gas central heating, and gas generates a third of the country's electricity. North Sea gas is running out – and as Britain has replaced coal-fired energy production with wind power in order to reduce carbon emissions, it has become dependent on gas imports.

5

Almost all UK businesses face significant rises in fuel costs over the next few months, and there is no substitute for energy, at least in the short run – an almost perfect example of price inelastic demand.

(Source: adapted from <https://www.theecoexperts.co.uk/blog/reasons-for-uk-gas-price-increase>)

Extract B**The UK gas market is broken**

During the past decade the government has allowed new entrants into the retail energy market with business models that left them ill-prepared to achieve long term business growth. Now the UK must choose between letting its energy market collapse and offering large subsidies for energy retailers.

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The problem began in the 1980s and 1990s, when privatisation created an oligopolistic energy market dominated by the “Big Six”, which paid their shareholders high dividends and their bosses excessive salaries. The government responded to anger over high energy bills with further liberalisation. Some of the new entrants were innovative, such as Bulb, which offered consumption-tracking apps, and Octopus, which discouraged consumption when demand was high with dynamic pricing. But most were under-capitalised and produced no energy, merely buying it on global wholesale markets and selling it on. Some paid little attention to ensuring continuity of supply or forward buying of gas.

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The constraints on energy retailers worsened in 2017 with the closure of a big gas-storage facility, which left the UK able to store just 2% of its annual demand. Other big gas importing countries, by contrast, can store 20%–30%. The risks rose further in 2019, when the government capped consumer prices in response to continued complaints about high energy bills.

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The perfect storm came in the summer of 2021. As economies opened up, global demand for energy rose. Gas supply in Russia, a big producer, was disrupted, and unusually calm weather reduced UK wind turbine energy production to 11% of capacity. In August Ofgem, the industry regulator, said that from October the firms would be able to raise prices for households by 54%. But since then the wholesale price of gas paid by UK energy firms has risen by more than 70%. The result is that UK energy firms are tied into contracts to supply gas to households at far less than they must pay to get it.

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(Source: adapted from <https://www.economist.com/britain/britains-gas-market-is-broken/>)

Extract C

The gender pay gap in the oil and gas industry

Despite best efforts to try to attract more women into the oil and gas industry, females are still hugely under-represented in science, technology, engineering and maths careers, whether school leavers, graduates or experienced workers. Women hold under 25% of careers in these areas, and typically hold more non-technical roles, which can attract lower salaries than technical disciplines.

5

There is an even smaller female representation in the offshore workforce (3.6%) e.g. working on rigs in the North Sea, an area that pays higher salaries than onshore work. Despite continued efforts there is still a lack of female applications. Only 5% of the applications to the technical apprentice programme were female, of which half withdrew their applications at the first stage of the recruitment process.

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There is also a low representation of females in senior leadership roles within the oil and gas industry, especially in technical positions. Women also generally take up part-time positions which are typically lower paid. This has resulted in the oil and gas industry having an average gap in hourly pay of 25%.

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In the majority of developed countries, women have made substantial progress in the labour market since the 1970s, with both wages and labour force participation increasing relative to that for men. Notwithstanding these large improvements, women still earn less than 'comparable' men in all developed countries and, since the 2000s, progress for women in the labour market seems to have slowed.

20

(Source: adapted from <https://www.harbourenergy.com/media/2a2nmavb/chr-18311-01-gender-pay-gap-2020-v6-final.pdf> and <https://ftp.iza.org/dp10975.pdf>)



Q) 1 (d) Evaluate the microeconomic and macroeconomic factors that explain gender-based wage differences in the UK oil and gas industry.

(25)





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Continue on separate paper if required.



MARK SCHEMES

official mark schemes



Question Number	Answer	Mark
5 (c)	Application 2 Application: 1 mark for correct appropriate calculation/formula e.g. Base year 2015 = 100 (1) OR 4% (1) Answer = 104 Award 2 marks for correct answer	(2)

Question Number	Answer	Mark
6(a)	Knowledge 2, Application 2, Analysis 1 Knowledge/Understanding: Up to 2 marks for e.g. • Absolute poverty: Lacking basic necessities to survive (1) • Relative poverty: Relatively poor compared to rest of your country (1) Application: Up to 2 marks for e.g. (1+1 OR 2) • Absolute poverty: World Bank definition: \$1.90 a day (1) PPP values (1) • Relative poverty: 60%/50% (1) below median household income in your country (1) • Reference to Figure 1 or Extract A/B (1+1) Analysis: Up to 1 mark for e.g. • Absolute poverty can decline at the same time as relative poverty is increasing (1) • There may be relative poverty in a country but not necessarily absolute poverty (1)	(5)



Question Number	Answer	Mark
6(b)	Knowledge 2, Application 2, Analysis 2, Evaluation 2 Knowledge/Understanding: Relevant factors identified (1+1), e.g. • Level of education • Level of healthcare • Level of infrastructure • Level of trade • Capital flows • Civil war • Drought • Poor governance • Liberalisation of trade/tariff cuts Analysis: Linked development of each factor (1+1), e.g. in Sub-Saharan Africa • Relative lack of education means a less skilled and therefore less productive workforce (1) • Relative lack of healthcare means people spend more time absent from work with illnesses and therefore reduces productivity (1) • Relative lack of infrastructure makes it more difficult and therefore expensive to move goods around the country to markets (1) Application: 2 marks (1+1) for reference to the data/candidates' own knowledge, e.g. • Extract B: two thirds of 780 million illiterate adults are women • Extract B: poor people- more malnutrition, lower odds of receiving health care • Absolute poverty has declined far more rapidly in East Asia than Sub-Saharan Africa Evaluation: 2 marks for two evaluative comments OR 2 marks for identification and linked development of one comment Evaluative comments (1+1), e.g. • Significance of different factors • Improvements will only occur in the long term	(8)



Question Number	Indicative content	Mark
2(d)	Knowledge 4, Application 4, Analysis 8, Evaluation 9 135 million Indians escape absolute poverty out of a population of 1.4 billion (55.1% 2006 to 16.4% in 2021) Microeconomic reasons may include: • wage rates/ minimum wages • social benefits/welfare payments • occupational/geographical mobility of labour • access to clean water and nutritious food / sanitation/ banking services/drinking water/ electricity • cost of living eg cost of cooking oil fallen due to subsidies • ownership of/prices of assets • property rights • climate change • opening up to the private sector Macroeconomic reasons may include: • economic growth • investment/FDI • education and training • infrastructure • healthcare • reduction in inequality • reduction in unemployment • aid/debt relief • fair trade schemes • availability of finance • conflict resolution and greater political stability • actions of organisations eg IMF/WTO/NGO • better macroeconomic policies and governance • demographic dividend eg decline in dependency ratio NB for a Level 4 response, there must be at least one micro and macro effect(s). For e.g. education and training, climate change, subsidies, infrastructure, investment, labour market issues, cost of living and taxes can be seen as either micro or macro NB for a Level 4 answer there must be reference to India	(25)



	NB for evaluation that does not address the reason for the fall in poverty there is a maximum of level 2 EV. 9 marks for evaluation – points might include: • Magnitude of the fall • Combination of factors • Difficulty in measuring poverty eg absolute vs relative poverty • Prioritisation of the most significant factor • Discussion of falling v rising at a slower rate • Consideration of regional variations of poverty • Different factors impact different developing countries • Short run v long run: significance of factors change over time	
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Knowledge, application and analysis		
Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1 - 4	Displays ability to apply knowledge in context but will focus on small range of elements. Demonstrates understanding by identifying relevant information Demonstrates knowledge and understanding of terms, concepts, theories and models.
Level 2	5 - 8	Shows ability to apply economic ideas and relate them to economic problems in context. Displays knowledge and understanding of economic principles, concepts and theories to make limited analysis or narrow analysis.
Level 3	9 - 12	Analysis is clear and coherent with evidence well integrated, although may focus on some of the broad elements of the question more than others. Shows ability to apply economic ideas and relate them directly to the broad elements in the question.
Level 4	13 - 16	Analysis is relevant, clear and coherent with evidence fully and reliably integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems covering both microeconomic and macroeconomic effects. A clear understanding of economic principles, concepts, theories and arguments.

Evaluation		
Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–3	Identification of evaluative comments without explanation.
Level 2	4–6	Evaluative comments with limited explanations. Evidence of evaluation of alternative approaches which is generic or unbalanced leading to limited judgements.
Level 3	7–9	Evaluative comments supported by relevant reasoning and appropriate reference to the context. Evaluation recognises different viewpoints and is critical of the evidence provided and/or the assumptions underlying the analysis enabling informed judgements to be made.



Question Number	Answer	Mark
4(a)	Application 3, Analysis 1 Application: 3 marks for: e.g. - Gini coefficient/inequality fell (1) from 0.36 in 2007 to 0.34 in 2010 (1) - Global Financial Crisis began in 2008 (1) - Changes in taxation and/or government policies (1) Analysis: 1 mark for inferences from data, e.g. - Inequality fell due to falling incomes at top of the distribution (top quintiles) (1) - Inequality fell due to increases in benefits at very bottom (quintile). (1) - Inequality constant due to wage/benefit freezes (1).	(4)

Question Number	Answer	Mark
4(b)	A	(1)

Question Number	Answer	Mark
5(a)	A	(1)

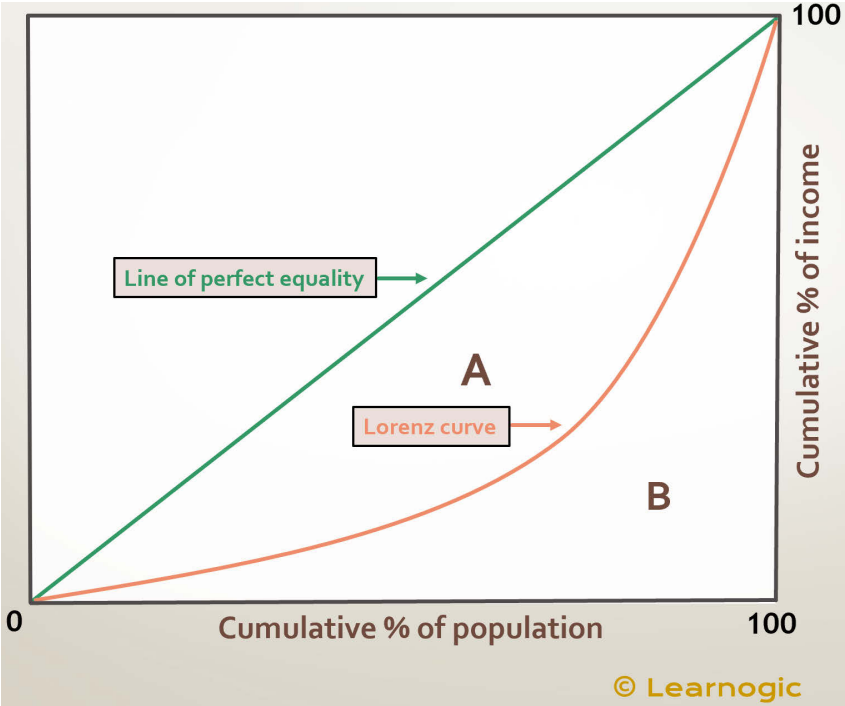


Question Number	Answer	Mark
5(a)	Knowledge 2 Knowledge 1+1 mark e.g. Definition of income (1) and/or wealth (1) - Income is a flow (1) whereas wealth is a stock (1) - Income can create wealth (1) and/or wealth can create income (1) - Income comes from salaries/wages/dividends/profits/interest/rent (1) whereas wealth is the value of assets (1)	(2)

Question Number	Answer	Mark
5(b)	Knowledge 1, Analysis 1 Knowledge/understanding: Identification of one reason (1), e.g. - Rise in asset prices - Lack of education - Lack of healthcare - Inheritance entrenches inequality - Rise of MNCs - Lack of government intervention to reduce inequality - Government policy e.g. regressive taxes, corruption - External shocks Analysis: Linked development relating to wealth (1), e.g. - Poor education means people lack the skills to take on higher-paying jobs which could lead to wealth creation	(2)

Question Number	Answer	Mark
5 (c)	The only correct answer is B <i>A is not correct because that would affect imports/exports, not income inequality</i> <i>C is not correct because that would increase the Gini coefficient</i> <i>D is not correct because that would increase the Gini coefficient</i>	(1)



Question Number	Answer	Mark
6(a)	Knowledge 2, Application 2, Analysis 1 Knowledge/Understanding: Up to 2 marks for e.g. • Gini coefficient is $A/(A+B)$ (1) • Correct labelling of axes on Lorenz curve as % cumulative share of income & % households by income distribution (or similar wording) (1) Application: Up to 2 marks for e.g. • UK's Gini coefficient is 0.34 (1) • Correct drawing of Lorenz curve on diagram (labelled/referred to in text) (1) Analysis: Up to 1 mark for e.g. • Further away from the line of perfect equality, the more unequal a country/region is (1) • The higher the Gini coefficient value, the more unequal a country/region is (1) Diagram (1+1) e.g.:  NB If no Lorenz Curve diagram award maximum of 3 marks	(5)



Question Number	Answer	Mark
1(b)	Knowledge 2, Application 2, Analysis 2, Evaluation 2 Knowledge/ implicit understanding: (1+1) marks for reason e.g. • Educational/skills/wage differences • Changing patterns of trade/globalisation • Government policy/austerity/universal credit • Income generated from inheritance • Payments generated from debt • Race, gender, age, geographical issues • Changes in direct tax • Stage of the economic cycle/Financial Crisis 2008 • House prices (must relate to income not wealth) • Weakened power of trade unions • Level of unemployment/underemployment • Irrational behaviour/information gaps/myopia Application (1+1 or 2): • Any valid application to causing inequality in the UK or other developed country, e.g. unaffordable house prices in the UK mean the younger generation has little income after rent (1); cut in the top rate of income tax, rise in NICs, change in tax thresholds; university fees at £9250 a year is widening the income gap if fewer low income households go to university (1); pensions rising below average incomes (1); educational differences such as an economics degree has a higher impact on future earnings than other degrees (1) Analysis (1+1): • Linked development of the two points made Evaluation (1+1 or 2). Points might include discussion of: • The role of transfer payments/minimum wages in narrowing/failing to narrow inequality • Changes rather than levels of income inequality, absolute vs relative issues • Relationship with wealth e.g. as a more significant inequality issue • Relative significance of different factors e.g. direct taxes more proportional than indirect taxes (regressive) • Time lags e.g. education has effects as yet unfolded, government policy might change, Brexit has not yet happened. NB Do not allow indirect taxes or subsidies as KAA NB Use of Gini coefficient or Lorenz curves could be used as application or analysis	(8)



Question Number	Answer	Mark
6(b)	Knowledge 2, Application 2, Analysis 2, Evaluation 2 Knowledge/Understanding: Relevant reasons identified (1+1), e.g. • Level/quality of education • Level/quality of healthcare • Level of infrastructure spending • Unequal access to job opportunities across the UK • Progressive nature of taxation • Degree of employment protection • Strength of trade unions • Differing wage rates • Globalisation Analysis: Linked development of each factor (1+1), e.g. in the UK: • Less education means the workforce may be less skilled & therefore receive lower average pay (1) • Relative lack of healthcare means people spend more time absent from work with illnesses and therefore reduces productivity (1) • Relative lack of infrastructure makes it harder for people to get to work/will discourage firms from investing in the region (1) • Jobs in London/South-East may be more skilled and therefore higher paying when compared to jobs in the North-East (1) Application: 2 marks (1+1 or 2), e.g. • Gross disposable household income was £19 000-£21 000 in London (1) • Gross disposable household income was £13 000 - £13 999 in North East (1) • UK's Gini coefficient is 0.34 Evaluation: 2 marks for two evaluative comments OR 2 marks for identification and linked development of one comment Evaluative comments (1+1 or 2), e.g. • Infrastructure investment in the North of England is increasing so this may change in the future • Education levels across the UK are improving • Higher education may not lead to higher	(8)
	incomes- depends on degree/qualifications • Relative significance of different reasons • It is hard to be definite about specific reasons as it is a combination of factors that causes inequality	



Question Number	Indicative Content	Mark
6(d)	Knowledge 2, Application 2, Analysis 2, • Incentive to work hard in order to receive higher reward will help increase economic growth which can result in reduced absolute poverty • More innovation due to the profit motive for firms and inventors leads to more competitive industry and faster economic growth • Lower taxes or less redistribution may encourage entrepreneurs to relocate to the country • Reference to rising living standards in a largely market based economy, e.g. UK, US NB Arguments for or against the benefits of inequality can be taken as KAA or evaluation	(6)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no link between causes and consequences.
Level 2	3–4	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response or the answer may lack balance.
Level 3	5–6	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated. Economic ideas are applied appropriately to the broad elements of the question.



Question Number	Indicative Content	Mark
6(d) continued	Evaluation 4 • Inequality reduces consumer confidence so less consumption, increase in saving. Aggregate demand may fall as a result. • Excessive inequality can lead to more crime, poorer healthcare, etc. • Low pay can act as a disincentive to seek employment and economic growth suffers as a result. NB Arguments for or against the benefits of inequality can be taken as KAA or evaluation	(4)

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–2	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.



Question Number	Indicative content	Mark
8	Knowledge 4, Application 4, Analysis 8, Evaluation 9 Likely causes include: • High levels of corruption leading to government inefficiency/failure to act in best interests of general population • Lack of redistributive fiscal policy • High indirect taxes which tend to be regressive • Inequality in access to or quality of education/healthcare for different people in a country • Rural/urban divide with people in urban areas having a much greater variety of job opportunities and higher wages than in rural areas • Weak trade unions reduce power of workers to insist on higher wages • High levels of inheritance that is not significantly taxed being passed on to future generations • Ownership of financial assets concentrated amongst the wealthy, with a lack of public share ownership Evaluative comments may include e.g.: • Significance/magnitude of specific causes • Causes may be solved over time as the economy grows and income levels rise • Significance of competing causes could be discussed • Consider whether there is a link between the two types of inequality N.B. For a level 4 response, candidates must make reference to causes of both income and wealth inequality	(25)



Knowledge, application and analysis		
Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	5–8	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response or superficial, two stage chains of reasoning only.
Level 3	9–12	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to apply economic concepts and relate them directly to the broad elements of the question with evidence integrated into the answer. Analysis is clear and coherent, although it may lack balance. Chains of reasoning are developed but the answer may lack balance.
Level 4	13–16	Demonstrates precise knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using appropriate examples. Analysis is relevant and focused with evidence fully and reliably integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.

Evaluation		
Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–3	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches which is unbalanced leading to unsubstantiated judgements. Evaluative comments with supporting evidence/reference to context and a partially developed chain of reasoning.
Level 3	7–9	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and is critical of the evidence provided and/or the assumptions underlying the analysis enabling informed judgements to be made.



Question Number	Indicative content	Mark
1(d)	Knowledge 4, Application 4, Analysis 8, Evaluation 9 Policies to reduce inequality might include Microeconomic policies may include: • grants/subsidies to attract individual firms to create jobs in deprived areas • subsidies to reduce price of specific goods e.g. - food • maximum prices on essential goods e.g. food/fuel • raising national minimum wage • maximum wages e.g. - caps on bankers' bonuses • employment legislation/control of monopsony employers • uprating of benefits at least or more than the rate of inflation • benefits in kind e.g. childcare vouchers, free school meals • greater means testing of benefits • energy policy - targeted support at low income households Macroeconomic policies may include: • relevant supply side policies e.g. education, infrastructure, mobility of labour • regional policies e.g. attraction of FDI to create jobs in low-income regions • progressive taxes - increase rates on high earners • raise corporation tax • raise government spending • increase public sector wages • cutting interest rates • trickle down policies - policies to create growth and create more jobs/enable greater tax revenues available to redistribute NB for a Level 4 response there must be at least one micro and macro policy and use of UK data with reference to inequality. Tax and benefit changes, investment changes, education, national minimum wage, migration, for example, could be seen as micro or macro policies.	



	NB negative effects can be seen as evaluation of positive effects and vice versa 9 marks for evaluation – points might include: • adverse effects of some policies • short run vs. long run arguments	
	• likely effectiveness of policies • inability to ever remove all inequality from society • incentive effects • government failure arguments • conflict with other objectives • prioritisation arguments • policies might be different depending on whether it is income or wealth inequality	(25)

Knowledge, application and analysis		
Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Displays ability to apply knowledge in context but will focus on small range of elements. Demonstrates understanding by identifying relevant information. Demonstrates knowledge and understanding of terms, concepts, theories and models.
Level 2	5–8	Shows ability to apply economic ideas and relate them to economic problems in context. Displays knowledge and understanding of economic principles, concepts and theories to make limited analysis or narrow analysis.
Level 3	9–12	Analysis is clear and coherent with evidence well integrated, although may focus on some of the broad elements of the question more than others. Shows ability to apply economic ideas and relate them directly to the broad elements in the question.
Level 4	13–16	Analysis is relevant, clear and coherent with evidence fully and reliably integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems covering both microeconomic and macroeconomic effects. A clear understanding of economic principles, concepts, theories and arguments.

Evaluation		
Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–3	Identification of evaluative comments without explanation.
Level 2	4–6	Evaluative comments with limited explanations. Evidence of evaluation of alternative approaches which is generic or unbalanced leading to limited judgements.



1(d)	Knowledge 4, Application 4, Analysis 8, Evaluation 9 Microeconomic factors may include: • Social factors • Discrimination • Gender stereotyping/unconscious bias • Education and training • Work experience and skills • Glass ceiling in some TNCS • Productivity/demand for labour arguments • Differences in working patterns/types of contracts • Career breaks more likely for women • Information gaps • Ineffective legislation/regulation • Differences in wage elasticity of supply between male and female due to women's role as primary caregivers • Concentration of females in certain type of low paid jobs which increases their supply and pushes down wage rates • Women less likely to be a member of a trade union Macroeconomic factors may include: • Globalisation • Migration issues • Geographical location • Underfunding of education • Shortage of teachers in STEM subjects • Lack of affordable childcare • Other supply-side policy failures • Tax & benefits system failure e.g. high marginal tax rate upon returning to work • Employment e.g. part time or full time • Social immobility especially between countries • Technology/automation impact more on lower skilled/administrative jobs/structural unemployment • • Cultural norms NB for a Level 4 response there must be micro and macro cause(s). Some factors e.g. education, social factors, employment, migration can be used as either micro or macroeconomics. 9 marks for evaluation – points might include: • Prioritisation of the most important factor • Significance of factors change over time • Depends on the nature of the industry • Growing awareness of the issue might reduce wage differences • Reversing trends in globalisation • More transparency required by law • Combination of factors explain differences • Time period: long-run v short-run considerations	
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	NB for a Level 4 response there must be use of both micro and macroeconomics and use of given data with reference to oil and gas industry e.g. STEM education/occupations/engineering.	(25)
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Knowledge, application and analysis		
Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Displays ability to apply knowledge in context but will focus on small range of elements. Demonstrates understanding by identifying relevant information. Demonstrates knowledge and understanding of terms, concepts, theories and models.
Level 2	5–8	Shows ability to apply economic ideas and relate them to economic problems in context. Displays knowledge and understanding of economic principles, concepts and theories to make limited analysis or narrow analysis.



Level 3	9–12	Analysis is clear and coherent with evidence well integrated, although may focus on some of the broad elements of the question more than others. Shows ability to apply economic ideas and relate them directly to the broad elements in the question.
Level 4	13–16	Analysis is relevant, clear and coherent with evidence fully and reliably integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems covering both microeconomic and macroeconomic effects. A clear understanding of economic principles, concepts, theories and arguments.

Evaluation		
Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–3	Identification of evaluative comments without explanation.
Level 2	4–6	Evaluative comments with limited explanations. Evidence of evaluation of alternative approaches which is generic or unbalanced leading to limited judgements.
Level 3	7–9	Evaluative comments supported by relevant reasoning and appropriate reference to the context. Evaluation recognises different viewpoints and is critical of the evidence provided and/or the assumptions underlying the analysis enabling informed judgements to be made.

Question Number	Indicative content	Mark
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