Please check the examination details below before entering your candidate information

Candidate surname | Other names

Centre Number | Candidate Number

Pearson Edexcel Level 3 GCE

Monday 20 May 2024

Afternoon (Time: 2 hours) | **Paper reference** **9EB0/02**

Economics B
Advanced
PAPER 2: Competing in the global economy

You do not need any other materials. | Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
  – *there may be more space than you need*.

Information

- The total mark for this paper is 100.
- The marks for **each** question are shown in brackets
  – *use this as a guide as to how much time to spend on each question*.
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ▶

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Answer ALL questions.

SECTION A

Read the following extracts (A to E) before answering Question 1.

Write your answers in the spaces provided.

Extract A

Trade Union Congress report on inflation

Inflation in 2023 has not been driven by pay, it was driven by energy and overseas commodity price shocks. While workers and their unions sought to protect themselves with higher wages, they are not driving price rises. But even though inflation originated from higher costs on international markets, the government has focused on measures that seek to reduce demand in the economy.

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The Bank of England's response has been to rapidly raise interest rates from 0.1% to 5.25%. This approach hits some groups far harder than others. Costs have increased rapidly for households with unsecured debt, people renting properties, those with outstanding mortgage payments and firms relying on credit. Bank and energy company profits, city bonuses and salaries for certain professional and business services have risen.

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(Source: adapted from https://www.tuc.org.uk/research-analysis/reports/workers-are-not-blame-cost-living-crisis)

Extract B

Food poverty and health

In June 2023, a School And Public Health Nurses Association (SAPHNA) report found a deterioration in children's health due to a rise in the cost of food. The Vice-Chair of the Local Government Association's Community Wellbeing Board said:

"These findings are deeply concerning and show that a rise in the cost of living is having harmful effects on children's health. Food inflation is at its highest for almost 50 years and this is hitting the poorest households hardest. If a child has a free school meal, that will save their family £500 a year. This is now more important than ever."

5

In October 2023, the Deputy Conservative Party Chair, Lee Anderson, claimed that "there is no poverty in Britain". Mr Anderson said that he "doesn't believe" in "poverty nonsense" and that the UK "is not an impoverished island".

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(Source: adapted from https://www.local.gov.uk/about/news/concerning-food-inflation-rise-impacts-childrens-health-lga-responds-saphna-report and https://www.independent.co.uk/tv/news/lee-anderson-poverty-tory-conference-b2423960.html)

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.

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(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)

Extract E

How total household disposable income was shared between quintiles in the UK in 2022
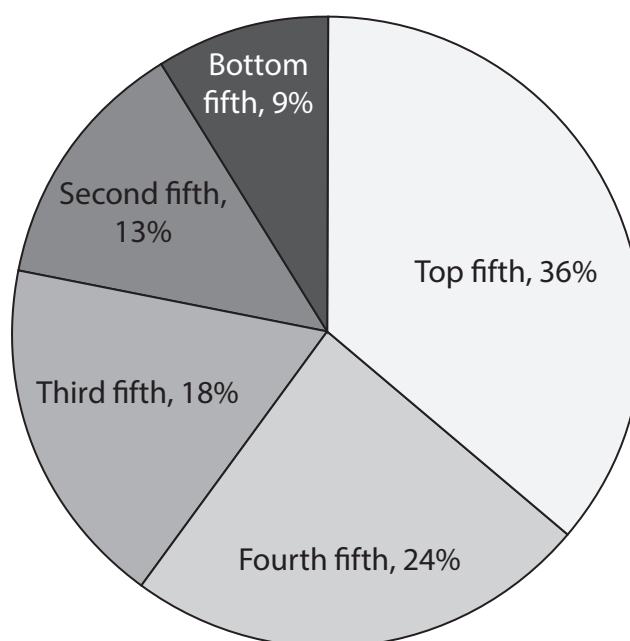
(Source: adapted from https://www.ons.gov.uk/peoplepopulationandcommunity/
personalandhouseholdfinances/incomeandwealth/bulletins/
householddisposableincomeandinequality/financialyearending2022)

P 8 0 9 5 8 A 0 4 2 8

1 (a) 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.

(4)

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Sales data shows that demand for 800 g white sliced bread increased by 0.6% between 2022 and 2023.

(b) Using this data and Extract D, calculate, to 2 decimal places, the price elasticity of demand (PED) for 800 g white sliced bread between 2022 and 2023. You are advised to show your working.

(4)

P 8 0 9 5 8 A 0 6 2 8

(c) With reference to Extract A, explain **one** impact trade unions could have on wage rates.

(4)

P 8 0 9 5 8 A 0 7 2 8

(d) Analyse **two** ways in which high inflation affects individuals.

(6)

(e) With reference to Extract C, discuss the likely impact of falling attendance in schools on the UK economy.

(8)

In Extract B, Lee Anderson claims that "there is no poverty in Britain".

(f) Assess the extent to which poverty exists in Britain.

(10)

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(g) With reference to Extract A, assess the impact of high imported energy and commodity prices on the circular flow of income in the UK.

(12)

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(h) With reference to Extract E, assess the possible impact of income inequality on the UK economy.

(12)

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(Total for Question 1 = 60 marks)

TOTAL FOR SECTION A = 60 MARKS

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   5
there are competition concerns and, if so, what interventions might improve the supply of these important services for UK customers.

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   10
services in the UK was worth up to £7.5 billion in 2022.

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   15
  another supplier

• 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)

Extract G

UK cloud computer services market share, 2023
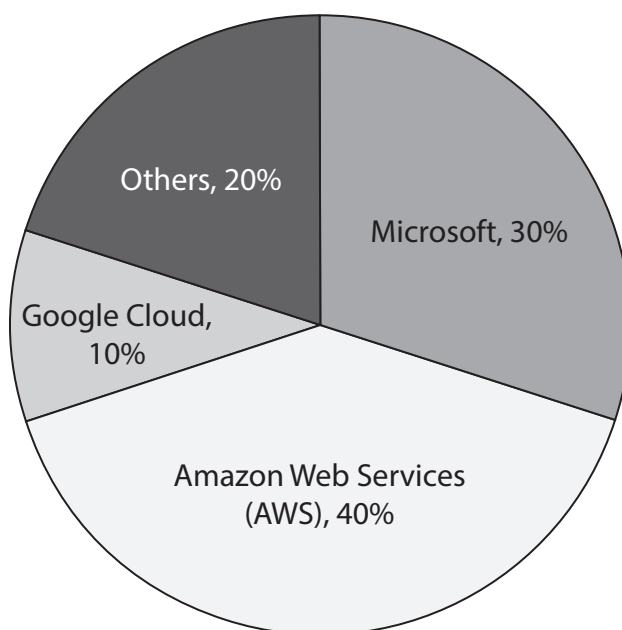
(Source: adapted from https://www.ofcom.org.uk/news-centre/2023/ofcom-refers-uk-cloud-market-to-cma-for-investigation#:~:text=There%20are%20two%20leading%20providers,70%2D80%25%20in%202022)

2 Evaluate the methods by which the activities of multinational corporations (MNCs) such as *Microsoft*, *Amazon* and *Google* may be controlled.

(20)

P 8 0 9 5 8 A 0 1 8 2 8

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

P 8 0 9 5 8 A 0 2 0 2 8

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QUESTION 3 BEGINS ON THE NEXT PAGE

SECTION C

Read the following extracts (H and I) before answering Question 3.

Write your answer in the space provided.

Extract H

Will artificial intelligence (AI) replace people?

Despite their limitations *ChatGPT* and other recently released AI models hold the promise of automating all sorts of tasks that were previously thought to be only in the realm of human creativity, reasoning, writing, creating graphics and summarising and analysing data. This has left economists unsure how jobs and overall productivity might be affected.

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For all the amazing advances in AI and other digital tools in the last 10 years, their record in improving prosperity and widespread economic growth is discouraging. Although a few investors and entrepreneurs have become very rich, most people have not benefitted. Some jobs have completely disappeared after being automated.

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(Source: adapted from https://www.technologyreview.com/2023/03/25/1070275/chatgpt-revolutionize-economy-decide-what-looks-like/)

Extract I

UK unemployment by region, September 2023
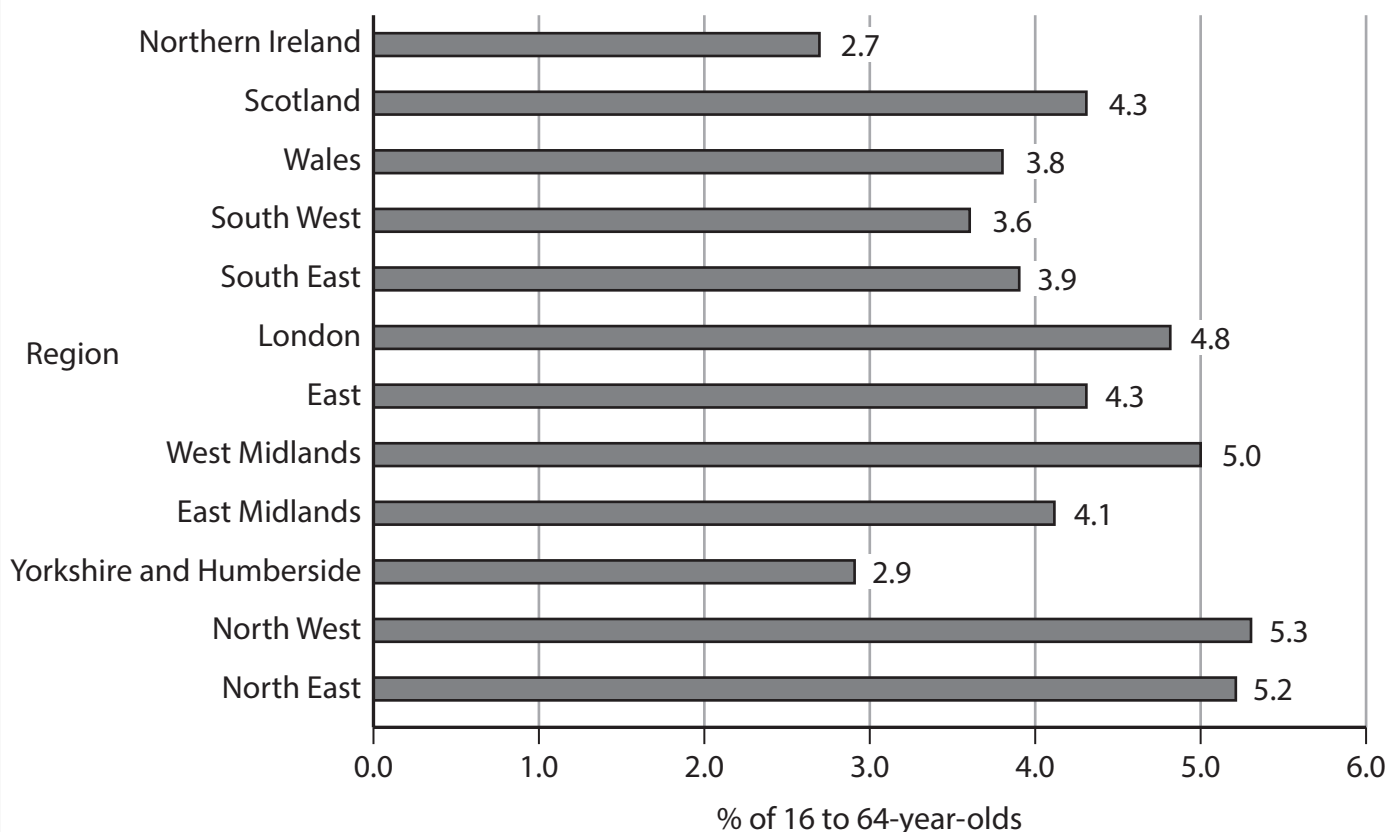
Region	% of 16 to 64-year-olds
Northern Ireland	2.7
Scotland	4.3
Wales	3.8
South West	3.6
South East	3.9
London	4.8
East	4.3
West Midlands	5.0
East Midlands	4.1
Yorkshire and Humberside	2.9
North West	5.3
North East	5.2

(Source adapted from: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/september2023)

3 Evaluate the view that the main causes of unemployment are technological and structural.

(20)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 100 MARKS

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