GCE AS MARKING SCHEME

SUMMER 2024

AS
ECONOMICS – COMPONENT 1
B520U10-1

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About this marking scheme

The purpose of this marking scheme is to provide teachers, learners, and other interested parties, with an understanding of the assessment criteria used to assess this specific assessment.

This marking scheme reflects the criteria by which this assessment was marked in a live series and was finalised following detailed discussion at an examiners' conference. A team of qualified examiners were trained specifically in the application of this marking scheme. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners. It may not be possible, or appropriate, to capture every variation that a candidate may present in their responses within this marking scheme. However, during the training conference, examiners were guided in using their professional judgement to credit alternative valid responses as instructed by the document, and through reviewing exemplar responses.

Without the benefit of participation in the examiners' conference, teachers, learners and other users, may have different views on certain matters of detail or interpretation. Therefore, it is strongly recommended that this marking scheme is used alongside other guidance, such as published exemplar materials or Guidance for Teaching. This marking scheme is final and will not be changed, unless in the event that a clear error is identified, as it reflects the criteria used to assess candidate responses during the live series.

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GENERAL MARKING GUIDANCE

Positive Marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of economic concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level-based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

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EDUQAS GCE AS ECONOMICS – COMPONENT 1

SUMMER 2024 MARK SCHEME

Q1	Using calculations in your answer, outline how price elasticity of demand changes along this demand curve. [6]
AO1	**Good understanding - 2 marks** Understand that price elasticity of demand becomes more inelastic as the demand curve slopes down from left to right or more elastic as the demand curve slopes up from right to left. **Limited understanding - 1 mark** Understands price elasticity of demand
AO2	**Excellent application - 4 marks** both inelastic and elastic calculations done correctly and expressed as a –ve figure. **Good application - 2-3 marks** 3 marks both inelastic and elastic calculations done correctly. 2 marks one done correctly (including only one calculation: calculating one PED for the whole curve) **Limited application - 1 mark** Identifies some numbers correctly but forgets to use % difference or doesn't use % difference correctly

Indicative Content

AO1
Price elasticity of demand is how responsive demand is to a change in price.

Understand that price elasticity of demand becomes more inelastic as the demand curve slopes down from left to right or more elastic as the demand curve slopes up from right to left.

AO2
Any correct calculation with numbers in the PED elastic and PED inelastic part of the curve.

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Q2 (a)	Using the data in column 3 of Table 1, outline the differences between the types of products sold by the shop using income elasticity of demand. [5]	
Band	**AO1**	**AO2**
	2 marks	**3 marks**
	Is income elasticity of demand understood	Is the data interpreted correctly?
3		**3marks** **Excellent application** Use of the YED numbers to show an understanding of products with inelastic and elastic YED AND normal and inferior goods
2	**2 marks** **Good understanding** Of income elasticity of demand	**2 marks** **Good application** Use of the YED numbers to show an understanding of products with either inelastic / elastic YED AND normal / inferior goods 1 pair and one other part so either: inelastic and elastic and normal or inferior or normal and inferior and elastic or inelastic
1	**1 mark** **Limited understanding** Of income elasticity of demand Might be achieved by formula only	**1 mark** **Limited application** Use of the YED numbers to show an understanding of products with either inelastic / elastic YED OR normal/inferior goods
0	**0 marks** No valid understanding	**0 marks** No valid application

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Indicative Content

AO1
Income elasticity of demand is the relationship between quantity demanded and a change in income and this can either be either positive (normal goods) or negative (inferior goods) and either very responsive/more than proportional (elastic) or not very responsive/less than proportional (inelastic).

AO2

Product type	Estimated Income elasticity of demand	AO2
Product 1	-2.1	Income elastic and an inferior good
Product 2	+0.2	Income inelastic and a normal / necessary good
Product 3	-0.3	Income inelastic and an inferior good

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Q2 (b)	Using table 1 and Figure 1, consider whether the change in Australian Real GDP between 2021 and 2023 will be harmful for the total revenue of the shop. [6]		
Band	**AO2**	**AO3**	**AO4**
	2 marks	**2 marks**	**2 marks**
	Is the answer in context?	Is reasoning of the impact on total revenue explained?	Is the answer debated and judged?
2	**2 marks** **Good application** Both the GDP data and YED's are used to effectively support argument(s).	**2 marks** **Good analysis** Developed lines of analysis explaining the impact of change in GDP on total revenue.	**2 marks** **Good evaluation** Comes to a reasoned judgement as to how harmful the change in GDP could be to the total revenue of the shop. Counter argument(s) are present and developed.
1	**1marks.** **Limited application** Learner makes limited reference to the GDP and limited use of YED's. Case is used, but its use is underdeveloped, taking the form of occasional references rather than forming strong supporting evidence.	**1 mark.** **Limited analysis** Limited development and analysis of the impact on sales or demand. There is a chain of reasoning, but its use of economic theory is underdeveloped; explanations are superficial.	**1 mark.** **Limited evaluation** Counterpoints are present, but none of them are well-developed or the evaluation is superficial. Or 1 sided judgement using proportion of sales volumes.
0	**0 marks** No valid application.	**0 marks** No valid analysis.	**0 marks** No valid evaluation.

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Indicative Content

AO2
Real GDP is rising from around $Aus 519000m to 559000m over the four years suggesting rising incomes in Australia.

80% of the stock/products are inferior goods.

55% of the stock/products are strong inferior goods that will have a significant decrease in sales.

Only 5% of the stock/products would see an increase in sales and given it is inelastic only a relatively small increase in comparison to the large decrease of the inferior goods.

15% of the stock/products do not have their income elasticity of demand stated.

AO3
Rising GDP will be positive for the sales of the product with a +ve YED (normal goods) due to increase demand but lead to lower sales of the products with –ve YED (inferior goods) due to decreased demand.

Less sales would lead to lower revenues from sales of the inferior goods and more revenue from the sale of the normal good as revenue = selling price x quantity

AO4
The increase sales of the normal good would offset some of the decrease in revenues from the decrease in demand for inferior goods but only a small amount.

There might have been a small increase in revenue from July 2021 to December 2021 as GDP fell and falling income but overall, this is a small period and GDP growth soon returns after.

The impact on revenue may depend on the income elasticity of demand of the remaining 15% of stock/products.

It may depend on how well the business changes its product range and stocks more normal goods and less inferior goods.

It may depend on how equal the rise of income is across the population, there may still be demand for this shop with this range of inferior goods even if the economy grows and incomes rise.

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Q3 (a)	Using a demand and supply diagram, outline how China might be able to manage their exchange rate below their free-market exchange rate. [3]	
Band	**AO1:** 2 marks is the diagram drawn accurately?	**AO1:** 1 mark is the method outlined?
2	**2 marks** **Good understanding:** Appropriate diagram is accurate with exchange rate below the free market equilibrium, labelled correctly and used as part of the answer.	
1	**1 mark** **Limited understanding:** An attempt at using an appropriate diagram is made, but the diagram has significant labelling errors or fails to relate directly to the question asked such as not identifying clearly the free-market value. Or exchange rate diagram showing incorrect method to keep the exchange rate below free market equilibrium.	**1 mark** **Understanding of how:** A correctunderstanding of how the exchange rate is using the supply / demand of currency to keep the exchange rate below the free market equilibrium.
0	**0 marks** No valid diagram.	**0 marks** No valid understanding.

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Indicative Content

AO1 diagram
Appropriately labelled supply and demand diagram with an exchange rate for US dollars vs Chinese Yuan with demand for dollars shifting to the right leading to an exchange rate above the free market level.

Or
Appropriately labelled supply and demand diagram with S of Chinese Yuan shifting to the right with the 'free market level' clearly marked on as above their current exchange rate and excess supply marked on.

Or
Possibly a diagram showing a decrease in demand for Chinese currency if supported with a viable reason such as decreased interest rates.

AO1
An outline that the Chinese government would need to buy dollars on the exchange rate markets using Chinese Yuan increasing the demand for US dollars whilst increasing the supply of Chinese Yuan.

Or
An outline that the Chinese government would need to supply more Chinese Yuan into the exchange rate markets increasing the supply of Chinese Yuan in order to buy US dollars.

Or
An outline of lower interest rates that could cause decreased demand for Chinese Yuan and possibly increased demand for US dollars if their interest rates are higher.

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Q3 (b)	Using Figure 2, explain why China's monetary authorities would argue that the recent increase from \$1: 6.30 CNY to \$1: 7.20CNY is not the result of any management of the exchange rate. [3]	
Band	**AO2:**	**AO3:**
	2 marks	**1 mark**
	is the data used to support the claim?	is the reasoning explained?
2	**2 marks** **Good application:** Good use of the information provided with precise reference to the data and understanding of net exports using the proportions of goods affected from into US / from China and into China / from US.	
1	**1 mark** **Limited application:** Limited use of the information provided by using one of the pieces of data either goods affected from into US / from China OR into China / from US.	**1 mark** **Analysis:** Developed reasoning explaining in terms of exports affected.
0	**0 marks** No valid application.	**0 marks** No valid Analysis.

Indicative Content

AO2
Based on the data there are far more tariffs on imports from China by the USA than imports from the USA to China.

There have been tariffs put on \$375bn of imports from China to the USA whereas China has only put tariffs on \$145bn of US goods. So impacting imports from China/China exports into US more than imports from USA/USA exports into China.

AO3
As such they would argue there would be less demand for imports/exports from China into the US due to the higher prices of importing (or currency speculators would believe this) and so less demand for the Yuan to buy those imports from China/exports of China into the US, leading to a lower exchange rate & even though there would also be decreased demand from China for US goods due to retaliation due to less goods affected it would not be great enough to stop the \$ from appreciating and Yuan from depreciating.

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Q4.	Using the data and economic analysis, discuss the strength of the relationship between China's exchange rate and its economic growth, inflation and net exports between January 2018 and October 2019. [9]			
Band	**AO1**	**AO2**	**AO3**	**AO4**
	2 marks	**3 marks**	**2marks**	**2marks**
	Is the role of exchange rates understood?	Is the answer in context?	Is how the data should link together explained	Is the answer debated and judged?
3		**3 marks Excellent application** All the data is used very effectively to examine the strength of the inter-relationship between China's exchange rate and its economic growth, inflation and the net exports. Answer is thoroughly embedded in the data.		
2	**2 marks. Good understanding** A good understanding of exchange rates and how they can influence economic growth, inflation and net exports. Exchange rates and impact on more than one impact.	**2 marks. Good application** Some of the data is used effectively to examine the strength of the inter-relationship between China's exchange rate and its economic growth, inflation and the net exports. Clear reference to the ex rate and at least 2 of the 3 outcomes.	**2 marks. Good analysis** Developed lines of analysis explaining how the economic measures should have or did link.	**2 marks. Good evaluation** Comes to a reasoned judgement on the strength of the inter-relationship between China's exchange rate and its economic growth, inflation and the net exports. Counter argument(s) are present and developed.

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Band	AO1	AO2	AO3	AO4
	2 marks	**3 marks**	**2marks**	**2marks**
	Is the role of exchange rates understood?	Is the answer in context?	Is how the data should link together explained	Is the answer debated and judged?
1	**1 mark.** **Limited understanding** A limited understanding of exchange rates and their impact. Exchange rates and one impact.	**1 mark.** **Limited application** Learner makes limited reference to the data or case. Data is used, but its use is underdeveloped, taking the form of occasional references rather than forming strong supporting evidence. Or Clear reference to the ex-rate and at least one of the 3 outcomes.	**1 mark.** **Limited analysis** Limited development of explaining how the economic measures should have or did link. There is a chain of reasoning, but its use of economic theory is underdeveloped; explanations are superficial.	**1 mark.** **Limited evaluation** Counterpoints are present, but none of them are well-developed or the evaluation is superficial.
0	**0 marks** No valid understanding.	**0 marks** No valid application.	**0 marks** No valid analysis.	**0 marks** No valid evaluation.

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Indicative content

AO1
Exchange rates are the cost of one currency in terms of another.

If exchange rates appreciate, then the price of exports rises and the price of imports falls thus net exports can worsen if the quantity of exports fall and quantity of imports rise.

If exchange rates appreciate, then economic growth rate can be decreased.

If exchange rates appreciate, then inflation can be improved.

When currency depreciates the price of exports falls and price of imports rise, thus net exports could improve as more exports demanded and less imports demand thus causing economic growth to rise.

AO2
During periods of deprecation economic growth has strangely fallen.

During periods of deprecation inflation has risen as the price of exports fall creating demand led inflation whilst the price of imports has risen causing cost push inflation.

During the 1st large depreciation net exports in US $ increased but with the second large depreciation net exports increased but not to the same amount.

During the two periods of appreciation (where it costs less Chinese yuan to buy a dollar).

In the 1st period economic growth remained high.

In the 2nd period economic growth fell – but during this period the Chinese Yuan was still weaker then previously possibly due to the impact of tariffs on exports.

Inflation fell but in the second period fell more than the previous period.

AO3
During periods of appreciation
As the price of exports rise the demand for exports should fall and as the price of import become cheaper then the demand for imports should rise and so net exports should worsen.

As net exports worsen then economic growth should slow as net exports are part of AD and AD = C+I+G+(x-m)

As the price of imports become cheaper then this should decrease cost push inflation whilst the higher price of exports should decrease demand pull inflation.

And vice versa

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AO4
The impact of tariffs may explain the trends later in the graphs.

During the two periods of appreciation (where it costs less Chinese yuan to buy a dollar).

In the 1st period economic growth remained high maybe due to the fact the trade war has just started, and contracts/orders had been confirmed for Chinese exports prior to the implementation of tariffs.

In the 2nd period economic growth fell – but during this period the Chinese Yuan was still weaker than previously possibly due to the impact of tariffs on exports.

Inflation fell but in the second period fell more than the previous period possibly due to tariffs harming exports and economic growth on top of the price of imports falling.

However, a 3rd period of appreciation did not see a decrease in inflation – suggesting other factors affecting the price of imports.

During periods of deprecation economic growth has fallen and the trend is a depreciation over the 2-year period although economic growth it is still reasonably high at the end.

During periods of deprecation inflation has risen but there is a small period at the start where it dipped slightly possibly indicating other factors other than exchange rates affect inflation.

During the 1st large depreciation net exports in US $ increased but with the second large depreciation net exports increased but not to the same amount- possibly indicating the impact of tariffs on the quantity of exports.

As a net exporter it could be the demand for exports is the driving factor behind the value of net exports rather than the exchange rate, thus even at cheaper prices if there is less demand for exports, net exports will fall as will economic growth due to lower AD.

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Q5.	To what extent will an absence of private property rights lead to market failure now that the UK has left the EU? [8]			
Band	**AO1**	**AO2**	**AO3**	**AO4**
	2 marks	**2 marks**	**2 marks**	**2 marks**
	Is market failure understood?	Is the answer in context?	Is the link between a potential lack of property rights and market failure explained?	Is the answer debated and judged?
2	**2 marks Good understanding** Precise understanding of a market failure in terms of welfare loss.	**2 marks. Good application** Case is used effectively to support arguments on leaving the EU increasing market failure. Clear reference to the data throughout answer.	**2 marks. Good analysis** Developed lines of analysis explaining how a lack of property rights creates market failure.	**2 marks. Good evaluation** Comes to a reasoned judgement on the extent that a lack of property rights after leaving the EU is likely to create market failure. Counter argument(s) are present and developed.
1	**1 mark Limited understanding** Imprecise understanding of a lack of market failure.	**1mark Limited application** Learner makes limited reference to the data. Case/Data is used, but its use is underdeveloped, taking the form of occasional references rather than forming strong supporting evidence.	**1 mark. Limited analysis** Limited development of how a lack of property rights creates market failure. There is a chain of reasoning, but its use of economic theory is underdeveloped; explanations are superficial.	**1 mark. Limited evaluation** Counterpoints are present, but none of them are well-developed or the evaluation is superficial.
0	**0 marks** No valid understanding.	**0 marks** No valid application.	**0 marks** No valid analysis.	**0 marks** No valid evaluation.

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Indicative Content

AO1

Market failure is the inefficient allocation of resources, leading to welfare loss.

AO2
Currently there are property rights extended to the oceans as part of EU regulations on fishing are part of the Common Fisheries Policy (CFP) with set quotas on fishing that those in the UK also follow.

Concerns have been expressed about the number of people that can fish in UK waters after leaving the EU – so more fish landed and less fish stock for breading,

AO3

Property rights are defined as the theoretical and legal ownership of resources and how they can be used. These resources can be both tangible or intangible and can be owned by individuals, businesses, and governments.

The UK leaving the group of the EU and their legal bodies set up to create ownership of the common resources such as the ocean and the air could lead to no one to stop/restrict/stop over use of the common good. This could lead UK businesses prioritising their own maximum utility and overusing the common resource.

As such overfishing could occur causing a negative spillover effect of the common resource being depleted for future generations.

AO4
This depends on the extent the UK creates legal bodies to replace those that they are leaving within the EU with similar quotas and targets.

This depends on whether the UK decides to still partake and is allowed to by the EU after they leave.

This depends on the extent the UK government invests in other sustainable programs such as fish farms.

Depends on which common good is affected – this data is just on fishing but Lack of property rights on another common good such as atmosphere could be lacking after leaving the EU.

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Q6.	Evaluate whether these additional policies that are proposed are likely lead to higher prices, higher unemployment, and a lower rate of economic growth. [9]		
Band	AO2	AO3	AO4
	2 marks	3 marks	4 marks
	Is the answer in context?	Are the mechanisms of how the plan could lead (or not) to higher prices, higher unemployment, and lower economic growth explained?	Is the answer debated and judged?
3		**3 marks** **Excellent analysis** Detailed lines of analysis explaining how the 2020 plan will lead to higher prices, higher unemployment, and lower rate of economic growth. All outcomes explained.	**4 marks** **Excellent evaluation** Comes to a reasoned judgement as to whether the 2020 plan will lead to higher prices, higher unemployment and lower rate of economic growth. The evaluation is clearly set in the context.
2	**2 marks.** **Good application** Data is used effectively to support arguments on whether the 2020 plan will lead to higher prices, higher unemployment, and lower rate of economic growth. Clear reference to the data and case for at least two outcomes.	**2 marks.** **Good analysis** Developed lines of analysis explaining how the 2020 plan will lead to higher prices, higher unemployment, and lower rate of economic growth. Two outcomes explained.	**2 -3 marks.** **Good evaluation** Comes to a reasoned judgement as to whether the 2020 plan will lead to higher prices, higher unemployment, and lower rate of economic growth. Counter argument(s) is/are present and developed.

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Band	AO2 2 marks Is the answer in context?	AO3 3 marks Are the mechanisms of how the plan could lead (or not) to higher prices, higher unemployment, and lower economic growth explained?	AO4 4 marks Is the answer debated and judged?
1	**1mark.** **Limited application** Learner makes limited reference to the data or case. Data is used, but its use is underdeveloped, taking the form of occasional references rather than forming strong supporting evidence. Or Reference for one outcome.	**1 mark.** **Limited analysis** Limited development of explaining how the economic policies should have or did work. There is a chain of reasoning, but its use of economic theory is underdeveloped; explanations are superficial. One outcome explained.	**1 mark.** **Limited evaluation** Counterpoints are present, but none of them are well-developed or the evaluation is superficial.
0	**0 marks** No valid application.	**0 marks** No valid analysis.	**0 marks** No valid evaluation.

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Indicative Content

AO2
Ban on junk food advertising on television before 9pm

Ban ‘buy one get one free’ deals on junk food.

Greater incentives for GPs to tackle excess weight, including the use of apps and exercise-on-referral to a fitness program including cycling.

A review of traffic light labelling on food and drinks sold in shops.

AO3
higher prices:
A ban on buy one get one free deals would decrease supply at any given price level and so lead to higher prices.

A review of traffic light labelling on food and drinks sold in shops – if approved this will require printing of new menus or packaging increasing the costs and decreasing supply.

higher unemployment
Ban on junk food advertising on television before 9pm and ban on junk foods could lead to lower demand of the demerit good. Workers in firms that specialise in manufacturing those goods may not be needed and so decrease demand for labour and higher unemployment.

Greater incentives for GPs to tackle excess weight, including the use of apps and exercise-on-referral to a fitness program including cycling could lead to lower demand of the unhealthy goods. Workers in firms that specialise in manufacturing those goods may not be needed and so decrease demand for labour and higher unemployment.

lower rate of economic growth
If the decrease in demand leads to increase unemployment then due to lower confidence or spending then demand led economic growth could be harmed.

The advertising industry makes up a % of gdp and so the decreased times or bans on advertising will lead to less spending on this element of GDP.

Firms concerned over future profits due to the bans and movements by government to harm the unhealthy food industry, may decrease investment as part of AD harming demand side economic growth.

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AO4
higher prices,
A ban on buy one get one free deals would decrease supply at any given price level and so lead to higher prices – however supermarkets may just discount the individual meals leading to no net decrease in prices.

A review of traffic light labelling on food and drinks sold in shops – if approved this will require printing of new menus or packaging increasing the costs and decreasing supply – though this is not likely to be a large cost and so unlikely to lead to that greater price increase.

higher unemployment
The decrease in demand for unhealthy goods could occur but whether that leads to unemployment depends on the extent of the decrease in demand.

Depends on how much labour is used in food production. Likely to be mainly capital resource based for higher productivity.

It also may depend on if new businesses enter the healthy food market and hire the increased quantity of labour.

Depends on other influences on unemployment other than the unhealthy food industry. Other macro-economic influences are likely to be a far greater influence.

lower rate of economic growth
Whether demand sided economic growth is harmed depends on how the industry responds.

Whether demand side economic growth is harmed depends on much broader influences that government or central bank actions in this relatively small issue. Changes in Fiscal policy or Monetary policy are likely to have much bigger impacts.

It could be moderately beneficial for potential economic growth as the population becomes healthier – though this again depends on various other factors.

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Q 7 (a)	Using calculations in your answer, explain why the total wage cap in 2020 might have been said to be "too low". [4]	
Band	**AO2**	**AO3**
	3 marks	**1 mark**
	Are calculations used	Is the impact on wages explained
3	**3marks** **Excellent application** Use of calculations to show how the total wage cap is too low if average wages stay the same - **Total wage without cap compared to cap using 52 weeks or 365 days for the calculation.**	
2	**2 marks** **Good application** Use of calculations to show how the total wage cap is too low if average wages stay the same – Average wage per player comparison OR **Total wage without cap compared to cap using 48 week year (12 months x 4 weeks)**	
1	**1 mark** **Limited application** Use of calculation to show weekly total wage	**1 mark.** **Analysis** Explanation of why the wage cap might be too low
0	**0 marks** No valid application.	**0 marks** No valid analysis.

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AO2
The max total wage = £2.5m / 28 players = average wage of £89,205.71 per year / 52 weeks = £1 717.03 per week

Currently the average wage is £4 700 per week x 52. So, total would be £244 400 per year per player x 28 = £6.8432m

Or

£4700 per week x 28 players x 365 days per player divided by 7 days per week = £6.862m

If using 48 week year then = £6.3168m

AO3
Given the new max total wage is significantly lower than the original and the quantity of labour is not proposed to change then there is more total wage costs currently than will be able to be paid.

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Q7 (b)	Using a diagram in your answer, discuss if the removal of the maximum price of labour was the main cause of the wage growth of elite players since 1961. [7]		
Band	**AO1**	**AO2**	**AO4**
	3 marks	**2 marks**	**2 marks**
	Is diagram correct?	Is the answer in context?	Is the answer debated and judged?
3	**3marks** **Excellent understanding** Max price diagram evident and used/integrated to support understanding of impact on wages if max price/wage removed.		
2	**2 marks** **Good understanding** Max price diagram evident of impact on wages if max price/wage removed. Including wage diagram if no max price and demand increased due to TV income.	**2 marks** **Good application** Good use of the information provided including the PES of labour to support wages rising greatly.	**2 marks**. **Good evaluation** Comes to a reasoned judgement on whether the abolition of max price was the main cause of the wage growth. Counter argument(s) are present and developed.
1	**1 mark** **Limited understanding** No diagram used but understanding of removal of a max price for labour impact on wages evident.	**1 mark** **Limited application** Limited use of the information provided.	**1 mark** **Limited evaluation** Counterpoints are present, but none of them are well-developed or the evaluation is superficial.
0	**0 marks** No diagram or diagram is incorrect.	**0 marks** No valid application.	**0 marks** No valid evaluation.

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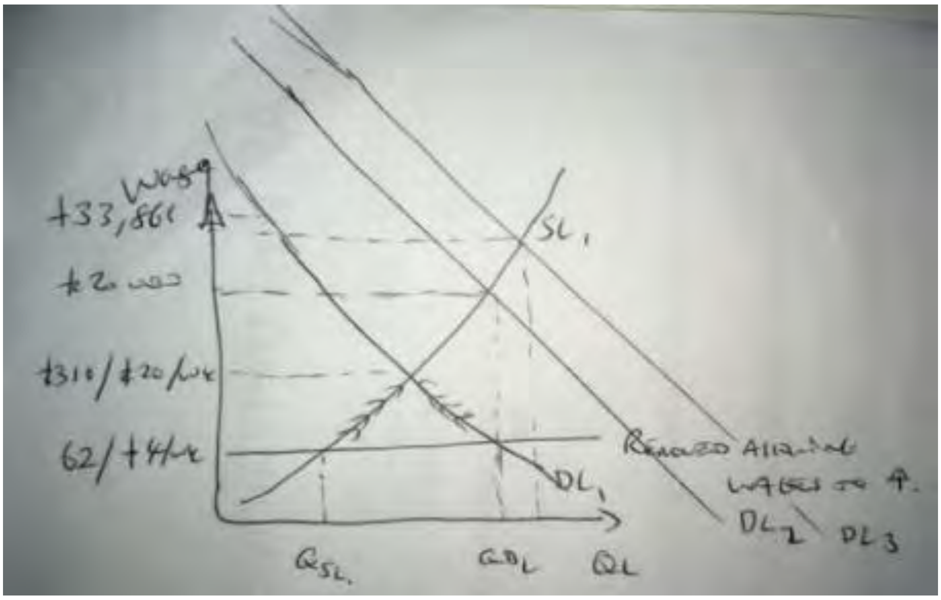
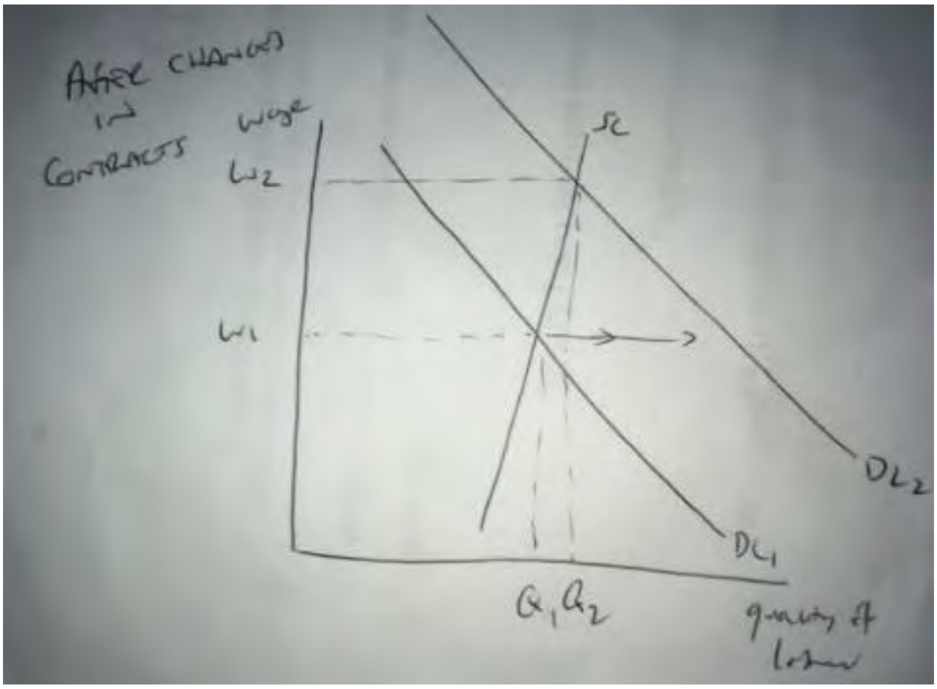
Indicative Content

AO1





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AO2
Wage rises the elite players, started in 1961, following the removal of a £570 a week maximum price of labour/wage. By 2010 wages had risen to an average of £16 120 per week. Then further increased to £60 000 per week by 2023.

PES is inelastic - as high skilled sports people are hard to find or require significant training from a young age.

The sport signed multi-million pound TV deals, increasing finance to pay higher wages and demand more highly skilled labour.

The price elasticity of supply of elite players is said to be inelastic meaning any increase in demand leads to a far greater increase in wages.

AO4
It is clear that withdrawing the max price of labour would allow wages to rise as the maximum wage was withdrawn allowing wages to rise to a new equilibrium above the max wage limit.

Reasons for this maximum wage rising was the TV deal which created millions of pounds of revenue which then increased the ability of firms to demand more elite players at any given wage, causing excess demand and higher wages.

This led to a massive increase in wages due to the PES of labour being inelastic due to the limited quantity of high skilled elite available due to skills required.

However, without removal of the max wage cap none of this would be possible as wage increases would have been limited to rises in line with increases in the max wage (unless teams circumvented it through non-financial bonuses). So it is the biggest cause of wage increases.

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