



Rewarding Learning

ADVANCED SUBSIDIARY (AS)  
General Certificate of Education  
2025

Centre Number

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Candidate Number

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# Economics

Assessment Unit AS 1

*assessing*

Markets and Market Failure



[SEC11]

\*SEC11\*

**MONDAY 12 MAY, MORNING**

## TIME

1 hour 30 minutes.

## INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number in the spaces provided at the top of this page. Answer **all** questions in Sections **A** and **B**, and **one** question in Section **C**. You are permitted to use a calculator in this paper.

**You must answer the questions in the spaces provided.**

**Do not write outside the boxed area on each page or on blank pages.**

Complete in black ink only. **Do not write with a gel pen.**

## INFORMATION FOR CANDIDATES

The total mark for this paper is 80.

- Section A: 25 Marks
- Section B: 35 Marks
- Section C: 20 Marks

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question. This paper is accompanied by a Case Study Booklet.

## ADVICE TO CANDIDATES

You are advised to take account of the marks for each part question in allocating the available examination time. In questions involving calculations, you are advised to show your workings.

Quality of written communication will be assessed in Questions **4(c)**, **5(b)**, **(c)** and **(d)**, **6** and **7**. Quantitative skills will be assessed where appropriate.

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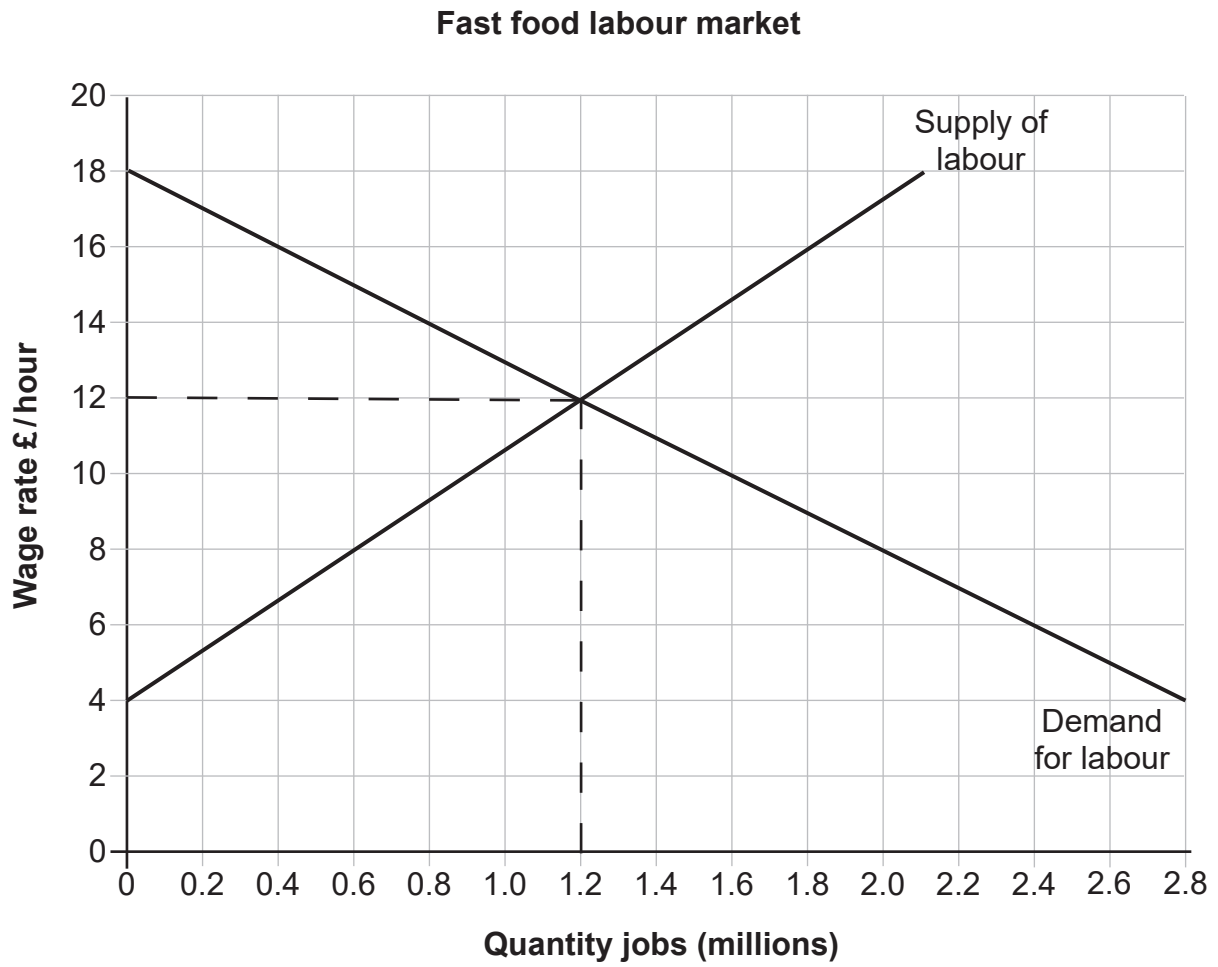


\*28SEC1101\*





- 3 The diagram below shows the demand for and the supply of workers in the UK fast food labour market.



Using the information in the diagram opposite, calculate the total level of economic rent earned per hour by workers in the UK fast food labour market. [3]

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[Turn over





(b) There has been a 10% increase in the price of craft beer. Using the information opposite, calculate the likely percentage change in:

(i) sales of craft beer; [2]

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(ii) sales of wine. [2]

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[Turn over



















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[Turn over



\*28SEC1115\*









## Section C (20 marks)

Answer **either** question 6 **or** question 7

**Quality of written communication will be assessed in these questions.**

- 6** One of the UK's leading doctors has raised the alarm about the exploding popularity of vaping (inhaling vapour created by electronic cigarettes) among teenagers, saying that, without urgent action, a generation could end up with long-term addictions and lung damage. Anti-vaping campaigners have called on the UK government to follow the lead of Australia and introduce a complete ban on all disposable vaping products in the UK.

Critically examine the case for a ban on all disposable vaping products in the UK.

[20]

**or**

- 7** A new report has claimed that income and wealth inequality in the UK is increasing rapidly as real wages fall and interest rates rise. The report also points out that it is younger households that are suffering the most. While many on the political left are concerned about the rising gap, those on the political right argue that inequality is an inevitable feature of a free-market economy and governments should not be worried about it.

Critically examine the view that governments should not be worried about rising levels of income and wealth inequality.

[20]





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\*28SEC1122\*









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\*28SEC1125\*



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\*28SEC1126\*



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**THIS IS THE END OF THE QUESTION PAPER**

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\*28SEC1127\*

**DO NOT WRITE ON THIS PAGE**

For Examiner's use only	
Question Number	Marks
<b>Section A</b>	
1	
2	
3	
4	
<b>Section B</b>	
5	
<b>Section C</b>	
6	
7	
<b>Total Marks</b>	

Examiner Number

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\*28SEC1128\*



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# **Economics**

Assessment Unit AS 1  
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Markets and Market Failure

**[SEC11]**

**MONDAY 12 MAY, MORNING**

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**CASE STUDY  
BOOKLET**

Read the following information and answer Question 5 in the question and answer booklet.

The following article was written in July 2023.

### The NHS: a service in need of care

UK voters love the idea of the National Health Service. Its core principle of providing universal care, free at the point of use, is regarded with an almost religious reverence by most people. However, the NHS is in a critical condition! The UK has fewer hospital beds per capita than most other rich countries and some of the worst survival rates for cancer and other major illnesses such as heart attacks and strokes. In 2023, hospital waiting lists exceeded the seven million mark for the first time ever.

1

Health spending accounts for a vast chunk of UK government expenditure. However, expenditure on health in real terms has been on the decline since 2011 and the UK now spends less than many other high-income countries, both as a share of GDP and on a per capita basis, as shown on the chart below.

2

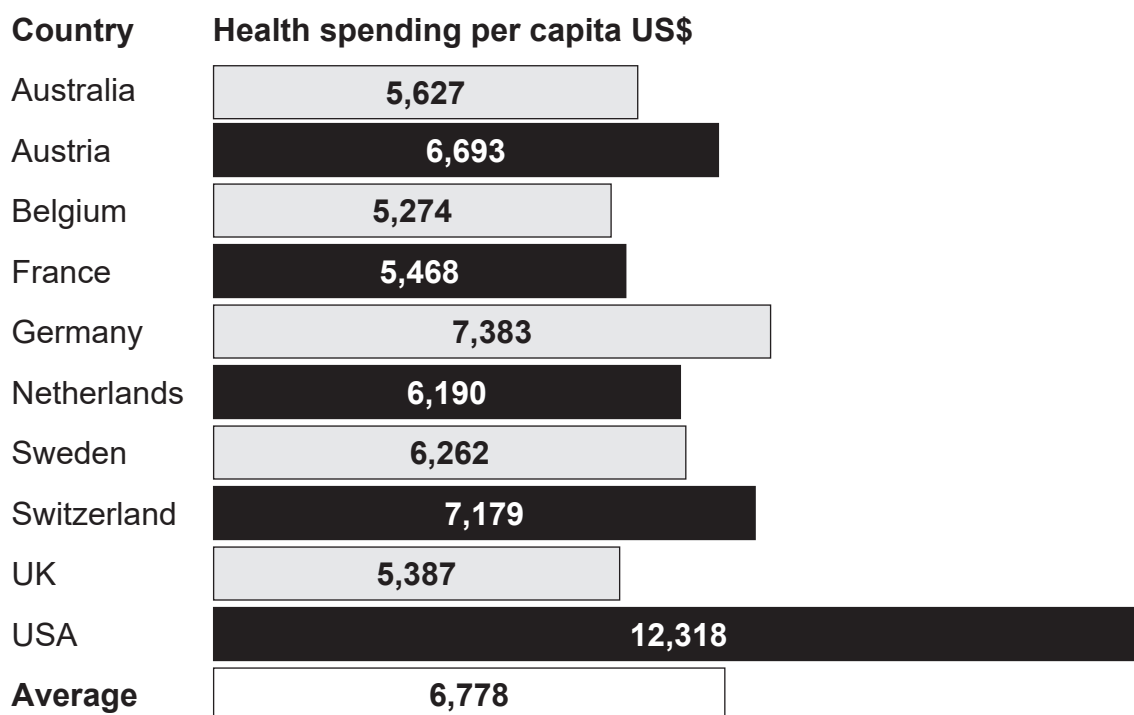


Fig. 1: Per capita health spending in UK and selected high-income countries, 2022

This lack of funding has led to limited investment in infrastructure, capacity and staff. Hospital beds have been cut to the extent that the UK has fewer beds per capita than almost any developed nation. It also has fewer CT and MRI scanners and has greater staff shortages. Real terms pay cuts over the last few years have led to a crisis of recruitment as highly qualified staff leave the NHS and seek better pay and conditions in the private sector or abroad. For example, 15 000 nurses resigned from the NHS in 2022. This left the service with a total of 133 000 vacant posts across a range of positions and very little hope of ever filling them.

3

Adrian Gribben, a professor in health economics, argues that “evidence from the US and elsewhere has shown that free markets will always fail to provide adequate levels of health care, particularly for lower income groups, therefore some form of government provision will always be required”. Peter Carlin, an NHS consultant, says that “the government needs to significantly increase the amount of money it provides to the NHS. If this requires higher taxes, then so be it. The whole of society benefits from the NHS and therefore society should pay a little more to ensure it is funded properly. This government provision could be supplemented with alternative policies such as the use of user charges for routine hospital and GP visits, tax breaks for those who purchase private health care, and denying treatments to those who lead unhealthy lifestyles”.

4

However, health economist David Strathearn argues that “the only way to improve health outcomes in the UK is to privatise the NHS and open it up to free market forces. Government provision of health care in the UK has removed the profit motive and the price mechanism and, as such, has led to a bureaucratic and wasteful service which fails to meet the needs of UK citizens”.

5

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