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**Q27 — Define 'social cost' (Extract E, line 7) [3 marks]**

A social cost is the total cost to society resulting from an economic activity, including both private costs paid by individuals and external costs imposed on third parties, such as healthcare costs funded by the government.

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**Q28 — Difference between mean male and female smoking rates (4 marks)**

Male smoking rates (%):
25.3, 22.1, 22.0, 21.0, 21.6, 19.1, 18.7
Mean male rate = (149.8 ÷ 7) = **21.4%**

Female smoking rates (%):
22.7, 19.7, 20.2, 18.8, 16.8, 16.6, 15.0
Mean female rate = (129.8 ÷ 7) = **18.5%**

Difference between means = 21.4 − 18.5 = **2.9 percentage points**

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**Q29 — Two significant comparisons from Extract D (4 marks)**

Male smoking rates were consistently higher than female smoking rates throughout the period shown. For example, in 2005, 25.3% of males smoked compared with 22.7% of females, showing a clear gender gap.

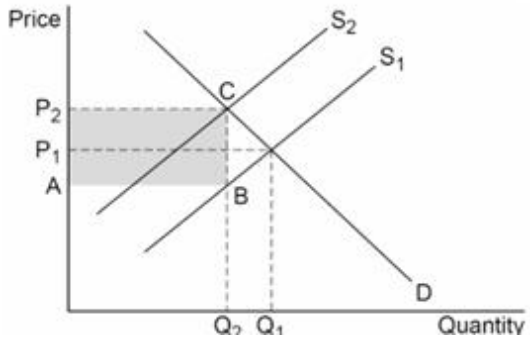
However, smoking rates for both males and females declined over time. Male smoking fell from 25.3% in 2005 to 18.7% in 2017, while female smoking fell from 22.7% to 15.0%, suggesting anti-smoking measures were effective for both groups.

**3 0** ***Extract E*** *(lines 10–12) states: 'between 2006 and 2016, the price of tobacco rose by 43% more than general retail prices with the tax now being about 80% of the price.'*

*Draw a supply and demand diagram to show the effects on the market for cigarettes of the government imposing an indirect tax. The total amount of government tax revenue should be labelled clearly.*

**[4 marks]**

The correct diagram involves a decrease in supply/shift to the left of the supply curve resulting in a decrease in quantity sold and increase in price. The tax area should also be shown clearly and correctly through shading, labels such as ABCP$_2$ or the use of a key.



**Q31 — Explain two factors that could increase demand for conventional cigarettes (10 marks, chain-of-analysis)**

First factor:
Extract E states that growth in e-cigarette use has fallen → uncertainty about health effects of e-cigarettes increases → consumers become less confident in vaping → some smokers switch back to conventional cigarettes → preference for traditional cigarettes rises → demand for conventional cigarettes increases.

Second factor:
Extract F highlights strict regulation on e-cigarette advertising and branding → reduced visibility and promotion of e-cigarettes → consumers are less informed or attracted to vaping → conventional cigarettes become relatively more familiar → smokers continue or return to traditional cigarettes → demand for conventional cigarettes increases.

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**Q32 — Should the UK government encourage, discourage or do nothing more about e-cigarettes? (25 marks)**

Introduction:
E-cigarettes have become increasingly popular as an alternative to conventional smoking. Extracts E and F highlight falling cigarette use but rising concern over health effects and regulation. The issue is whether the UK government should encourage, discourage, or maintain its current approach to e-cigarette use.

Point 1:
The government could encourage e-cigarettes as a safer alternative → Extract F states e-cigarettes do not contain tobacco and expose users to fewer toxins → lower health risks reduce smoking-related illness → fewer smoking-related diseases reduce NHS costs → social costs of smoking fall → overall welfare improves.
Encouraging vaping could help smokers quit conventional cigarettes, which Extract E shows cause significant premature deaths and impose high social costs.

Evaluation of point 1:
However, Extract F highlights uncertainty about the long-term health effects of e-cigarettes → lack of long-term evidence increases risk → encouraging e-cigarettes too strongly could create future health problems → World Health Organization concerns suggest potential harm to third parties → government may unintentionally increase future social costs.

Point 2:
Alternatively, the government could discourage e-cigarettes → strict regulation limits youth access and reduces the risk of non-smokers starting nicotine use → Extract F notes restrictions on advertising and branding → discouragement reduces nicotine addiction → protects long-term public health.

Evaluation of point 2:
However, discouraging e-cigarettes too much could push smokers back to conventional cigarettes → Extract E states cigarette smoking has much higher social costs → NHS costs and premature deaths could rise → discouraging e-cigarettes may therefore worsen overall outcomes compared to controlled encouragement.

Conclusion:
Overall, the UK government should neither fully encourage nor heavily discourage e-cigarettes. A

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balanced approach is most appropriate, where e-cigarettes are promoted as a quitting aid for existing smokers but tightly regulated to prevent youth uptake and long-term harm. This approach minimises social costs while supporting public health objectives.

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