

Paper Reference 9EC0/02
Pearson Edexcel
Level 3 GCE

Total Marks

Economics A
Advanced
Paper 2: The National and Global Economy

Tuesday 2 June 2020 – Morning

Time: 2 hours plus your additional time allowance.

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

Y62358A

You do not need any other materials.

YOU WILL BE GIVEN

Data Book

INSTRUCTIONS

There are three sections in this Question Paper.

Answer ALL questions from Section A and Section B.

Answer ONE question from Section C.

Answer the questions in the spaces provided in this Question Paper or in the Data Book – there may be more space than you need.

Turn over

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.

There may be spare copies of some data sheets.

ADVICE

Read each question carefully before you start to answer it.

Check your answers if you have time at the end.

SECTION A

Answer ALL questions. Write your answers in the spaces provided.

Some questions are multiple choice. Write the letter(s) of your chosen answer(s) in the box(es) provided.

You are advised to spend 30 minutes plus some of your additional time allowance on this section.

Turn over

5

Use the data to support your answers where relevant. You may annotate and include diagrams in your answers.

Turn over

1. Refer to the chart for Question 1 in the Data Book.

(a) Total real UK GDP in 2016 was £200 000 million. With reference to the chart in the Data Book, calculate the total real UK GDP for 2017.

You are advised to show your working.

(2 marks)

Answer lines continue on the next page.

1. (a) continued.

(continued on the next page)

Turn over

1. continued.

(c) With reference to the chart in the Data Book, which ONE of the following is correct over the period shown?

A GDP per capita was highest in **2014**

B Inflation rose in **2015**

C The UK economy grew at the fastest rate in **2014**

D The UK economy was in recession in **2015**

Answer

(1 mark)

(Total for Question 1 = 5 marks)

Turn over

- 2. The planned investment in the redevelopment of Dover Port will cost £115 million. The Chief Executive said it will lead to many ‘new job opportunities for local people and a transformed waterfront experience’ with new cafés, bars, and shops.**

(Source adapted from: <https://www.kentonline.co.uk/dover/news/docklands-redevelopment-work-to-start-118581/>)

(continued on the next page)

2. continued.

(a) If the value of the multiplier is 1.8 , which ONE of the following will be the total increase in GDP from the redevelopment, assuming other things are equal?

- A £64 million**
- B £115 million**
- C £207 million**
- D £230 million**

Answer

(1 mark)

(continued on the next page)

Turn over

2. continued.

(b) Using the example on the previous page, explain how the multiplier process leads to an increase in aggregate demand.

(4 marks)

Answer lines continue on the next two pages.

Turn over

2. (b) continued.

(Total for Question 2 = 5 marks)

- 3. In 2018, the International Monetary Fund (IMF) lent Argentina \$57 billion as part of a bailout package to help prevent the country's government defaulting on its debts. This financial crisis also caused significant capital flight out of Argentina's economy.**

(Source adapted from: <https://www.ft.com/content/737b48bc-c1c9-11e8-95b1-d36dfef1b89a>)

(continued on the next page)

3. continued.

(a) Explain the role of the IMF in providing financial assistance to countries such as Argentina.

(4 marks)

Answer lines continue on the next two pages.

Turn over

3. (a) continued.

(continued on the next page)

Turn over

3. continued.

(b) Which ONE of the following is most likely to happen to Argentina's currency value as a result of capital flight, assuming it is operating with a floating exchange rate system?

A Appreciation

B Depreciation

C Devaluation

D Revaluation

Answer **(1 mark)**

(Total for Question 3 = 5 marks)

Turn over

4. Refer to the diagram for Question 4 in the Data Book.

(a) Calculate the percentage change in the number of UK unemployed persons between April and July 2018. You are advised to show your working.

(2 marks)

Answer lines continue on the next page.

4. continued.

(b) Explain ONE likely reason for the increase in the number of people unemployed in the UK over the time period shown.

(2 marks)

Answer lines continue on the next page.

Turn over

4. continued.

(c) Which ONE of the following types of unemployment is most likely to be caused by a technological change in an industry?

- A Cyclical
- B Real wage
- C Seasonal
- D Structural

Answer

(1 mark)

(Total for Question 4 = 5 marks)

Turn over

- 5. The Hong Kong–Zhuhai–Macau Bridge is the world’s longest sea bridge. It reduces the journey time from Hong Kong to Zhuhai from 4 hours to just 30 minutes. It cost the equivalent of \$18·8 billion and was government funded.**

**(Source adapted from:
www.theguardian.com)**

(continued on the next page)

5. continued.

(a) Refer to the diagram for Question 5(a) in the Data Book. Draw an aggregate demand and aggregate supply diagram to show the likely impact of this new bridge on the price level and real output in the region.

(4 marks)

(continued on the next page)

Turn over

5. continued.

(b) Which ONE of the following would be most likely to solve a negative output gap problem in a domestic economy?

An increase in

- A government funding to the World Bank**
- B government spending on foreign aid**
- C government spending on public transport**
- D income tax**

Answer

(1 mark)

(Total for Question 5 = 5 marks)

Turn over

TOTAL FOR SECTION A = 25 MARKS

Turn over

SECTION B

Read Figures 1 and 2 and extracts A and B in the Data Book before answering Question 6.

Write your answers in the spaces provided.

You are advised to spend 1 hour plus some of your additional time allowance on this section.

Turn over

6. Trade and Development Issues in Africa

(a) With reference to Figure 1 and Extract A, explain the likely impact of a Fairtrade scheme on agricultural communities.

(5 marks)

(b) Examine TWO ways, apart from Fairtrade schemes, in which cocoa farmers could boost their incomes despite the falling price of cocoa.

(8 marks)

(continued on the next page)

Turn over

6. continued.

(c) Discuss the problems for the Ivory Coast of dependency on cocoa for a large proportion of their exports. Refer to Figure 2 in your answer.

(12 marks)

(continued on the next page)

Turn over

6. continued.

(d) Nigeria is considering joining the African Continental Free Trade Agreement. Assess policies the Nigerian government could use in response to the concerns of the country's 'manufacturers and trade unions' (Extract B paragraph 3) if they join this trading bloc.

(10 marks)

(continued on the next page)

Turn over

6. continued.

(e) Discuss the likely benefits of increased economic integration for sub-Saharan African countries.

(15 marks)

(continued on the next page)

Turn over

6. continued.

(a) With reference to Figure 1 and Extract A, explain the likely impact of a Fairtrade scheme on agricultural communities.

(5 marks)

Answer lines continue on the next three pages.

Turn over

6. (a) continued.

(continued on the next page)

Turn over

6. continued.

(b) Examine TWO ways, apart from Fairtrade schemes, in which cocoa farmers could boost their incomes despite the falling price of cocoa.

(8 marks)

Answer lines continue on the next six pages.

Turn over

6. continued.

(c) Discuss the problems for the Ivory Coast of dependency on cocoa for a large proportion of their exports. Refer to Figure 2 in your answer.

(12 marks)

Answer lines continue on the next nine pages.

Turn over

6. continued.

(d) Nigeria is considering joining the African Continental Free Trade Agreement. Assess policies the Nigerian government could use in response to the concerns of the country's 'manufacturers and trade unions' (Extract B paragraph 3) if they join this trading bloc.

(10 marks)

Answer lines continue on the next eight pages.

Turn over

6. (d) continued.

(continued on the next page)

Turn over

6. continued.

(e) Discuss the likely benefits of increased economic integration for sub-Saharan African countries.

(15 marks)

Answer lines continue on the next twelve pages.

Turn over

TOTAL FOR SECTION B = 50 MARKS

Turn over

SECTION C

Answer ONE question from this section.

Write your answer in the space provided.

You are advised to spend 30 minutes plus some of your additional time allowance on this section.

Turn over

EITHER

- 7. In 2018, the United States Government cut the corporation tax rate (tax on company profits) from 35% to 21%. Income tax rates for US citizens were also reduced: for example, the top rate of income tax was cut from 39.6% to 37%.**

**(Source adapted from:
<https://www.nytimes.com/>)**

Evaluate the likely impact of cutting tax rates as a policy to increase economic growth.

(Total for Question 7 = 25 marks)

Turn over

OR

- 8. In terms of income distribution and wealth distribution Brazil is one of the most unequal countries in the world. Its income Gini coefficient is 0.449 and it is ranked number 2 in the world for its wealth inequality.**

Evaluate possible economic causes of income and wealth inequalities within a country such as Brazil.

(Source: <https://www.gfmag.com/>)

(Total for Question 8 = 25 marks)

Turn over

Indicate which question you are answering by marking a cross in the box. If you change your mind, put a line through the box and then indicate your new question with a cross.

Chosen question number:

Question 7

Question 8

Answer lines are on the next twenty-one pages.

Turn over

Section C continued.

TOTAL FOR SECTION C = 25 MARKS

TOTAL FOR PAPER = 100 MARKS

END OF PAPER
