

Paper Reference 9EC0/03
Pearson Edexcel
Level 3 GCE

Total Marks

Economics A

Advanced

Paper 3: Microeconomics and Macroeconomics

Monday 8 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					

X62357A

You do not need any other materials.

YOU WILL BE GIVEN

Data Book

INSTRUCTIONS

There are two sections in this Question Paper.

In Section A, answer ALL questions 1(a) to 1(c) and ONE question from 1(d) or 1(e).

In Section B, answer ALL questions 2(a) to 2(c) and ONE question from 2(d) or 2(e).

Answer the questions in the spaces provided in this Question Paper or in the Data Book – 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.

Check your answers if you have time at the end.

SECTION A

Read Figures 1 and 2 and Extracts A, B and C in the Data Book before answering Question 1.

Answer ALL Questions 1(a) to 1(c), and EITHER Question 1(d) OR 1(e).

Write your answers in the spaces provided.

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

1. Turkey – an emerging economy

(a) Explain how the Turkish central bank intervenes in the currency market to prevent ‘excessive appreciation or depreciation of the Turkish lira’ (Extract A, line 8).

(5 marks)

(b) Examine TWO reasons why the Turkish government may want to avoid a significant fall in the exchange rate of the Turkish lira.

(8 marks)

(c) Discuss the likely success of policies to reduce the consumption of single–use plastic bags in cities such as Istanbul.

(12 marks)

(continued on the next page)

1. continued.

EITHER

- (d) Evaluate the likely microeconomic and macroeconomic effects of a rise in interest rates in Turkey.

(25 marks)

OR

- (e) Evaluate the microeconomic and macroeconomic impact of large infrastructure projects such as the building of a third airport in Istanbul.

(25 marks)

(continued on the next page)

1. continued.

(a) Explain how the Turkish central bank intervenes in the currency market to prevent ‘excessive appreciation or depreciation of the Turkish lira’ (Extract A, line 8).

(5 marks)

Answer lines continue on the next two pages.

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1. (a) continued.

[illegible]

Turn over

1. (a) continued.

(continued on the next page)

1. continued.

(b) Examine TWO reasons why the Turkish government may want to avoid a significant fall in the exchange rate of the Turkish lira.

(8 marks)

Answer lines continue on the next four pages.

1. (b) continued.

[illegible]

Turn over

1. (b) continued.

[illegible]

Turn over

1. (b) continued.

[illegible]

Turn over

1. (b) continued.

(continued on the next page)

1. continued.

(c) Discuss the likely success of policies to reduce the consumption of single-use plastic bags in cities such as Istanbul.

(12 marks)

Answer lines continue on the next six pages.

1. (c) continued.

[illegible]

Turn over

1. (c) continued.

[illegible]

Turn over

1. (c) continued.

[illegible]

Turn over

1. (c) continued.

[illegible]

Turn over

1. (c) continued.

[illegible]

Turn over

1. (c) continued.

(continued on the next page)

1. continued.

EITHER

- (d) Evaluate the likely microeconomic and macroeconomic effects of a rise in interest rates in Turkey.

(25 marks)

OR

- (e) Evaluate the microeconomic and macroeconomic impact of large infrastructure projects such as the building of a third airport in Istanbul.

(25 marks)

(continued on the next page)

1. continued.

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 1(d)

☐

Question 1(e)

☐

Write your answer here:

Answer lines continue on the next twelve pages.

Turn over

1. continued.

[illegible]

Turn over

1. continued.

[illegible]

Turn over

1. continued.

[illegible]

Turn over

1. continued.

[illegible]

Turn over

1. continued.

[illegible]

Turn over

1. continued.

[illegible]

Turn over

1. continued.

[illegible]

Turn over

1. continued.

[illegible]

Turn over

1. continued.

[illegible]

Turn over

1. continued.

[illegible]

Turn over

1. continued.

[illegible]

Turn over

1. continued.

[illegible]

(Total for Question 1 = 50 marks)

TOTAL FOR SECTION A = 50 MARKS

Turn over

SECTION B

Read Figures 3 to 5 and Extract D in the Data Book before answering Question 2.

Answer ALL Questions 2(a) to 2(c), and EITHER Question 2(d) OR 2(e).

Write your answers in the spaces provided.

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

2. The UK economy

- (a) With specific reference to Figure 3, explain why productivity is measured by ‘GDP per hour worked, nominal values at PPPs’.

(5 marks)

- (b) Apart from literacy and numeracy skills in young workers, examine ONE reason for the trend in productivity in the UK, over the period shown in Figure 4.

(8 marks)

- (c) Discuss factors that are causing many high street retailers in the UK to close some branches or shut down completely. Use a cost and revenue diagram to support your answer.

There are blank axes on pages 15 and 16 in the Data Book if you wish to use them.

(12 marks)

(continued on the next page)

Turn over

2. continued.

EITHER

- (d) Evaluate possible microeconomic and macroeconomic policies which could be used to improve UK competitiveness.

(25 marks)

OR

- (e) Evaluate the microeconomic and macroeconomic effects of a decline in the literacy and numeracy skills of a country's young workers.

(25 marks)

(continued on the next page)

2. continued.

(a) With specific reference to Figure 3, explain why productivity is measured by ‘GDP per hour worked, nominal values at PPPs’.

(5 marks)

Answer lines continue on the next two pages.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

2. (a) continued.

[illegible]

2. (a) continued.

(continued on the next page)

2. continued.

(b) Apart from literacy and numeracy skills in young workers, examine ONE reason for the trend in productivity in the UK, over the period shown in Figure 4.

(8 marks)

Answer lines continue on the next four pages.

Turn over

2. (b) continued.

[illegible]

Turn over

2. (b) continued.

[illegible]

Turn over

2. (b) continued.

[illegible]

Turn over

2. (b) continued.

(continued on the next page)

2. continued.

- (c) Discuss factors that are causing many high street retailers in the UK to close some branches or shut down completely. Use a cost and revenue diagram to support your answer.**

There are blank axes on pages 15 and 16 in the Data Book if you wish to use them.

(12 marks)

Answer lines continue on the next six pages.

2. (c) continued.

[illegible]

Turn over

2. (c) continued.

[illegible]

Turn over

2. (c) continued.

[illegible]

Turn over

2. (c) continued.

[illegible]

Turn over

2. (c) continued.

[illegible]

Turn over

2. (c) continued.

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(continued on the next page)

2. continued.

EITHER

- (d) Evaluate possible microeconomic and macroeconomic policies which could be used to improve UK competitiveness.
(25 marks)

OR

- (e) Evaluate the microeconomic and macroeconomic effects of a decline in the literacy and numeracy skills of a country's young workers.
(25 marks)

(continued on the next page)

2. continued.

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 2(d)

☐

Question 2(e)

☐

Write your answer here:

Answer lines continue on the next twelve pages.

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

Turn over

2. continued.

[illegible]

(Total for Question 2 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS

TOTAL FOR PAPER = 100 MARKS

END OF PAPER