

**Paper Reference 9EC0/03**  
**Pearson Edexcel**  
**Level 3 GCE**

Total Marks
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**Economics A**  
**Advanced**  
**Paper 3: Microeconomics and Macroeconomics**

**Monday 19 June 2017 – Afternoon**

**Time: 2 hours plus your additional time allowance.**

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

<b>Surname</b>					
<b>Other names</b>					
<b>Centre Number</b>					
<b>Candidate Number</b>					

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.**

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**SECTION A**

**Refer to Figure 1, Figure 2, Figure 3,  
Extract A and Extract B 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. (a) **With reference to Figure 2, explain ONE likely reason for the change in the Chile peso exchange rate between 2013 and 2015**  
**(5 marks)**
  
- (b) **Examine the likely impact of externalities of copper mining on firms and communities within Chile.**  
**(8 marks)**
  
- (c) **Apart from externalities, discuss the problems that Chile faces as a result of dependency on copper mining.**  
**(12 marks)**

**(continued on the next page)**

1. continued.

**EITHER**

- (d) With reference to the information provided and your own knowledge, evaluate the microeconomic and macroeconomic effects of policies that could be used to stimulate economic growth and development in Chile.  
(25 marks)**

**OR**

- (e) With reference to the information provided and your own knowledge, evaluate the microeconomic and macroeconomic impact on Chile's economy of changes in the level of investment.  
(25 marks)**





1. (a) continued.

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(continued on the next page)





1. (b) continued.

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(continued on the next page)









1. (c) continued.

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1. continued.

**EITHER**

- (d) With reference to the information provided and your own knowledge, evaluate the microeconomic and macroeconomic effects of policies that could be used to stimulate economic growth and development in Chile.  
(25 marks)**

**OR**

- (e) With reference to the information provided and your own knowledge, evaluate the microeconomic and macroeconomic impact on Chile's economy of changes in the level of investment.  
(25 marks)**

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 ten pages.

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**SECTION B**

**Refer to Figure 4, Figure 5, Figure 6,  
Extract C 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. (a) With reference to Extract D (line 19), explain the meaning of the term 'output gap'.

Use an aggregate demand and aggregate supply diagram in your answer.

(5 marks)

(b) With reference to Figures 4 and 5 and your own knowledge, examine the relationship between the national debt as a proportion of GDP and the fiscal deficit.

(8 marks)

(c) Discuss the likely impact of the National Living Wage on the profitability of firms. Use a cost and revenue diagram in your answer.

(12 marks)

(continued on the next page)

2. continued.

**EITHER**

**(d) With reference to the information provided and your own knowledge, evaluate the likely microeconomic and macroeconomic influences on the UK's international competitiveness.**

**(25 marks)**

**OR**

**(e) With reference to the information provided and your own knowledge, evaluate the microeconomic and macroeconomic effects of a government policy of cutting public expenditure rather than raising taxes as a means of reducing a fiscal deficit.**

**(25 marks)**





2. (a) continued.

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2. (b) continued.

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2. (c) continued.

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2. continued.

**EITHER**

- (d) With reference to the information provided and your own knowledge, evaluate the likely microeconomic and macroeconomic influences on the UK's international competitiveness.  
(25 marks)**

**OR**

- (e) With reference to the information provided and your own knowledge, evaluate the microeconomic and macroeconomic effects of a government policy of cutting public expenditure rather than raising taxes as a means of reducing a fiscal deficit.  
(25 marks)**

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 ten pages.

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