

**Paper Reference 9EC0/02**  
**Pearson Edexcel**  
**Level 3 GCE**

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| <b>Total Marks</b> |
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**Economics A**  
**Advanced**  
**Paper 2: The National and Global Economy**

**Tuesday 13 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> |  |  |  |  |  |

**Q51920A**

**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.**

**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.**

**Turn over**

**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**

**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.**

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

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

It shows the UK unemployment rate, seasonally adjusted, from 2008 to 2015

(a) Which ONE of the following types of unemployment best explains the change in the data between 2008 and 2010?

- A Cyclical
- B Frictional
- C Seasonal
- D Voluntary

Answer  (1 mark)

(continued on the next page)



1. (b) continued.

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**(Total for Question 1 = 5 marks)**

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2. Refer to the table for Question 2 in the Data Book. It shows marginal propensity to save data for an economy.

(a) Explain ONE possible reason for the changes in the marginal propensity to save as shown in the table.

(2 marks)

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(continued on the next page)

2. continued.

(b) Explain the likely effect of a fall in the marginal propensity to save on the value of the multiplier if other things remain equal.

(2 marks)

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2. continued.

An economy has marginal propensity to save of  $0.1$ , marginal propensity to tax of  $0.2$  and marginal propensity to import of  $0.1$

(c) Which ONE of the following is the correct size of the multiplier?

A  $0.4$

B  $0.6$

C  $1.7$

D  $2.5$

Answer  (1 mark)

(Total for Question 2 = 5 marks)

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Turn over

3. Refer to the diagram for Question 3 in the Data Book.

It shows UK inflation as measured by the Consumer Prices Index (CPI), 2011 to 2015

(a) Which ONE of the following statements is correct about the UK's inflation record between September 2011 and January 2013?

Based on the data shown, the UK experienced:

- A deflation
- B disinflation
- C falling average prices
- D falling money supply

Answer

(1 mark)

(continued on the next page)

Turn over



3. (b) continued.

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**(Total for Question 3 = 5 marks)**

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4. (a) continued.

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4. continued.

(b) Which ONE of the following values for the Gini coefficient is correct if there is perfect income equality?

A 0

B 0.5

C 1

D 50:50

Answer

(1 mark)

(Total for Question 4 = 5 marks)

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Turn over

5. Refer to the table for Question 5 in the Data Book. It shows the selected economic data in **2014** for Vietnam and India.

(a) Which **ONE** of the following statements can be deduced from the data in the table?

- A** Average incomes are higher in India than in Vietnam.
- B** Levels of absolute poverty are higher in Vietnam.
- C** Life expectancy is higher in India than in Vietnam.
- D** Provision of healthcare and education is less effective in Vietnam than in India.

Answer

(1 mark)

(continued on the next page)

Turn over



5. (b) continued.

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**(Total for Question 5 = 5 marks)**

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**TOTAL FOR SECTION A = 25 MARKS**

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**SECTION B**

**Read Figure 1, Figure 2 and Extract A 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.**

6. (a) With reference to Figure 1, calculate the percentage change in the value of the euro in pounds from the start of **2009** to the start of **2015**  
(5 marks)
- (b) With reference to the information provided and your own knowledge, examine **TWO** factors which might explain the change in the rate of Eurozone inflation as shown in Figure 2  
(8 marks)
- (c) Since mid-**2015** the euro has appreciated. Assess the likely impact of an appreciation of the euro on the current account of the balance of payments for Eurozone countries.  
(10 marks)
- (d) Discuss the likely success of the ECB's quantitative easing programme in moving Eurozone inflation closer to 'the central bank's ceiling of **2%**' (Extract A, line 25).  
(12 marks)

(continued on the next page)

6. continued.

(e) Discuss 'looser fiscal policy' and 'supply-side reforms' (Extract A, lines 31 and 33) that may be used by governments of Eurozone countries to increase economic growth.

(15 marks)

(continued on the next page)





6. (a) continued.

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6. (b) continued.

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**SECTION C**

**Answer ONE question from this section.**

**Write your answer in the spaces provided.**

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

**EITHER**

7. Since the global financial crisis of **2008** there have been over **5 700** increases in tariffs, quotas and administrative controls on international trade.

**Evaluate the likely effects of an increase in protectionism on the economy of a developing country of your choice.**

**(Total for Question 7 = 25 marks)**

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**OR**

8. Global oil prices fell from a **2008** peak of **\$147** a barrel to **\$27** in **2016**

**Evaluate the likely macroeconomic consequences of a significant fall in global oil prices.**

**(Total for Question 8 = 25 marks)**

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**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**

**Write your answer here:**

**Answer lines continue on the next eleven pages.**

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**Turn over**





















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**TOTAL FOR SECTION C = 25 MARKS**

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**TOTAL FOR PAPER = 100 MARKS**

**END OF PAPER**

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