

Paper Reference 9EC0/02
Pearson Edexcel
Level 3 GCE

Economics A
Advanced
Paper 2: The National and Global Economy

Tuesday 13 June 2017 – Afternoon

Data Book

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

Surname					
Other names					
Centre Number					
Candidate Number					

X51920A

INSTRUCTIONS

There may be spare copies of some data sheets in case you need them.

**THIS DATA BOOK MUST BE RETURNED WITH THE
QUESTION PAPER AT THE END OF THE EXAMINATION.**

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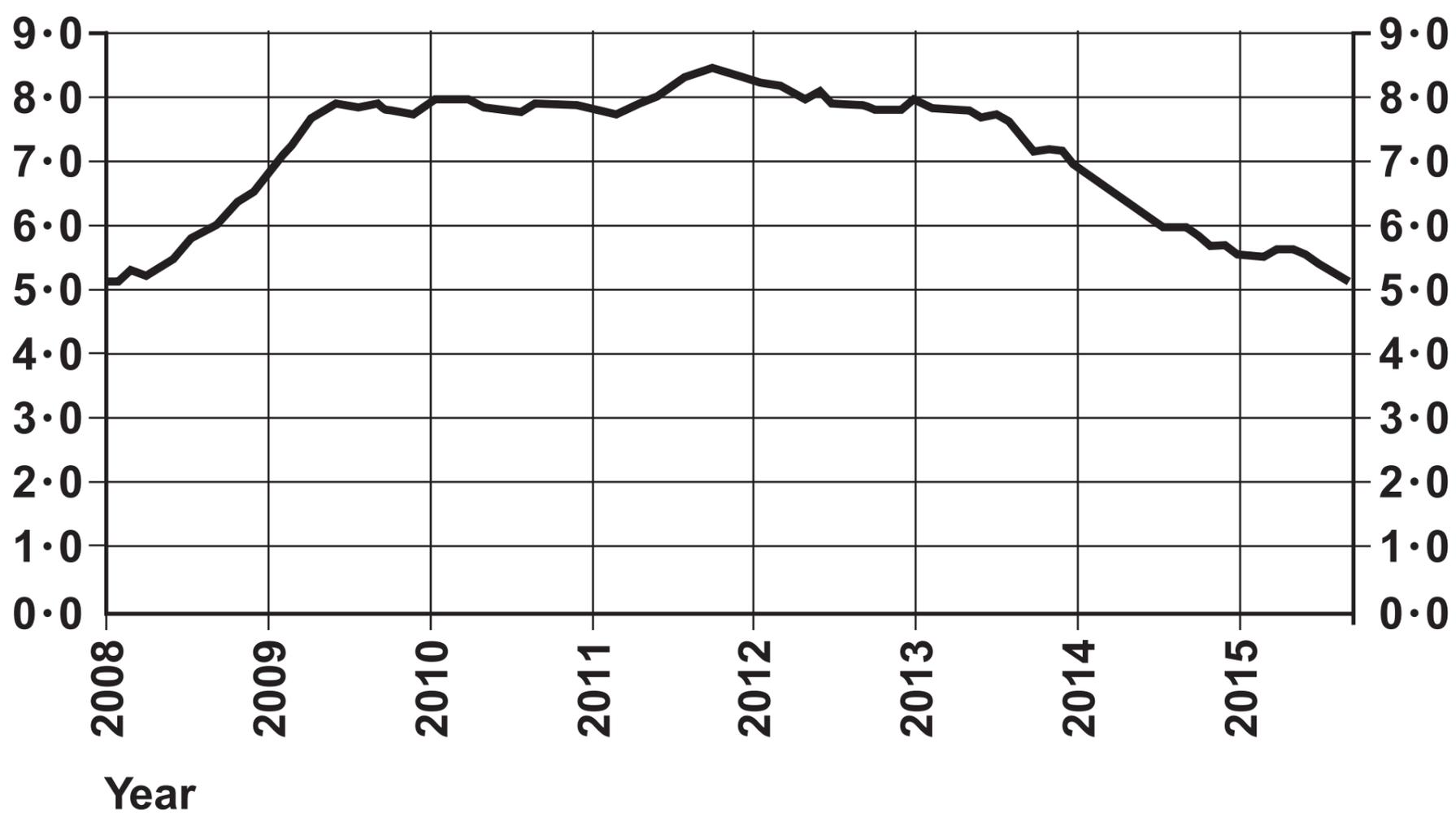
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SECTION A

Question 1

% of all
economically
active

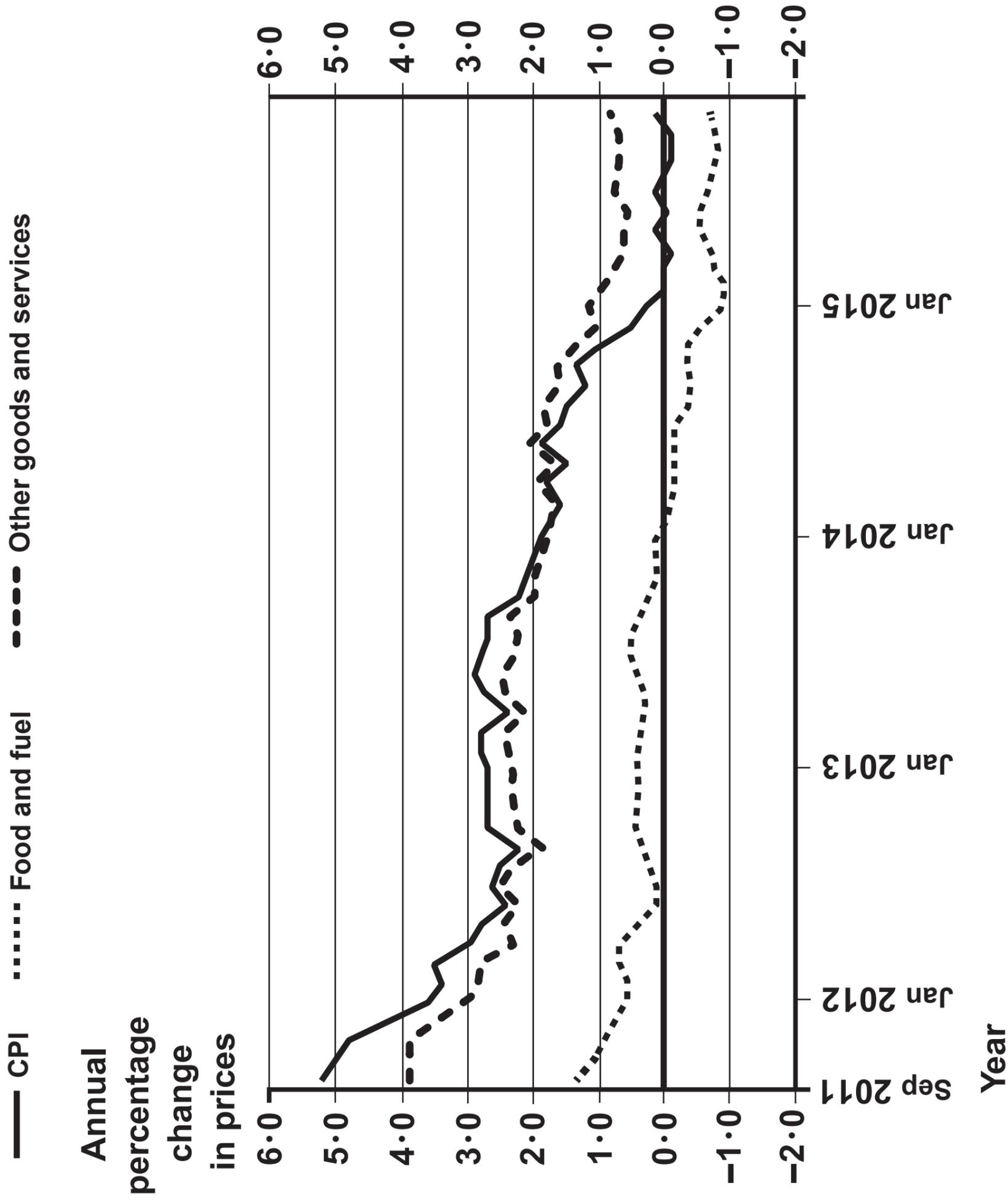


(Source: <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/december-2015/statistical-bulletin.html#tab-8--Unemployment>)

Question 2

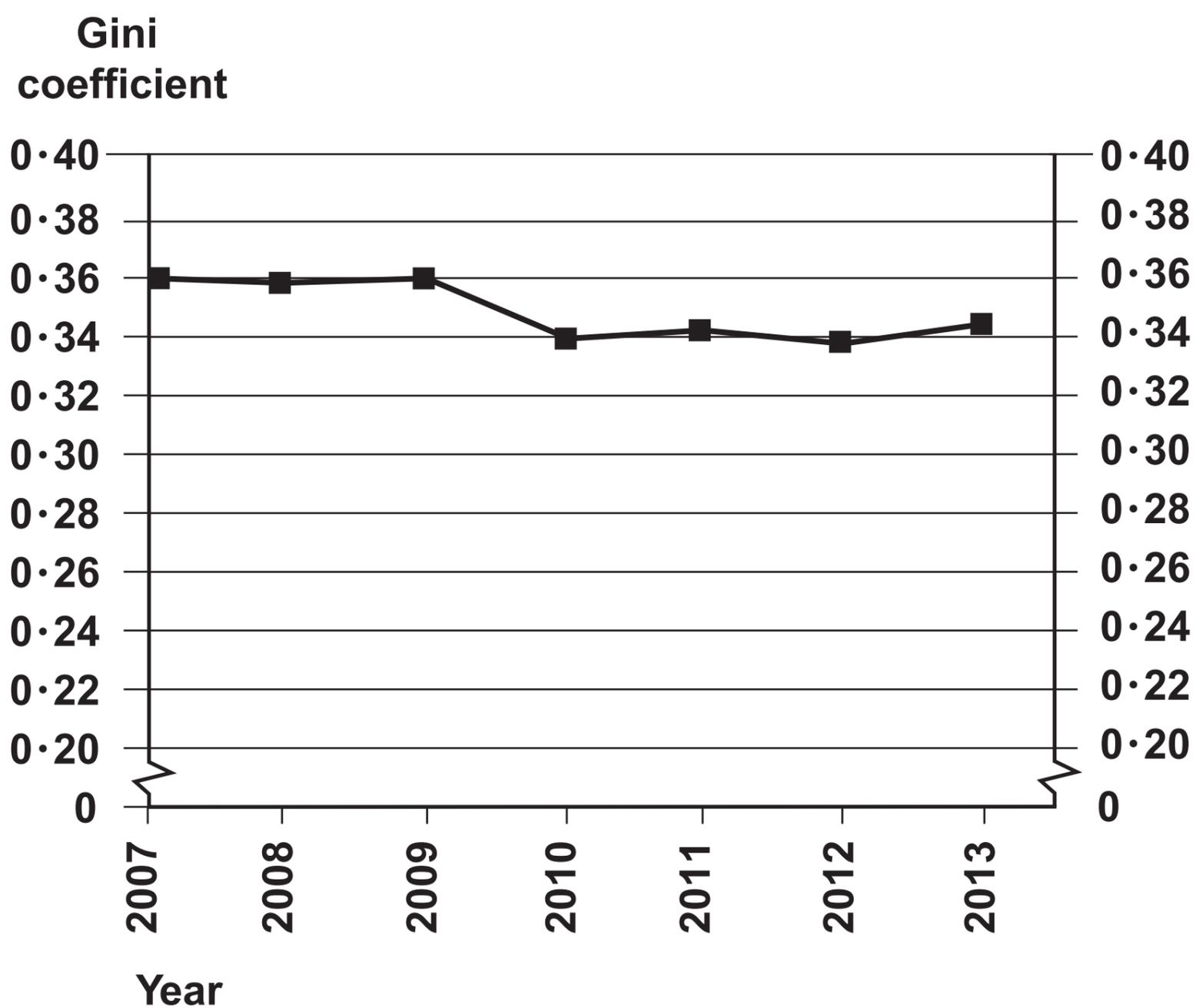
Year	Marginal propensity to save (mps)
2010	0·11
2011	0·09
2012	0·07
2013	0·05
2014	0·05
2015	0·04

Question 3



(Source: http://www.ons.gov.uk/ons/dcp171780_427182.pdf)

Question 4



(Source: adapted from <https://www.equalitytrust.org.uk/how-has-inequality-changed>)

Question 5

	Gross National Income per capita (2011 PPPs)	Human Development Index (HDI) value
Vietnam	5 092	0·666
India	5 497	0·609

(Source: www.hdr.undp.org/en/composite/HDI)

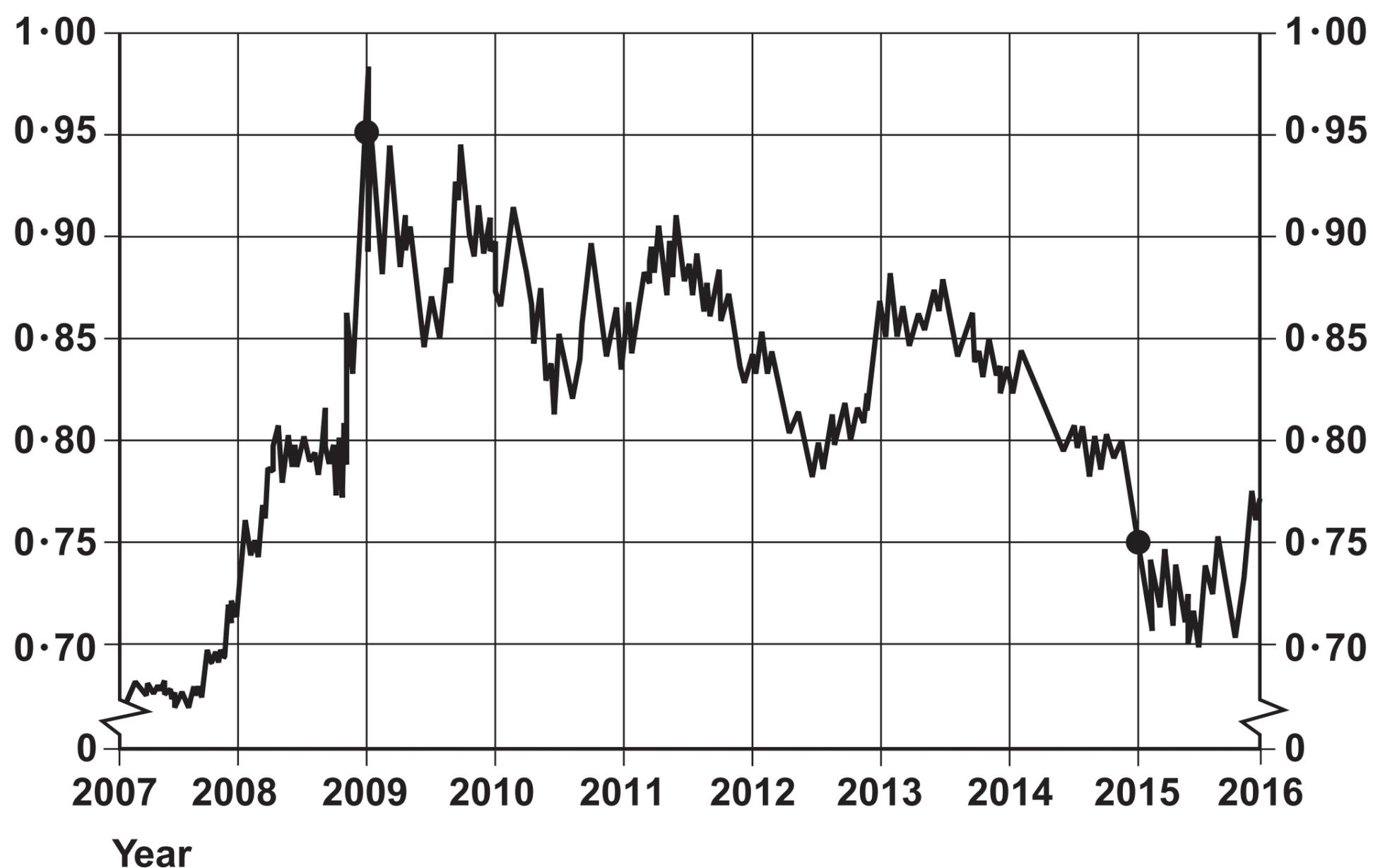
SECTION B

Question 6

The Eurozone economy

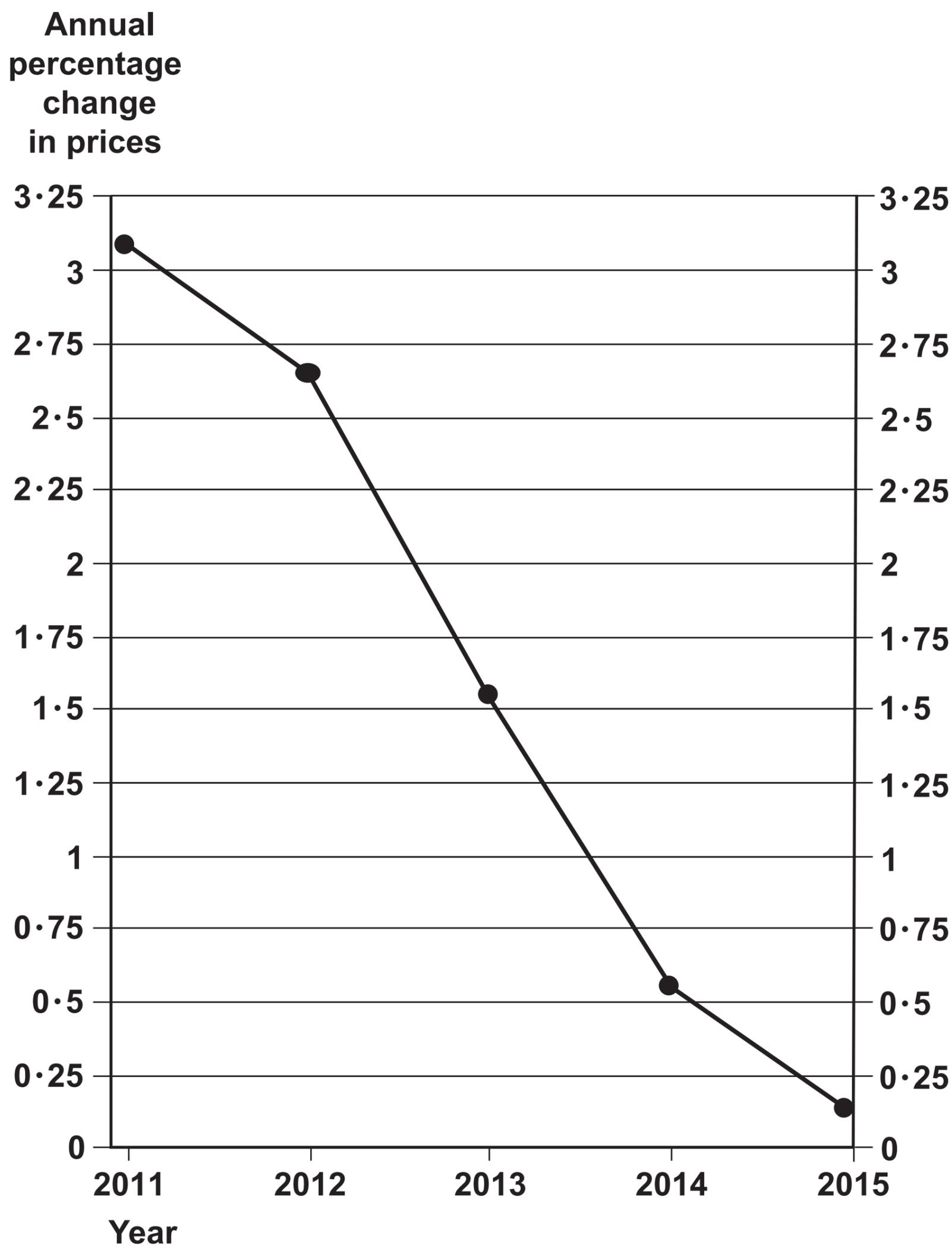
Figure 1: Exchange rate of the euro (€) to the British pound (£)

price of
one euro
in pounds



(Source: <https://www.ecb.europa.eu/stats/exchange/eurofxref/html/eurofxref-graph-gbp.en.html#>)

Figure 2: Eurozone inflation rate as measured by the Consumer Prices Index (CPI)



(Source: adapted from <http://www.imf.org/external/pubs/ft/weo/2015/02/weodata/download.aspx>)

Extract A

European Central Bank disappoints markets with weaker than expected stimulus

Mario Draghi, president of the European Central Bank (ECB), surprised financial markets in November 2015 with a less ambitious package of monetary stimulus
5 than many had anticipated.

The ECB cut its base interest rate by 0·1% to minus 0·3% in order to encourage private banks to lend funds to companies and households rather than deposit them at the central bank. The central bank agreed to extend its €60 billion (£45 billion) monthly bond-buying quantitative easing (QE) programme for a
10 further six months. The ECB's €1·1 trillion QE scheme had originally been due to end in September 2016.

“We are doing more because it works,” Mr Draghi said. Yet the ECB did not increase the size of its monthly asset purchases and also disappointed those expecting that it would cut interest rates more aggressively.

15 The euro rose almost 3% against the dollar to \$1·08 after the announcement. Italian and Spanish bond yields both jumped by 0·27% to 1·62% and 1·72% respectively.

The ECB's economists reduced their inflation forecasts for the next two years. They now predict consumer prices in the Eurozone rising by just 1% in 2016 and
20 1·6% in 2017 – still below the central bank's ceiling of 2%. In November 2015, the inflation rate was just 0·1% and core inflation, excluding volatile items such as fuel and food, dropped to 0·9%.

Mr Draghi stressed again that monetary policy alone could not restore the Eurozone to economic health. He called for looser fiscal policy among member
25 states to support aggregate demand and more rapid implementation of supply-side reforms. “In order to reap the full benefits from our monetary policy measures, other policy areas must contribute decisively,” he said.

(Source: <http://www.independent.co.uk/news/business/news/ecb-disappoints-traders-with-weaker-than-expected-stimulus-a6759786.html>, 4th December 2015)