

Paper Reference 9EC0/03  
Pearson Edexcel  
Level 3 GCE

Total Marks
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Economics A  
Advanced  
Paper 3: Microeconomics and Macroeconomics

Tuesday 4 June 2019 – 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					

**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.**

**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**

**Read Figure 1, Extract A, Extract B and Extract 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. Markets for food and drinks high in fat, salt or sugar (HFSS)**

**(a) With reference to Figure 1 and Extract A, explain what is meant by a ‘highly concentrated’ market for potato crisps (Extract A, line 4).**

**(5 marks)**

**(b) Apart from changes in indirect taxes and subsidies, examine TWO causes of income inequality within a developed economy such as the UK.**

**(8 marks)**

**(c) In Extract A, lines 24–26, it was suggested that some firms may respond to the advertising ban by cutting the prices of their products.**

**Using game theory and the information provided in Figure 1 and Extract A, discuss the effects on firms of cutting prices in an oligopolistic market.**

**(12 marks)**

**(continued on the next page)**

**Turn over**

1. continued.

**EITHER**

- (d) Evaluate the microeconomic and macroeconomic effects of increased government spending on education to promote healthy eating in the UK.  
(25 marks)

**OR**

- (e) Evaluate the likely microeconomic and macroeconomic effects of imposing a tax on HFSS foods.  
(25 marks)

(continued on the next page)

**Turn over**

**1. continued.**

**(a) With reference to Figure 1 and Extract A, explain what is meant by a ‘highly concentrated’ market for potato crisps (Extract A, line 4). (5 marks)**

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

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**1. (a) continued.**

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**Turn over**



1. (a) continued.

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**1. continued.**

**(b) Apart from changes in indirect taxes and subsidies, examine TWO causes of income inequality within a developed economy such as the UK.**

**(8 marks)**

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

[illegible]

**Turn over**

**1. (b) continued.**

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1. (b) continued.

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1. continued.

(c) In Extract A, lines 24–26, it was suggested that some firms may respond to the advertising ban by cutting the prices of their products.

Using game theory and the information provided in Figure 1 and Extract A, discuss the effects **on firms** of cutting prices in an oligopolistic market.

(12 marks)

Answer lines continue on the next five pages.

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**1. (c) continued.**

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**1. (c) continued.**

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1. continued.

**EITHER**

- (d) Evaluate the microeconomic and macroeconomic effects of increased government spending on education to promote healthy eating in the UK.  
(25 marks)

**OR**

- (e) Evaluate the likely microeconomic and macroeconomic effects of imposing a tax on HFSS foods.  
(25 marks)

(continued on the next page)

**Turn over**

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)**

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**Question 1(e)**

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**Write your answer here:**

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

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**1. continued.**

[illegible]

**(Total for Question 1 = 50 marks)**

**TOTAL FOR SECTION A = 50 MARKS**

**Turn over**

**SECTION B**

**Read Figure 2, Figure 3, Extract D, Extract E and Extract F 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. Mozambique**

**(a) With reference to Extract D line 32, explain why ‘opportunity cost’ is a problem for governments of developing countries when servicing debt.**

**(5 marks)**

**(b) Examine TWO reasons, apart from access to finance, why 90% of the manufacturing sector in Mozambique ‘is made up of small enterprises’ (Extract E, line 13).**

**(8 marks)**

**(c) Discuss whether borrowers benefit from microfinance. Make reference to Mozambique in your answer.**

**(12 marks)**

**(continued on the next page)**

2. continued.

**EITHER**

- (d) Evaluate the microeconomic and macroeconomic factors, apart from access to credit and banking, influencing growth and development in Mozambique.

(25 marks)

**OR**

- (e) Evaluate the likely microeconomic and macroeconomic effects of relatively high inflation rates in many African countries.

(25 marks)

(continued on the next page)

**Turn over**

**2. continued.**

**(a) With reference to Extract D line 32, explain why ‘opportunity cost’ is a problem for governments of developing countries when servicing debt.**

**(5 marks)**

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

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**2. (a) continued.**

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**2. (a) continued.**

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## 2. continued.

**(b) Examine TWO reasons, apart from access to finance, why 90% of the manufacturing sector in Mozambique ‘is made up of small enterprises’ (Extract E, line 13).**

**(8 marks)**

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

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**2. (b) continued.**

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**2. continued.**

**(c) Discuss whether borrowers benefit from microfinance. Make reference to Mozambique in your answer.**

**(12 marks)**

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

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**2. continued.**

**EITHER**

- (d) Evaluate the microeconomic and macroeconomic factors, apart from access to credit and banking, influencing growth and development in Mozambique.**

**(25 marks)**

**OR**

- (e) Evaluate the likely microeconomic and macroeconomic effects of relatively high inflation rates in many African countries.**

**(25 marks)**

**(continued on the next page)**

**Turn over**

**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)**

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**Question 2(e)**

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**Write your answer here:**

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

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**2. continued.**

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**2. continued.**

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**(Total for Question 2 = 50 marks)**

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**TOTAL FOR SECTION B = 50 MARKS**

**TOTAL FOR PAPER = 100 MARKS**

**END OF PAPER**

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