

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

<b>Total Marks</b>
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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.**

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

**X57192A**

**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**

**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 2).**

**(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 17–19, 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)**

**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 2).**

**(5 marks)**

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

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**1. (a) continued.**

[illegible]

**Turn over**



1. (a) continued.

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(continued on the next page)

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]

**1. (b) continued.**

[illegible]

**Turn over**

**1. (b) continued.**

[illegible]

**Turn over**

**1. (b) continued.**

[illegible]

1. (b) continued.

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(continued on the next page)

**1. continued.**

- (c) In Extract A, lines 17–19, 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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**Turn over**

**1. (c) continued.**

[illegible]



**1. (c) continued.**

[illegible]

**Turn over**

**1. (c) continued.**

[illegible]

**1. (c) continued.**

[illegible]

1. (c) continued.

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(continued on the next page)

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)

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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**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.**

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**(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 23, 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 10). (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)

**2. continued.**

- (a) With reference to Extract D line 23, 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.**

[illegible]

**Turn over**

2. (a) continued.

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(continued on the next page)



**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 10).**

**(8 marks)**

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

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**Turn over**

**2. (b) continued.**

[illegible]

**Turn over**

**2. (b) continued.**

[illegible]

**Turn over**

**2. (b) continued.**

[illegible]

**Turn over**

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. (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 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)**

**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)**

☐

**Write your answer here:**

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

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**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.

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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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