Pearson Edexcel

Mark Scheme (Results)

Summer 2023

Pearson Edexcel GCE
In Economics A (9EC0)
Paper 02: The National and Global Economy

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

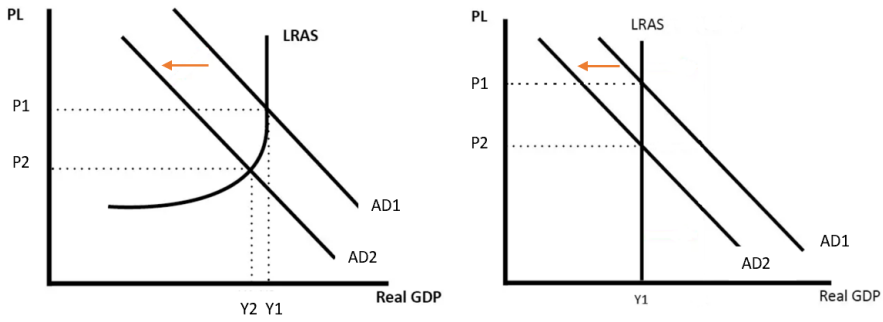
Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Summer 2023
Publications Code 9EC0_02_2306_MS
All the material in this publication is copyright
© Pearson Education Ltd 2022

General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Answer	Mark
1(a)	**Knowledge 2, Application 2** **Knowledge/understanding:** Correct labels on axes and curves (1) and shift of curve(s) (1) **Application:** Correct change in price level (1) and fall in real output (1) For example:  N.B. Other AS curves are acceptable N.B. Decrease in AS also acceptable	**(4)**

Question Number	Answer	Mark
1(b)	**The only correct answer is A** ***B*** *is not correct because higher interest rates would lead to an increase in marginal propensity to save* ***C*** *is not correct because unemployment would be likely to increase as AD falls* ***D*** *is not correct because the pound would be likely to increase in value as a higher interest rate attracts more flows of money to the UK*	**(1)**

Question Number	Answer	Mark
2(a)	**The only correct answer is B** ***A*** *is not correct because this is a decrease in 1.4 percentage points, not percentage* ***C*** *is not correct because the rate of unemployment was lowest in March 2022 and highest in December 2020* ***D*** *is not correct because the chart only shows historical data*	**(1)**

Question Number	Answer	Mark
2(b)	**Knowledge 2, Application 1, Analysis 1** **Knowledge/understanding (2) e.g.** • Increase in AD (1) leading to an increase in economic growth/production of goods & services (1) • Increase in consumption (1) increasing demand for goods and services in the UK (1) • Increase in government spending (1) creating more demand in the UK (1) • Depreciation of the pound (1) increasing demand for UK exports (1) • Improved transport (1) so workers are more able to access jobs further away (1) **Application (1) e.g.** A correct reference to the figure e.g. • Unemployment fell from 5.2% in December 2020 to 3.8% in June 2022 (1) • Unemployment was at a low of approximately 3.7% in March 2022 (1) • The trend in unemployment during the time period shown is downwards (1) **Analysis (1) e.g.** Linked development 1 mark for e.g. • Firms will need to hire more staff to meet higher demand (1) • Derived demand for labour (1) • Firms that previously struggled to recruit staff are now available to fill those job vacancies (1) • Fall in the output gap (1)	**(4)**

Question Number	Answer	Mark
3(a)	**Application 2** 2 198 473m X 1.035 (1) = 2 275 420m **Answer= 2 275 420m** NB Award full marks for correct answer Allow range 2 275 419m to 2 280 000m (2) Allow 2.28 trillion (2) If answer given without million units, then maximum 1 mark NB Million units is **not** allowed if answer is written in the table	**(2)**

Question Number	Answer	Mark
3(b)	**Knowledge 1, Analysis 1** **Knowledge:** Identification of **one** likely cost for 1 mark, e.g. • Increase in unemployment (1) • Reduction in government tax revenue (1) • Reduction in investment from firms (1) • Fall in living standards (1) **Analysis:** Linked development 1 mark for e.g. • As there is less demand so firms will look to reduce their costs (1) • From consumers working less/firms making less profits (1) • Due to a drop in demand for goods and services (1) • Diagram e.g. showing fall in AD (1)	**(2)**

Question Number	Answer	Mark
3(c)	**The only correct answer is D** ***A*** *is not correct because this would cause AD to increase, leading to an increase in actual growth* ***B*** *is not correct because this would cause SRAS to fall* ***C*** *is not correct because this would lead to a reduction in economic growth*	**(1)**

Question Number	Answer	Mark
4 (a)	**The only correct answer is D** ***A*** *is not correct because this is an example of government spending* ***B*** *is not correct because this is an example of investment* ***C*** *is not correct because this is an example of government spending*	**(1)**

Question Number	Answer	Mark
4(b)	**Application 3, Analysis 1** **Application:** Identification of relevant application for 3 marks e.g. • Level of real **GDP is likely to fall** (could show on a diagram) (1) **AND** • UK consumption, as a percentage of GDP, has fallen from 86.5% in 2009 (1) to 83% in 2017 (1) • Diagram/formula/explanation showing multiplier (1) **Analysis:** Linked development 1 mark for e.g. • Development of multiplier formula/explanation e.g. second round effects (1) • Reduction in the value of the multiplier (1) • An increase in withdrawals from the circular flow of income (1) • Other factors may change e.g. savings, government spending (1)	**(4)**

Question Number	Answer	Mark
5(a)	**Application 2** 28.4 ÷ 23 (1) = 1.23 1.23 X 100 = 123% (1) **Answer= 123** N.B. Award full marks for correct answer Allow range 123 to 123.5	**(2)**

Question Number	Answer	Mark
5(b)	**Knowledge 2** **Knowledge/understanding (2):** 1 mark for e.g.: • There is a positive relationship (1) • Fiscal deficit is where government spending is greater than tax revenue (1) • National debt is the total accumulated debt of the government (1) 1 mark for explanation e.g.: • A fiscal deficit means that a country's national debt will be increasing (1) • A fiscal deficit will be adding to the total value of a country's national debt (1) • Higher debt means increased government spending on interest payments (1)	**(2)**

Question Number	Answer	Mark
5(c)	**The only correct answer is A** ***B*** *is not correct because inequality would be more likely to fall as government spending may be higher* ***C*** *is not correct because poverty would be more likely to fall as government spending may be higher* ***D*** *is not correct because unemployment would be likely to be lower due to more injections from government spending compared to withdrawals*	**(1)**

Question Number	Answer	Mark
6(a)	**Knowledge 2, Application 2, Analysis 1** **Knowledge/Analysis:** Up to 3 marks for, e.g. • Countries agree to reduce trade restrictions between members; countries aiming to promote/increase trade between each other (1) • Trade liberalisation between countries (1) • Will lead to reducing tariffs between member countries (1) • Reduced subsidies (1) • Reduced quotas (1) • Will lead to reduced non-tariff barriers (1) • Will lead to trade creation e.g. diagram (1) **Application (2):** Up to 2 marks for reference to Extract A and/or own knowledge, for e.g. • African Continental Free Trade Area (AfCFTA) (1) • Agreed by 41 of Africa's 55 countries (1) • Could boost intra-Africa trade by 15% to 25% (1) • A diagram e.g. showing a fall in tariffs (1)	**(5)**

Question Number	Answer	Mark
6(b)	**Knowledge 2, Application 2, Analysis 2, Evaluation 2** **Knowledge/Understanding:** Two relevant causes identified (1+1), e.g. • Small railway network • High cost of new railway networks • Lack of capacity at ports • Limited/poor quality road network • Distance of road network/other geographical factors • Long waiting times at border crossings • Tariffs on imports • Lack of information **Analysis:** Linked development of each cause (1+1), e.g.: • A long time taken to move goods between African countries (1) • Delays from poor quality infrastructure increase costs (1) • New infrastructure such as railway networks is not being used to its intended capacity (1) **Application:** 2 marks (1+1) for reference to Extract A/own knowledge, e.g. • Railways not much bigger than France & Germany combined (1) • 'some drivers bribe their way to the front', '1000 rand' (1) • 'not enough' roads (1) • 800 000km of 2.8m roads in sub-Saharan Africa are paved (1) • 'Ports are small and slow' (1) • Cargo waits in ports for more than two weeks on average (1) • Handling costs are around 50% higher (1) • Railways link mines to ports, rather than between countries (1) • Exploitation by larger transport firms (1) **Evaluation:** 2 marks for two evaluative comments OR 2 marks for identification and linked development of one comment (1+1), e.g. • New Chinese railways have potential to speed up transport if problem of price and additional infrastructure can be solved • Investment from China (or elsewhere) into infrastructure in Africa will solve problem in future • Relative significance of different reasons • Hard to be definite about specific reasons as it is a combination of factors	**(8)**

Question Number	Indicative Content	Mark
6(c)	**Knowledge 2, Application 2, Analysis 4** Likely impacts include: • There are currently very low levels of intra-Africa trade (18% in 2020) and so there is large scope to develop economies by increasing trade, leading to an increase in economic growth • If firms can move their goods more quickly across borders they will be more able and willing to export, boosting economic growth • Cost of imports from other countries falls, reducing inflation rates/consumers can benefit from cheaper goods & services • An increase in trade will lead to an increase in demand for workers, boosting employment and therefore economic growth • Increase in LRAS of economy as infrastructure improves • Increase in productivity e.g. due to improved geographical mobility of labour or larger markets lowering unit costs • Increased foreign direct investment	**(8)**

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	3–5	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response; chains of reasoning are developed but the answer may lack balance.
Level 3	6–8	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated.

		Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.

Question Number	Indicative Content	Mark
6(c) continued	**Evaluation 4** • Improved transport may go underutilised/unused if it is too expensive such as new railways • It may be more important to improve access to information to make it easier and cheaper to transport goods across Africa • Reducing tariffs may be a quicker and simpler way to boost development than improving infrastructure, the IMF says this could boost trade by 15% to 25% • African governments are unlikely to have the funds to upgrade infrastructure, and doing so may only worsen national debts, which will hamper growth in the future • Different African countries may face different problems • Administrative problems e.g. in crossing borders • It may be difficult to improve transport links due to geographical factors • Other factors may be a bigger barrier to improving economic growth than transport links e.g. civil unrest	**(4)**

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–2	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.

Question Number	Indicative Content	Mark
6(d)	**Knowledge 2, Application 2, Analysis 2,** Potential benefits include: • Reducing the amount of debt interest repayments that Angola has to make • Less need for Angola to raise taxes to pay off debts • Opportunity cost explanation e.g. the Angolan government will have more money to spend on improving public services • Reduce savings gap: Harrod-Domar model • Reduce foreign currency gap • Reducing absolute poverty in Angola if less money has to be spent repaying back the debt • Can use the available funds for investment in infrastructure; essential for industrialisation/ increase the mobility of labour • Conditionalities/guidance attached to the debt relief might improve governance • Helps increase the level of human capital through resources provided for education, healthcare that would increase productivity and FDI inflows • Increased business confidence might lead to increased investment **NB: for Level 3 candidates must refer to Extract B in their answer** **NB: for a Level 3 answer there must be two benefits**	**(6)**

Level	Mark	
	0	A completely inaccurate response.
Level 1	1–2	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no link between causes and consequences.
Level 2	3–4	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response or the answer may lack balance.
Level 3	5–6	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated. Economic ideas are applied appropriately to the broad

		elements of the question.

Question Number	Indicative Content	Mark
6(d) continued	**Evaluation 4** • May reduce confidence of creditors to lend to Angola in the future • Increase interest rate on Angola's debt in the future • Only a temporary solution: stop on debt repayments for three years will still leave the government with a problem in the future • Dependency culture could arise as Angola can become heavily reliant on debt relief • It could lead to moral hazard: Angola may not pursue sound macroeconomic policies if they expect future debts to be written off • IMF/creditors have conditions attached to debt relief: this may include cuts in food subsidies to reduce government spending, or removal of import controls which could harm the country's development • Proportion of debt relief could be relatively small and might not have a significant impact on the county's economic growth and development • Impact of poor governance limiting benefits	**(4)**

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–2	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.

Question Number	Indicative content	Mark
6(e)	**Knowledge 3, Application 3, Analysis 3** Explanation of market-based policies the Angolan government could use to improve development, e.g. • Privatisation of state-owned firms to encourage innovation and competition in the economy • Tax cuts e.g. business taxes to encourage FDI • Selling shares in the state oil company to provide funds for investment and growth • Policies to increase competition between firms, such as restrictions on mergers, to boost competitiveness • Reforming the labour market, e.g. reducing cost/ paperwork of immigration, increasing the size/ productivity of labour market • Policies that will make it easier for foreign direct investment into Angola • Deregulation of financial sector to encourage more FDI • Microfinance schemes • Trade liberalisation • Removing government subsidies to increase competition • Removal of exchange rate controls/move to a floating exchange rate • Development of tourism market e.g. deregulation, removal of visas **NB For a Level 3 answer candidates must refer to development and market-orientated strategies**	**(9)**

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–3	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	4–6	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic

		problems in context, although does not focus on the broad elements of the question. A narrow response; chains of reasoning are developed but the answer may lack balance.
Level 3	7–9	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.

Question Number	Indicative content	Mark
6(e) continued	**Evaluation 6** • Privatised firms may look to reduce number of employees, thus not boosting development • Increased competitiveness may mean some firms cannot survive • Reform of labour market may lead to reduced workers' rights • Lack of property rights reducing effectiveness of market-based strategies • Failure of price mechanism • Criticism of effectiveness of policies e.g. microfinance, privatisation • FDI may not be long term • Foreign firms may withdraw profits from Angola • Contrast with interventionist strategies	**(6)**

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–2	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evidence of evaluation of alternative approaches which is unbalanced. Evaluative comments with supporting evidence/reference to context and a partially-developed chain of reasoning.
Level 3	5–6	Evaluative comments supported by relevant chain of reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.

Question Number	Indicative content	Mark
7	**Knowledge 4, Application 4, Analysis 8, Evaluation 9** Policies that could be used to increase international competitiveness include: • Reducing business taxes to encourage an increase in investment in improving productivity • Lowering income taxes or other taxes to encourage entrepreneurs from abroad to move to the UK • Increased government spending on education to create a more skilled and therefore more productive workforce • Increased infrastructure spending to improve the geographical mobility of workforce • Increased immigration to fill shortages in the labour market holding back firms from investing in expansion • Reduction in non-tariff barriers to trade to make it easier and cheaper for UK firms to export their goods and services • Subsidies to domestic producers to reduce their costs of production, enabling them to charge lower prices and increase their competitiveness • Allowing the currency to depreciate e.g. through lower interest rates • Trade agreements leading to removal of protectionist barriers against exports such as tariffs or non-tariff barriers • Reduce unit labour costs e.g. freeze in minimum wage • Increased deregulation of businesses • Improving ease of doing business e.g. simplify tax regulations Evaluation of these policies could include: • Reduction in business taxes would leave the government with less money to spend on other things such as education or infrastructure that may be necessary to improve competitiveness • Less tax revenue will also increase fiscal deficit/ national debt which may reduce confidence in the UK economy • Spending on education/infrastructure has a very long time lag- students need to work through the education system/construction projects take a long time from initial idea through to planning and opening, can be decades • Immigrants may not wish to work in the UK, depending on other factors such as wages, quality	

	of public services, etc. • Reduction in non-tariff barriers requires making trade agreements with foreign countries/trading blocs such as the EU which can be very time-consuming • Deregulation may lead to unintended consequences e.g. monopoly power of firms • Increased inequality from tax changes	**(25)**

Knowledge, application and analysis		
Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	5–8	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response or superficial, two stage chains of reasoning only.
Level 3	9–12	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to apply economic concepts and relate them directly to the broad elements of the question with evidence integrated into the answer. Analysis is clear and coherent, although it may lack balance. Chains of reasoning are developed but the answer may lack balance.
Level 4	13–16	Demonstrates precise knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using appropriate examples. Analysis is relevant and focused with evidence fully and reliably integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.

Evaluation		
Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–3	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches which is unbalanced leading to unsubstantiated judgements. Evaluative comments with supporting evidence/reference to context and a partially-developed chain of reasoning.
Level 3	7–9	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and is critical of the evidence provided and/or the assumptions underlying the analysis enabling informed judgements to be made.

Question	Indicative content	Mark

Number		
8	**Knowledge 4, Application 4, Analysis 8, Evaluation 9** Policies that could be used to reduce inflation may include: • Increased spending on education to create a more skilled and therefore more productive workforce, shifting out AS • Increased spending on healthcare so the workforce spends less time off sick, increasing AS • Other supply-side policies e.g. deregulation or privatisation • Public-sector pay restraint • Increase in income tax rates/lowering thresholds to reduce consumption and therefore reducing AD • Changes in corporation tax rates e.g. raise to reduce investment and therefore reducing AD, or cut to improve efficiency in firms • Changes in indirect taxes e.g. VAT • Reduction in government spending to reducel AD • Subsidies to energy firms/food suppliers to reduce costs **NB: do not award monetary policy, e.g. interest rate and QE changes by the MPC of the Bank of England** Evaluative comments may include: • Spending on education/healthcare/other supply-side policies is unlikely to solve the current inflation problem as it will take too long to have an impact on AS • Increase in taxes on consumers may lead to an increase in poverty/reduce standard of living • Increase in taxes on firms may discourage firms from wanting to operate in the UK, increasing unemployment • Less government spending may lead to reduction in the quality of public services- e.g. long waiting times for NHS operations • Subsidies will lead to higher government spending and will have to funded either by borrowing (which will have to be paid back in the future) or higher taxes • Change in VAT will only affect inflation for one year • Laffer curve: effect of changes in tax rates • Impact of policies on inequality e.g. changes in tax rates, or other unintended consequences • Monetary policy would be better?	**(25)**

Knowledge, application and analysis		
Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	5–8	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response or superficial, two stage chains of reasoning only.
Level 3	9–12	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to apply economic concepts and relate them directly to the broad elements of the question with evidence integrated into the answer. Analysis is clear and coherent, although it may lack balance. Chains of reasoning are developed but the answer may lack balance.
Level 4	13–16	Demonstrates precise knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using appropriate examples. Analysis is relevant and focused with evidence fully and reliably integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.

Evaluation		
Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–3	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches which is unbalanced leading to unsubstantiated judgements. Evaluative comments with supporting evidence/reference to context and a partially developed chain of reasoning.
Level 3	7–9	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and is critical of the evidence provided and/or the assumptions underlying the analysis enabling informed judgements to be made.

Pearson Education Limited. Registered company number 872828
with its registered office at 80 Strand, London WC2R 0RL, United Kingdom