Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel Level 3 GCE

Monday 19 May 2025

Afternoon (Time: 2 hours)

Paper reference **9EC0/02**

Economics A

Advanced

PAPER 2: The National and Global Economy

You must have:
Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- 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
  – *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.

Turn over ▶

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SECTION A

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

You are advised to spend 30 minutes on this section.

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

1 Selected economic data on Morocco and Pakistan, 2021, constant values.

	Human development index (HDI)	Gross national income (GNI) per capita (2017 PPP US$)	Gross domestic product (GDP) per capita (US$)
Morocco	0.683	7 303	3 290.6
Pakistan	0.544	4 624	1 473.9

(Source adapted from: https://hdr.undp.org)

(a) With reference to the table above, which **one** of the following is correct?

(1)

☒ **A** Average incomes are lower in Morocco than in Pakistan

☒ **B** Economic development, as measured by the HDI, is higher in Morocco than in Pakistan

☒ **C** Life expectancy in Morocco is 68.3 years

☒ **D** Total output in Morocco is higher than in Pakistan

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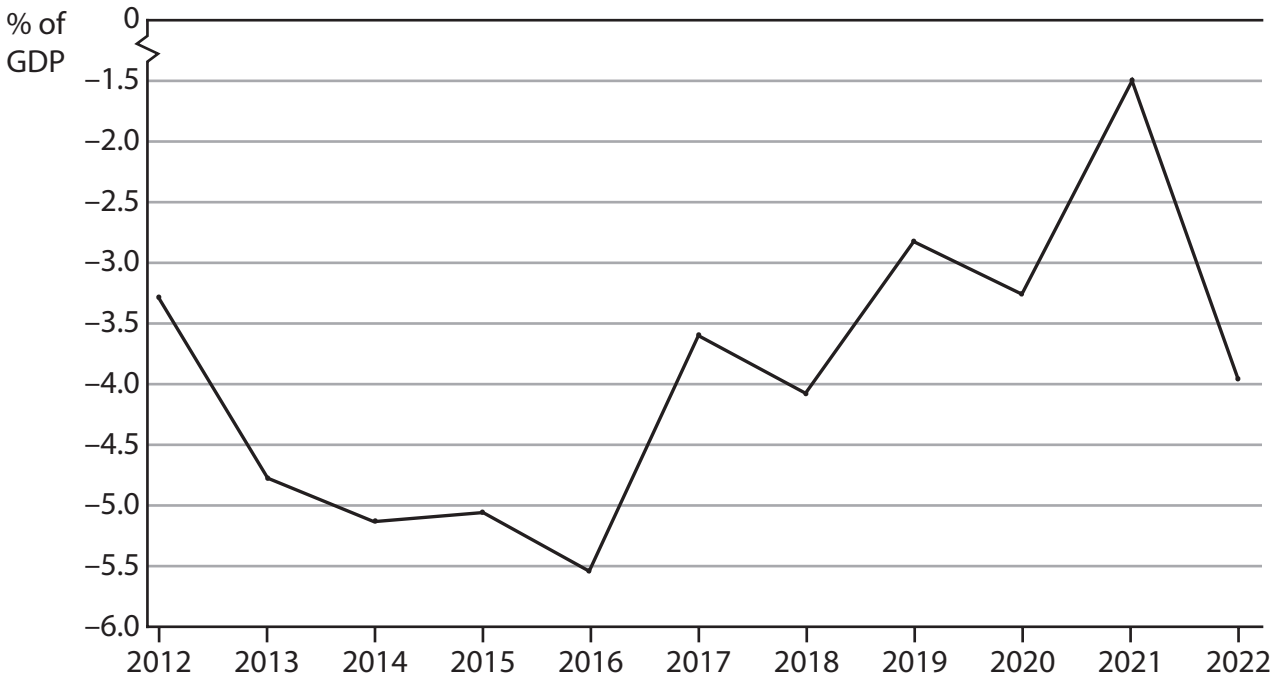
(b) With reference to the data provided, explain **one** limitation of using GDP to compare living standards between countries.

(4)

(Total for Question 1 = 5 marks)

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2 UK current account of the balance of payments, percentage of GDP, 2012–2022.



(Source adapted from: https://data.worldbank.org/indicator/BN.CAB.XOKA.GD.ZS?end=2022&locations=GB&start=2012)

(a) With reference to the chart above, which **one** of the following is correct?

(1)

☒ **A** The current account was in surplus during the entire period shown

☒ **B** The deficit on the current account was smallest in 2021

☒ **C** The UK Government's fiscal deficit was largest in 2016

☒ **D** The value of exports was greater than the value of imports in 2012

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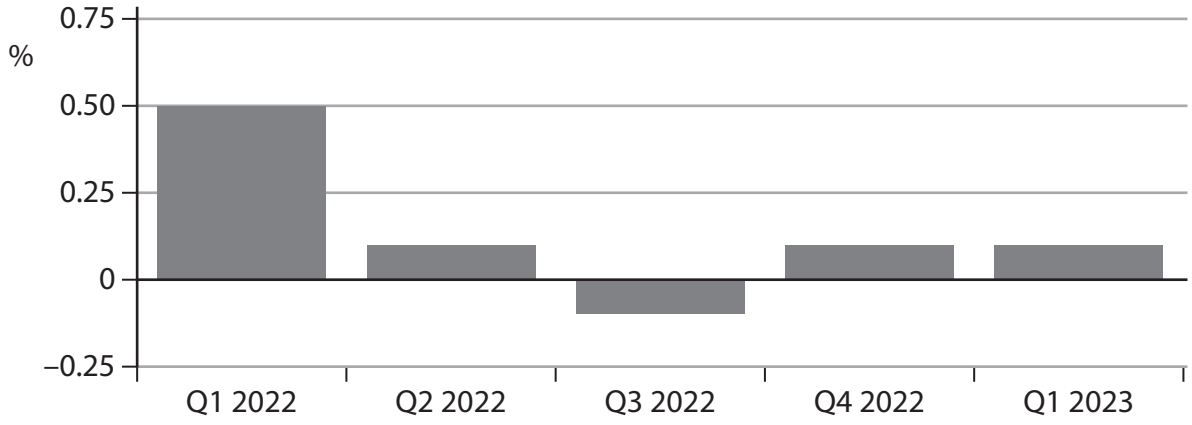
(b) With reference to the chart on the previous page, explain **one** likely reason for the change in the UK current account deficit from 2016 to 2021.

(4)

(Total for Question 2 = 5 marks)

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3 UK real GDP percentage growth, quarter 1 (Q1) 2022 to quarter 1 (Q1) 2023.



(Source adapted from: https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/januarytomarch2023)

(a) With reference to the chart above, which **one** of the following is correct?

(1)

- ☒ **A** The UK economy grew the fastest in quarter 3 2022
- ☒ **B** The UK was in recession in quarter 2 2022
- ☒ **C** Total UK real GDP was larger in quarter 4 2022 than in quarter 1 2022
- ☒ **D** Total UK real GDP was the same in quarter 4 2022 as in quarter 1 2023

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(b) Explain **one** likely disadvantage of a decline in GDP on:

(i) workers

(2)

(ii) government.

(2)

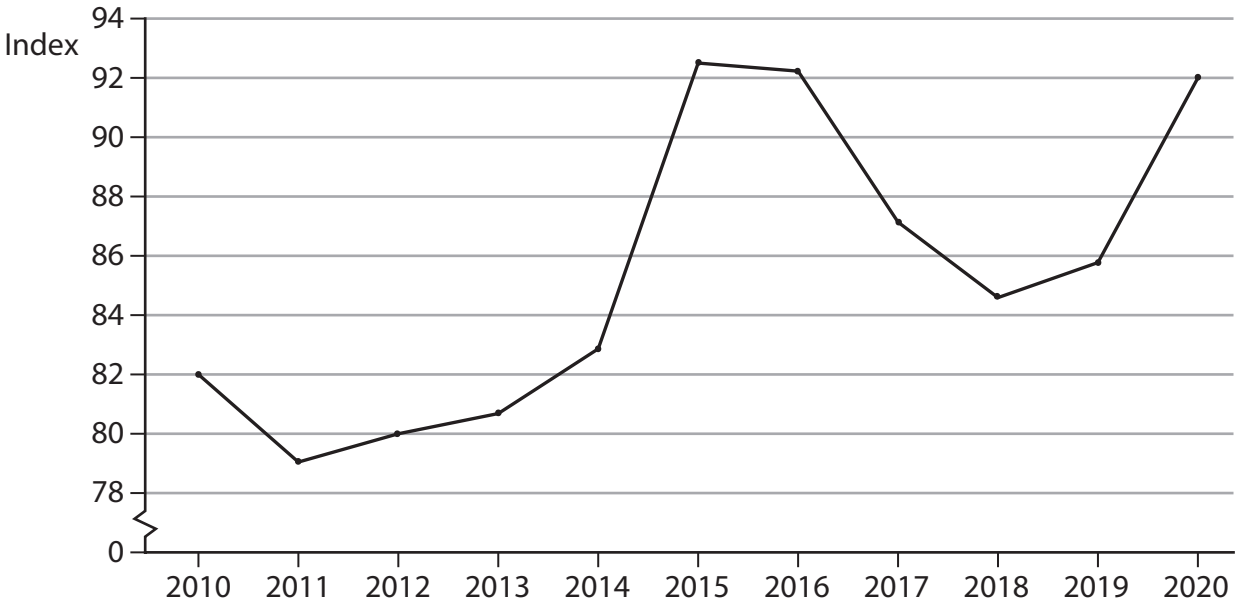
(Total for Question 3 = 5 marks)

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4 China terms of trade index (base year 2000 = 100), 2010–2020.



(Source adapted from: https://data.worldbank.org/indicator/TT.PRI.MRCH.XD.WD?end=2020&locations=CN&start=2000)

(a) Explain what is meant by 'terms of trade'.

(2)

(b) Which **one** of the following is the percentage change in China's terms of trade between 2012 and 2020, to the nearest whole number?

(1)

- ☒ **A** 12%
- ☒ **B** 13%
- ☒ **C** 15%
- ☒ **D** 92%

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(c) Explain the likely impact of the change in China's terms of trade from 2012 to 2020 on China's current account. Assume that demand for China's exports and imports is price elastic.

(2)

(Total for Question 4 = 5 marks)

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5 The UK's labour force inactivity rate was 20.2% in January 2020 and increased to 21.5% in January 2022.

After an increase in the early stages of the global health crisis, most developed countries have recorded a decrease in the inactivity rate back to, and below, levels in 2019. This is not the case in the UK.

(Source adapted from: https://www.theguardian.com/business/2023/apr/13/uk-worst-performer-g7-workforce-participation-since-covid; tradingeconomics.com)

(a) The total UK labour force in January 2022 was 34.5 million. With reference to the information above, calculate the total number of inactive people in the UK labour force in January 2022.

(2)

(b) Explain **one** likely reason for the high levels of inactivity in the UK labour force.

(2)

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(c) Which **one** of the following would be the most likely result of an increase in the rate of **employment**?

(1)

- ☒ **A** Deflation
- ☒ **B** Improvement in living standards
- ☒ **C** Increase in absolute poverty
- ☒ **D** Recession

(Total for Question 5 = 5 marks)

TOTAL FOR SECTION A = 25 MARKS

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SECTION B

Read Figures 1 and 2 and the following extracts (A and B) in the Source Booklet before answering Question 6.

Write your answers in the spaces provided.

You are advised to spend 1 hour on this section.

6 (a) With reference to Figure 1, explain the distinction between direct and indirect taxation.

(5)

(b) With reference to Extract A, examine **two** factors influencing the short-run aggregate supply of the German economy.

(8)

(c) With reference to the information provided and your own knowledge, assess the likely macroeconomic effects of the German government's budget deficit.

(10)

(d) With reference to Extract B, discuss the impact of the planned investment by Intel in a new semiconductor factory on Germany's **aggregate demand**. Use an aggregate demand and aggregate supply diagram in your answer.

(12)

(e) Discuss supply-side policies the German government could use 'to improve its economic performance' (Extract A, line 6).

(15)

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6 (a) With reference to Figure 1, explain the distinction between direct and indirect taxation.

(5)

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(b) With reference to Extract A, examine **two** factors influencing the short-run aggregate supply of the German economy.

(8)

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(c) With reference to the information provided and your own knowledge, assess the likely macroeconomic effects of the German government's budget deficit.

(10)

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(d) With reference to Extract B, discuss the impact of the planned investment by Intel in a new semiconductor factory on Germany's **aggregate demand**. Use an aggregate demand and aggregate supply diagram in your answer.

(12)

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(e) Discuss supply-side policies the German government could use 'to improve its economic performance' (Extract A, line 6).

(15)

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(Total for Question 6 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS

SECTION C

Answer ONE question from this section.

Write your answer in the space provided.

You are advised to spend 30 minutes on this section.

EITHER

7 In January 2023 the UK prime minister, Rishi Sunak, promised to halve inflation by the end of the year.

In July 2023 the Bank of England governor, Andrew Bailey, said: "It is crucial that we… return inflation to its 2% target and provide the environment of price stability in which the UK economy can thrive. This is the best contribution monetary policy can make to the prosperity of the United Kingdom."

(Source adapted from: https://www.theguardian.com/politics/2023/jan/04/sunak-vows-to-be-steady-hand-on-tiller-but-are-his-pledges-all-sleight-of-hand and https://www.theguardian.com/business/2023/jul/10/inflation-bank-of-england-boss-andrew-bailey-speech)

Evaluate the possible **conflicts** between macroeconomic objectives when seeking to control inflation.

(Total for Question 7 = 25 marks)

OR

8 In Sudan, public services such as healthcare are struggling to keep running. Power outages, blocking of internet access, and fuel shortages, will mean hospitals struggle to operate. Many of the hospitals in the capital city, Khartoum, have reported shortages of doctors, blood, transfusion equipment, medical supplies, and other skilled workers and commodities.

(Source adapted from: https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(23)00858-9/fulltext)

Evaluate the possible factors influencing the level of economic development in a developing country of your choice.

(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:

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TOTAL FOR SECTION C = 25 MARKS
TOTAL FOR PAPER = 100 MARKS

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Economics A

Advanced

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Source Booklet

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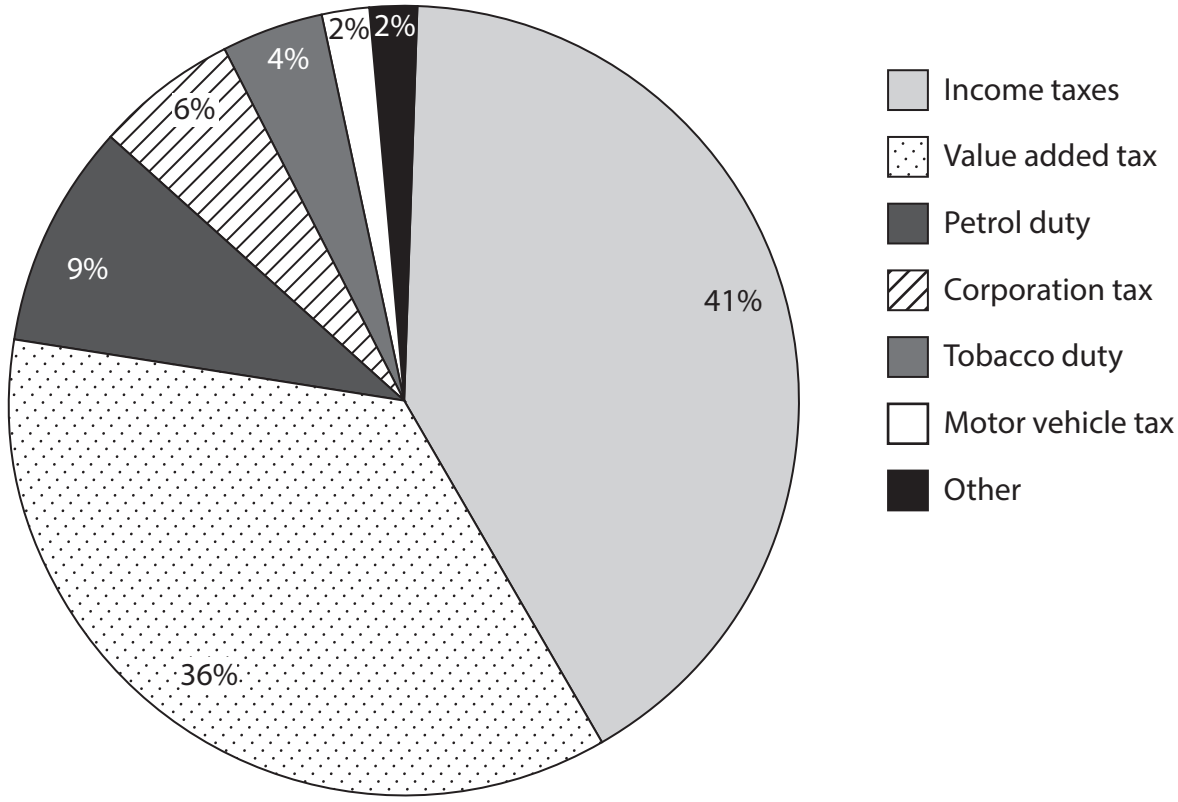
Sources for use with SECTION B

Read the following figures (1–2) and extracts (A and B) before answering Question 6.

Question 6

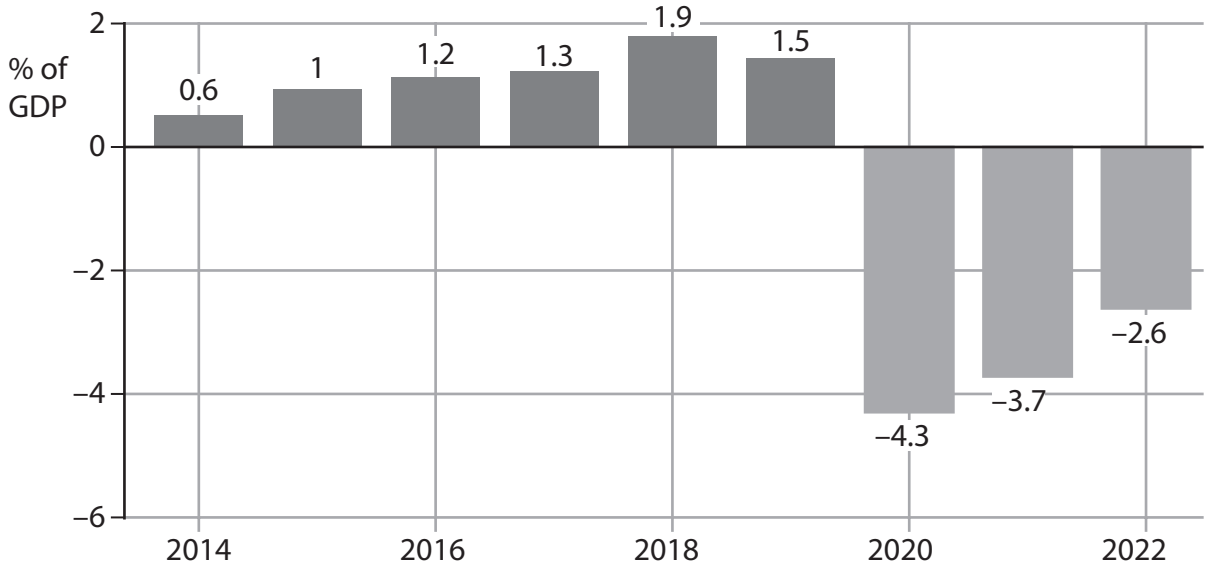
The German economy

Figure 1: German government tax revenue, % of total revenue, 2022



(Source adapted from: https://www.bundesfinanzministerium.de)

Figure 2: German government budget, % of GDP, 2014–2022



(Source adapted from: https://tradingeconomics.com/germany/government-budget)

Extract A

The opportunities and challenges facing the German economy

The German economy entered a recession in 2023, and business confidence in the country fell at the fastest pace since 2021. German growth was the lowest among major economies in 2023. The future, however, is a greater concern owing to external factors such as global conflicts and restrictions on free trade.

The German government has been trying to improve its economic performance, with an aim to have renewables account for 80% of its energy supply. However, this would be a major shift for Germany where fossil fuels such as coal and gas still provide 75% of the energy needs and exposes it to volatile global energy prices. The rapid building of liquid natural gas terminals has helped to secure energy supplies in the short term.

The German government needs to remove a number of problems that have long held back its economy. Infrastructure projects in renewable energy production, such as wind farms, have been delayed by lengthy planning procedures. Business leaders complain of excessive bureaucracy and lack of technological advances. Labour shortages are another issue. Germany is expected to be short of up to 7 million workers by 2035, partly due to an ageing population. There is a lack of skilled workers in the building trade, electrical engineering and professional services, which are important for the country's economic ambitions. The German government needs to introduce effective policies such as planning reforms to speed up construction projects or reforms to increase the flexibility of the labour market.

The German economy has long been one of the biggest exporters in the world. It has trade surpluses with all its major trading partners except China and in 2021 its current account surplus was 7.7% of GDP. However, this has caused tensions with the governments of other countries, in particular the USA, which sees Germany's surplus as partly a cause of the USA's huge current account deficit. Having said that, a weakening euro caused by higher interest rates in the USA compared to the Eurozone is beginning to have an effect in reducing Germany's current account surplus – which dropped to 4.2% in 2022.

(Source adapted from: https://www.ft.com/, https://www.cnb.cz/en/monetary-policy/inflation-reports/boxes-and-annexes-contained-in-inflation-reports/The-German-economy-and-the-dollar-euro-exchange-rate, and https://tradingeconomics.com/germany/current-account-to-gdp)

Extract B

US technology firm Intel invests in German semiconductor factories

Intel is to double its investment in semiconductor factories in eastern Germany to €30 billion. This is the largest foreign direct investment in Germany's history. Intel acquired the land for the factories in November 2022 and the first factory is expected to start production within four to five years. The site is expected to create 7 000 construction jobs during the building phase, about 3 000 permanent high-tech jobs and tens of thousands of additional jobs across the semiconductor industry.

(Source adapted from: https://www.ft.com)