Pearson Edexcel

Mark Scheme (Results)

November 2021

Pearson Edexcel GCE A Level
In Economics A (9EC0)
Paper 2: The National and Global Economy

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General Marking Guidance

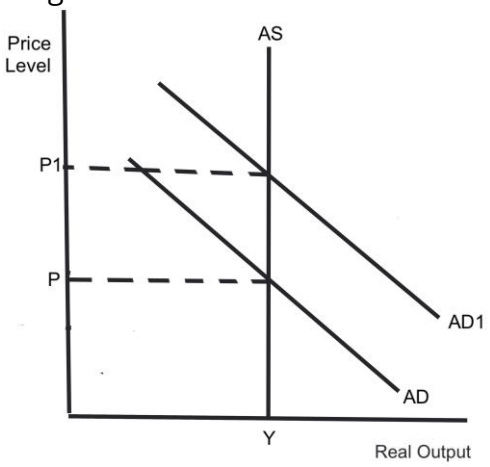
- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should 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)	**The only correct answer is D** ***A*** *is not correct because exports is an injection into the circular flow of income* ***B*** *is not correct because government spending is an injection into the circular flow of income* ***C*** *is not correct because investment is an injection into the circular flow of income*	**(1)**

Question Number	Answer	Mark
1(b)	**Application 2** 1.5 X 800 billion (1) = 1 200 billion / $1 200 billion Award two marks for correct answer Award 1 mark if candidate has put $1 200	**(2)**

Question Number	Answer	Mark
1(c)	**Knowledge 1, Analysis 1** **Knowledge/understanding (1):** • Identify increase in national debt • Definition of national debt **Analysis:** 1 mark for linked development: e.g. • Fiscal deficit means spending is greater than taxation • The government will need to borrow more money to fund this spending **NB** Analysis must be linked to national debt	**(2)**

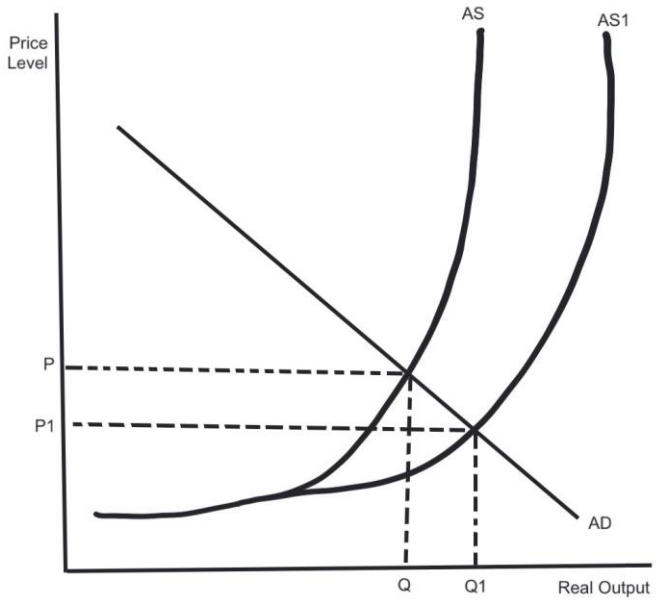
Question Number	Answer	Mark
2(a)	**The only correct answer is A** ***B*** *is not correct because this is a Classical LRAS curve* ***C*** *is not correct because this shows AD decreasing* ***D*** *is not correct because this is a Classical LRAS curve*	**(1)**

Question Number	Answer	Mark
2(b)	**Knowledge 1, Analysis 1** **Knowledge/understanding (1):** There would be no change in real output (1) **Analysis (1):** E.g. since classical economists believe the economy will be at full employment in the long run Diagram to illustrate this:  	**(2)**

Question Number	Answer	Mark
2(c)	**Knowledge 1, Analysis 1** **Knowledge/understanding (1):** Identification of likely impact: • Aggregate demand will fall/decrease **Analysis:** 1 mark for linked development, e.g. • Negative wealth effect • Reduction in consumer confidence and consumption	**(2)**

Question Number	Answer	Mark
3(a)	**The only correct answer is B** ***A*** *is not correct because the pound has fallen in value* ***C*** *is not correct because the pound-dollar is a floating exchange rate system* ***D*** *is not correct because the pound-dollar is a floating exchange rate system*	**(1)**

Question Number	Answer	Mark
3(b)	**Knowledge 2, Application 1, Analysis 1** Knowledge 2 marks e.g. • UK current account would improve/reduction in deficit (1) • Increase in exports (1) • Decrease in imports (1) Application 1 mark e.g. • Accurate reference to data between 1st January 2018 to 1st January 2019 Analysis 1 mark for linked development e.g. • UK exports become more competitive • UK exports appear cheaper to US consumers Own answer rule Allow alternative responses referring to Marshall-Lerner Condition and/or J-Curve	**(4)**

Question Number	Answer	Mark
4(a)	**Knowledge 2, Application 1, Analysis 1** **Knowledge** 2 marks e.g. • Aggregate supply will increase (1) • Improvement in UK's capital (1) • Increase in productivity/efficiency of UK economy (1) • Correct diagram illustrating an increase in AS (2), e.g.:  **Application** 1 mark, e.g. • Reduce journey times by as much as 50% • £56bn spending **Analysis** 1 mark for linked development e.g. • Faster journey times means people can get to work quicker, increasing their productivity • Moving freight more quickly will increase efficiency for firms	**(4)**

Question Number	Answer	Mark
4 (b)	**The only correct answer is B** ***A*** *is not correct because it is a decision by the government to spend this money* ***C*** *is not correct because this is capital, not current, expenditure* ***D*** *is not correct because this is not an example of transfer payment*	**(1)**

Question Number	Answer	Mark
5(a)	**The only correct answer is C** ***A*** *is not correct because we do not have any information on inflation* ***B*** *is not correct because Germany's GDP is larger than France's in every year shown* ***D*** *is not correct because the GDP of both countries grew between 2015 and 2016*	**(1)**

Question Number	Answer	Mark
5(b)	**Application 2** 1 mark for correct appropriate calculation, e.g. % change = change/original X 100 = 0.19/3.50 X 100 (1) Answer = **5.4%** or **5.4** Award 2 marks for correct answer Allow range 5-5.43	**(2)**

Question Number	Answer	Mark
5 (c)	**Knowledge 1, Analysis 1** **Knowledge/understanding (1):** Identification of one reason, e.g. • To improve accuracy when comparing data between countries **Analysis:** 1 mark for linked development, e.g. • PPP compares cost of living/buying power between different countries • PPP is calculated by comparing the price of a basket of comparable goods and services in different countries	**(2)**

Question Number	Answer	Mark
6(a)	**Knowledge 1, Application 2, Analysis 2** Calculate 2011 total: 10.29m X $123 = $1 265.67 million (2) Calculate 2012 total: 10.55m X $83 = $875.65 million (2) Change = $1 265.67 million – $875.65 million = -$390.02 million / 390.02 million Award full 5 marks for correct answer Award 4/5 marks for $390.02 **N.B. When interpreting graph:** For 2011 allow range of values: 10.25m - 10.35m For 2012 allow range of values: 10.5m – 10.6m	**(5)**

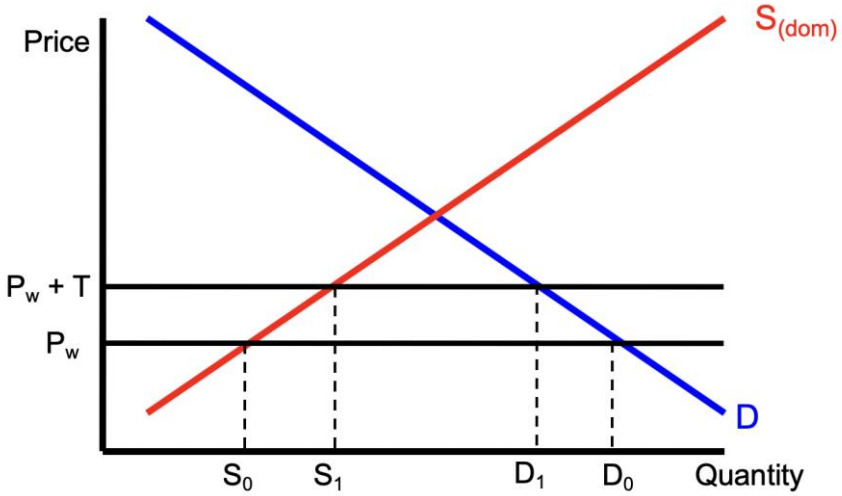
Question Number	Answer	Mark
6(b)	**Knowledge 2, Application 2, Analysis 2, Evaluation 2** **Knowledge/Understanding:** Likely benefits identified (1+1), e.g. • Increase in size of workforce (1) • Increase in consumption (1) • Increase in government tax revenue (1) • Increase in economic output of the country (1) **Analysis:** Linked development of each factor (1+1), e.g. • Increase in AS as country now has a larger workforce so can produce more (1) • More consumers creates more demand for Rwandan firms, increasing AD and economic growth (1) • More government spending on education/infrastructure to further improve AS (1) **Application:** 2 marks (1+1) for reference to the data/candidates' own knowledge, e.g. • Population grew from 10.8m in 2013 (1) to 11.4m in 2015 (1) • Population grew by 5.6% from 2013 to 2015 (2) • Rwanda's GDP grew by almost 9% in 2015 (1) • Absolute poverty declined by 20 percentage points from 2001 to 2014 (1) **Evaluation:** 2 marks for two evaluative comments OR 2 marks for identification and linked development of one comment Evaluative comments (1+1), e.g. • Larger population may increase unemployment if number of jobs do not also increase (1) • Government expenditure on providing education, health, etc. may increase (1), cancelling out benefits from extra tax revenue (1) Impact on AD/AS may be shown diagrammatically	**(8)**

Question Number	Indicative Content	Mark
6(c)	**Knowledge 2, Application 2, Analysis 2,** • Aid has fallen from around $103 per capita to around $91 • Less funding for supply-side policies such as improvements to education, which may impact Rwanda's 'near-universal primary school enrolment' and healthcare- perhaps slowing the fall in child mortality, which has dropped by two-thirds • Less injections into Rwanda's circular flow of income/less aggregate demand in Rwanda • Fall in standard of living in Rwanda • Less investment/capital accumulation (Harrod-Domar model) • Reduction in support to lift people out of absolute poverty- perhaps absolute poverty won't fall further than the 39% it was in 2017 • Less funding for schemes to reduce inequality • Increase in Rwanda's budget deficit/national debt as government attempt to make up for shortfall in aid funding	**(6)**

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 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(c) continued	**Evaluation 4** • Private investment may have increased over time • Government may now be more capable of funding education/healthcare schemes • Significance of fall in aid funding • Aid money increased the following year • Absolute poverty decline 59% to 39% 2001 to 2014 (or other references to extract B) suggesting there is less need for aid	**(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 4** Likely impacts might include e.g.: • Increase in price of imported textiles • Lower standard of living • Loss of consumer surplus- e.g. higher prices of clothing for consumers • Increased producer surplus • Rwandan firms (e.g. factory in Kigali from extract A) able to sell at higher prices, therefore increased profits • tariff revenue can be used to subsidise clothing retailers/ provide consumers with healthcare and education • Risk of retaliation from other countries such as USA **NB To access Level 3 there must be an accurate diagram, for example:**  	**(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(d) continued	**Evaluation 4** • Depends on elasticity of demand for imports • Significance of increase in tariff • Increase in employment in domestic textile industry would benefit consumers • Domestic producers may still be unable to compete with significantly cheaper used clothing imports	**(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** Policies the Rwandan government could use include: • Subsidising textile manufacturers to purchase new machinery to increase efficiency • Improve infrastructure, e.g. roads & ports, to make it easier/cheaper for Rwandan firms to export their clothing • Increased education spending to improve efficiency of workforce • Investment in cheaper renewable electricity for factories to reduce their costs • Deregulation to increase efficiency • Reduce corporation tax to encourage firms to invest more • Incentives to encourage FDI into Rwandan manufacturing industry **NB: Do not award discussion of import tariffs**	**(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** • Opportunity cost of government spending- money could have bigger impact on Rwandan economy if invested in other industries or used to improve public services • Rwanda should focus on industries where it has a comparative advantage, not textiles • Time lag for policies to have any significant impact • Risk of corruption, e.g. funding for construction projects may not be spent where it was intended • Highly educated workforce may emigrate to more developed countries that offer higher wages	**(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** Arguments that QE **has been** effective: • QE provided financial institutions with additional funding to allow them to increase lending to businesses, thus increasing investment in the economy and therefore economic growth • QE provided financial institutions with additional funding to allow them to increase lending to consumers, thus increasing consumption in the economy and therefore economic growth • Without QE the Eurozone economy may have gone into deflation, thus significantly prolonging the recession due to further reduced consumer demand in anticipation of further falls in price • QE was necessary as an additional monetary policy tool for the central bank after they had already cut interest rates as low as possible and the economy had not responded • Commercial interest rates did not drop as much as the ECB base rate due to confidence concerns from banks, so this acted as another way to reduce interest rates Arguments that QE **has not been** effective: • Many financial institutions used QE funding to improve their own financial stability, increase their liquid assets- rather than increasing lending to businesses/consumers • Lack of consumer/business confidence meant there was a lack of demand for loans • Consumers and firms were increasing savings rather than borrowing due to concerns about stability of the Eurozone economy • Effect was limited by contractionary fiscal policy in many Eurozone countries • Significant spare capacity in European economies during recession which QE is unable to make up for • If recession proves short-lived too much QE could be inflationary • Different European countries experiencing different economic situation so a 'one size fits all' QE approach may be too much for some countries & not enough for others Candidates can use either side of this argument as KAA and the other side as evaluation	**(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 Number	Indicative content	Mark
8	**Knowledge 4, Application 4, Analysis 8, Evaluation 9** There may be a trade-off between environmental protection and other macroeconomic objectives, e.g.: • **Higher economic growth**: this leads to more energy usage, much of this energy is still powered by non-renewable sources such as gas (especially in the UK) or coal (e.g. Germany) • **Inflation:** measures to protect the environment (e.g. packaging modifications, recycling costs) may increase costs for firms, pushing up prices & causing inflation • **Income inequality:** Replacing non-renewable energy requires huge capital expenditure which may increase energy costs for poorer people, especially in developing countries • **Unemployment:** Employees in polluting industries may lose their jobs if firms are forced to close due to government policies to reduce pollution The trade-offs may not occur: • Increased economic growth means governments have more money to invest in environmentally-friendly solutions such as better public transport • Firms may take this opportunity to increase their efficiency, e.g. new more environmentally friendly machinery may also be more efficient. Firms can make money from recycling products/using recycled products in production may be cheaper • In the long term renewable energy will be cheaper for consumers and isn't subject to fluctuating world oil & gas prices • Many new jobs have been created in sectors such as renewable energy, research into carbon capture, and recycling	**(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.
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Evaluation		
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	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.
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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.

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