

Mark Scheme (Results)

October 2020

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	Answer	Mark
Number		
1 (a)	Application 2	
	1.7% growth in 2017	
	£200 000m X 1.017 (1) = £203 400m (1)	
	2200 000111X 1.017 (1) = 2203 40011 (1)	
	Award 2 marks for correct answer e.g. 203.4 billion	(2)

Question Number	Answer	Mark
1 (b)	Knowledge 2	
	 Knowledge/understanding: 1 mark for explaining 'real', e.g. Taking inflation into account Adjusted for inflation Removing the effects of inflation from the data Constant prices 	
	 1 mark for explaining GDP, e.g. Total output of the economy Total income of the country Total expenditure of the country 	(2)

Question	Answer	Mark
Number		
1 (c)	Application 1	
	The only correct answer is C	
	A is not correct because we do not have any data on population	
	B is not correct because we do not have any data on inflation	
	D is not correct because economic growth is positive in 2015	(1)

Question	Answer	Mark
Number		
2 (a)	The only correct answer is C	
	A is not correct because it is £115m divided by 1.8	
	B is not correct because it is the value from the extract	
	D is not correct because it is £115m doubled	
		(1)

Question Number	Answer	Mark
2 (b)	Knowledge 2, Application 1, Analysis 1	
	 Knowledge/Understanding: Up to 2 marks for e.g. Multiplier effect is where an initial change in aggregate demand can have a greater final impact on equilibrium national income (1) Injection of money from investment goes round the circular flow multiple times/knock-on effects/further effects (1) Understanding of a multiplier formula (1) 	
	 Application: Up to 1 mark for a relevant example e.g. Construction workers will eat lunch in local cafes Construction workers will stay in local hotels New shops means more jobs for local people, they may then spend their money in a local bar £115m investment Multiplier value of 1.8 Final increase in AD of £207m 	
	 Analysis: Up to 1 mark for e.g. One person's spending is another person's income Eventually all money is withdrawn/leaked out of the circular flow of income 	
	A correct AD/AS diagram showing two shifts in AD out to the right can be awarded 2 marks (1 K, 1App)	(4)

Question	Answer	Mark
Number		
3 (a)	Knowledge 2, Application 1, Analysis 1	
	 Knowledge/Understanding: Up to 2 marks for e.g. Enabling growth/prevent recession Providing temporary loans/credit Promoting economic stability Promoting international monetary cooperation Promoting exchange rate stability 	
	 Application: 1 mark for relevant example e.g. \$57bn lent to Argentina Money helps to stabilise currency Money enables Argentinian government to continue repayments on its debt Other relevant examples Analysis: Up to 1 mark for e.g. Countries such as Argentina relied on IMF as it would be too risky for financial markets to lend to them IMF will insist on reforms to economy as part of financial assistance 	(4)

Question	Answer	Mark
Number		
3 (b)	The only correct answer is B	
	A is not correct because that refers to an increase in the value of the currency	
	C is not correct because that refers to direct intervention in the currency markets	
	D is not correct because that refers to an increase in the value of the currency	(1)

Question	Answer	Mark
Number		
4 (a)	Application 2	
	910 - 894 X 100 (1) = 1.79% (1) 894	
	Accept answers between 1.78% and 1.8%	
	Award 2 marks for correct answer e.g. 1.79	(2)

Question	Answer	Mark
Number		
4 (b)	Knowledge 1, Analysis 1	
	 Knowledge 1 mark for one relevant reason e.g. Uncertainty over the process of leaving the EU (1) Closure of high street shops (1) Falling incomes (1) Increased automation (1) Slower economic growth (1) Business expectations (1) 	
	 Analysis 1 mark for linked development e.g. Uncertainty discourages firms from expanding/investing into their businesses (1) High street shops employ large numbers of people in the UK and with sales moving online jobs tend to be lost permanently (1) Lower incomes lead to lower consumption so less demand for labour (1) 	(2)

Question Number	Answer	Mark
4 (c)	The only correct answer is D	
	A is not correct because this is not related to a change in technology	
	B is not correct because this is real wage inflexibility	
	C is not correct because this is not related to a change in technology	(1)

Question	Answer	Mark
Number		
5 (a)	Knowledge 2, Application 2 Knowledge/understanding: Correct labels on axes (1) and lines (1)	
	Application: Correct shift of line(s) (1) showing change in price level and/or real output (1) For example: PL AS AS AS AS N.B.	
	Other AS curves are acceptable Candidates can illustrate an increase in AD, AS, or both	(4)

Question Number	Answer	Mark
5 (b)	The only correct answer is C	
	A is not correct because this would not solve the negative output gap	
	B is not correct because this would not solve the negative output gap	
	D is not correct because this would not solve the negative output gap	(1)

Question	Answer Ma		
Number 6 (a)	Knowledge 2, Application 2, Analysis 1		
6 (a)	 Knowledge/Understanding: Up to 2 marks for e.g. Guaranteed minimum price (1) Reduced fluctuations in income/price (1) Fairtrade farmers/growers/suppliers receive a higher price for their crops (1) Fairtrade 'premium' paid to farmers/growers/suppliers (1) Extra financial support for farmers/growers/suppliers (1) 		
	 Increased income/profit for farmers/growers/suppliers (1) 		
	 Application: Up to 2 marks for e.g. (1+1 OR 2) 44% of Fairtrade premium was spent on improving business administration and infrastructure 45% was spent on investing in farm equipment, training, and funding Price volatility for farmers Fragile incomes for farmers Fluctuating world cocoa prices Diversification into other crops Median annual income for cocoa farmers in Ivory Coast of US\$2600/not a living income Even tripling farm output would not provide a cocoa farmer with a living income 		
	 Analysis: Up to 1 mark for e.g. Fairtrade is designed to support people in developing countries (1) Farmers can use additional income to invest into their business (1) Fairtrade is democratic in the sense that farmers can choose how to spend their Fairtrade premium money 		
	(1)Alternative to aid using the market system (1)	(5)	

Question	Answer	Mark
Number		
6 (b)	Knowledge 2, Application 2, Analysis 2, Evaluation 2	
	Knowledge/Understanding:	
	Relevant methods identified (1+1), e.g.	
	Diversification	
	Invest in technology/machinery	
	Improved use of resources	
	 Increased processing of cocoa beans within the 	
	country	
	Application:	
	2 marks (1+1 OR 2) for reference to the data/candidates' own	
	knowledge, e.g.	
	World cocoa prices plunged by more than a third in	
	2017	
	 Average cocoa farm yields only half of what could be 	
	achieved	
	 Fertilisers/replanting/tractors to increase output/yield 	
	Diversification into livestock/other crops	
	 Producing chocolate bars from cocoa beans 	
	Analysis:	
	Linked development of each factor (1+1), e.g.	
	 Diversify into other crops to reduce impact of 	
	fluctuating prices	
	 Machinery can speed up harvesting and reduce labour 	
	costs	
	Fertiliser can increase output of cocoa so farmers	
	have more to sell	
	 Adding value by processing beans 	
	Evaluation: 2 marks for two evaluative comments OR 2	
	marks for identification and linked development of one comment	
	Evaluative comments (1+1), e.g.	
	Significance of different methods	
	 Improvements will only occur in the long term 	
	 Increasing cocoa yields will further reduce cocoa 	
	prices	
	prices	
		(8)
		(-)

Question Number	Indicative Content Mark		
6 (c)	 Knowledge 2, Application 2, Analysis 4 Fluctuating prices make it hard for farmers to plan ahead for future purchases of seeds, equipment, etc. and will discourage investment into the farm to improve productivity Falling cocoa prices reduce profits for farmers Falling cocoa prices reduce the Ivory Coasts' terms of trade, affecting their ability to buy important imports such as capital equipment Fluctuating current account Cocoa is over half of Ivory Coast's exports and thus is a significant part of the country's economy and changes will have a big impact on AD 		
		Level 3 response candidates must refer ly to Figure 2	(8)
Level	Mark	Descriptor	
	0	A completely inaccurate response.	
Level 1	1-2	Displays isolated or imprecise knowledge and understarterms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning between causes and consequences.	
Level 2	3-5	Displays elements of knowledge and understanding of exprinciples, concepts and theories. Applies economic ideas and relates them to economic properties, although does not focus on the broad elements question. A narrow response; chains of reasoning are developed to answer may lack balance.	roblems in s of the

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	
	 Ivory Coast has comparative advantage in cocoa (climate, soil, etc.) so they should specialise in this to maximise output Growth of schemes such as Fairtrade will help in the future 	
	future	(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, Possible policies might include e.g.: Supply-side policies to improve productivity such as improved education or healthcare will make workforce more efficient and thus reduce per unit costs to better compete with cheaper imports (allow more than one supply-side policy) Deregulation policies (e.g. labour laws) to reduce production costs for firms and therefore they will be able to compete on price with other African countries better Investment in infrastructure to reduce transport costs for exporters Subsidies provided by the government to help firms adjust to new competition, e.g. could be used to purchase new, more efficient machinery Demand-side policies such as reduction in taxes on businesses to reduce their costs and increase competitiveness on price 	(6)

Levelind Person	naMark from	w De Skreipt Off.co.uk 找名校导师,用小草线上辅导(微信小程序同名)
	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	Indicative Content	Mark
Number		
6 (d) continued	Evaluation 4	
	 Education investment will take a long time until those students enter the workforce Opportunity cost for the government of investment 	
	Potential side effects of wage-related policies	(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	Indicative content		
Number			
6 (e)	 Knowledge 3, Application 3, Analysis 3 Trade creation as a result of joining the trading bloc Increased specialisation & trade for countries & their firms, following theory of comparative advantage so total output of the economy can increase. Could potentially be explained diagrammatically or with a numerical example Higher incomes for workers in the countries thanks to increased demand for the country's exports pushing up wages Increase in jobs as domestic firms now have much larger market to sell their products to, improving standard of living for citizens of the countries 		
	NB For a Level 3 response candidates must refer specifically to benefits for sub-Saharan African countries	(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	Indicative content		
Number			
6 (e) continued	Evaluation 6		
	 Trade diversion resulting in loss of efficiency as trade switches to less efficient producers within the trading bloc More integration means financial crises will spread more quickly across the trading bloc Loss of output due to cheaper competition from lower wage cost countries 	(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	Indicative content	Mark
Number		
7	 Knowledge 4, Application 4, Analysis 8, Evaluation 9 Arguments that cutting taxes will positively impact the economy: Firms will have more profit to reinvest into their companies, therefore increasing investment, aggregate demand, and therefore output Consumers have higher disposable income so consumption will increase Greater injections into the circular flow of income Less withdrawals form the circular flow of income Relevant AD/AS diagram illustrating an increase in AD Increase in size of multiplier Less incentive for tax evasion/avoidance 	
	 Arguments that cutting taxes will negatively impact the economy: Firms may not reinvest money, many other factors affect investment decisions- e.g. confidence Consumers may save any extra disposable income, thus withdrawing it from the circular flow of income Likely to result in higher government debt leading to increased crowding out Government will have less money to spend on infrastructure/education etc. that may negatively affect economic growth 	
	One side of the argument should count as KAA and the other as EV.	(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	
	Evaluation 9	
	Likely causes include:	
	 High levels of corruption leading to government inefficiency/failure to act in best interests of general population Lack of redistributive fiscal policy High indirect taxes which tend to be regressive Inequality in access to or quality of education/healthcare for different people in a country Rural/urban divide with people in urban areas having a much greater variety of job opportunities and higher wages than in rural areas Weak trade unions reduce power of workers to insist on higher wages High levels of inheritance that is not significantly taxed being passed on to future generations Ownership of financial assets concentrated amongst the wealthy, with a lack of public share ownership 	
	Evaluative comments may include e.g.:	
	 Significance/magnitude of specific causes Causes may be solved over time as the economy grows and income levels rise Significance of competing causes could be discussed Consider whether there is a link between the two types of inequality 	
	N.B. For a level 4 response, candidates must make reference to causes of both income and wealth inequality	(25)

Knowledg	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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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.