

Please check the examination details below before entering your candidate information

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**Pearson Edexcel Level 3 GCE**

Time 2 hours

Paper reference **9EB0/02**

**Economics B**

**Advanced**

**PAPER 2: Competing in the global economy**

You do not need any other materials.

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.
- Answer **all** questions.
- 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.
- Try to answer every question.
- Check your answers if you have time at the end.

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Answer ALL questions.

SECTION A

Read the following extracts (A to D) before answering Question 1.

Write your answers in the spaces provided.

**Extract A**

**Health and the macroeconomy**

In 2017, the total Gross Domestic Product (GDP) of the United Kingdom (UK) was £2.12tn with a population of 66 million. Since then there has been an increase in homelessness, rough sleeping and in the number of food banks. Thousands of poor families now live in accommodation far away from their jobs and from the schools their children attend. Close to 40% of children were predicted to be living in poverty in 2021. Life expectancy has also fallen among the lowest income groups. According to human resource managers, many employers fail to see the link between employee wellbeing and productivity. 5

Political parties seem indifferent to inequality, which has left large numbers of low income people experiencing poor living standards. This is not just true for the UK but for almost all the countries in the Organisation for Economic Co-operation and Development (OECD), albeit to different degrees. Fiscal policies in some countries have helped to reduce poverty and decrease inequality, while in others poverty has increased and so has inequality. 10 15

(Source: adapted from <https://www.ineteconomics.org/research/research-papers/lessons-for-the-age-of-consequences-covid-19-and-the-macroeconomy> and <https://www.ohchr.org/EN/Issues/Poverty/Pages/CallforinputUK.aspx>)

**Extract B**

**UK the 'poorest' country in northwest Europe in 2021**

The UK has the lowest level of real GDP per capita of all countries in northwest Europe. House of Commons library data, published in June 2021, puts the UK behind 13 neighbouring European countries, including Ireland, Norway, Sweden, Finland, Denmark, Belgium, the Netherlands, Iceland, Switzerland, Luxembourg, Austria, France and Germany. 5

According to the research, which uses data from the International Monetary Fund (IMF), these 13 countries have a higher GDP per capita than the UK and have had for the past 21 years. The data puts the UK's GDP per capita at £31 038 per person in 2021, placing it at the bottom, behind France on £32 622 per head, and Finland which has a rate of £34 187. 10

The UK also scores low on investment. According to the World Bank, in 2020, investment in Denmark was 23% of GDP whereas in the UK it was 17% of GDP. GDP growth was also higher in Denmark from 2016 to 2019 than in the UK. Low investment and productivity mean that income growth in the UK is likely to remain relatively low. 15

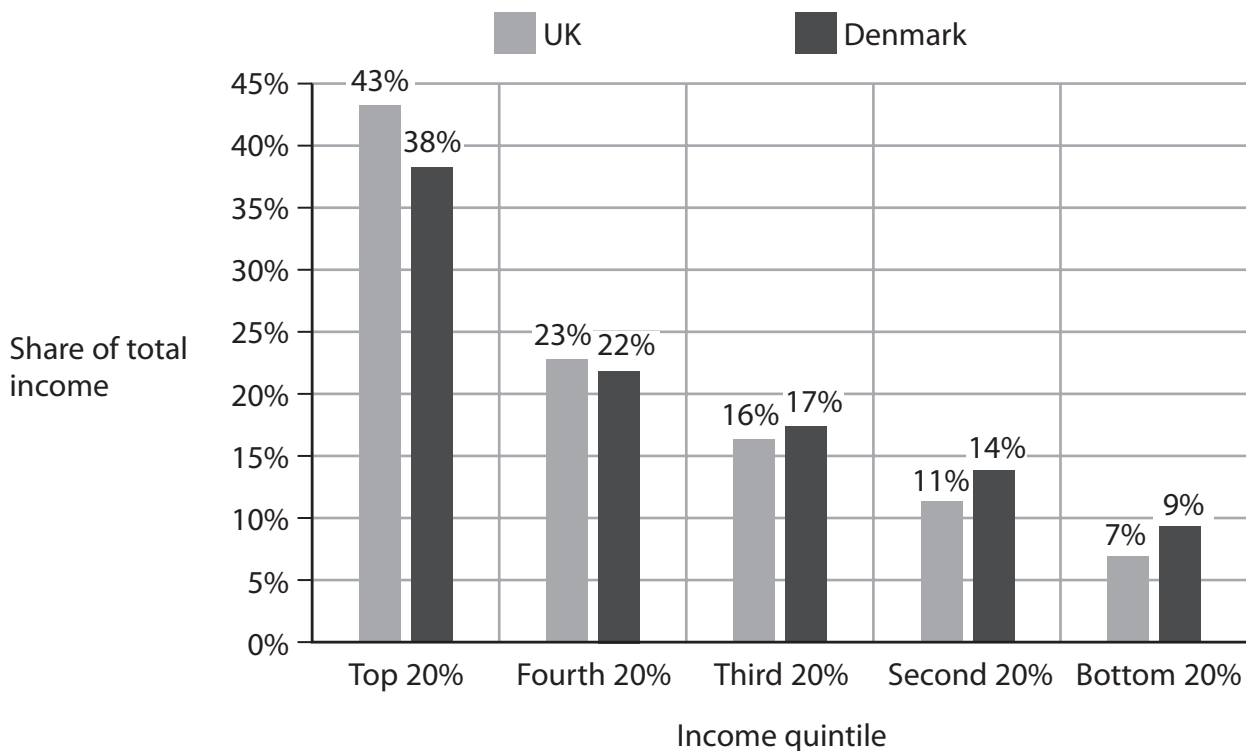
(Source: adapted from <https://www.scotsman.com/news/politics/new-data-suggests-uk-poorest-country-in-north-west-europe-3288562>)

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**Extract C****Income quintile shares for the UK and Denmark in 2018****Human Development Index (HDI)**

In 2018 the HDI for the UK was 0.928 and for Denmark the HDI was 0.939.

(Source: adapted from <https://www.equalitytrust.org.uk/scale-economic-inequality-uk> and <https://data.worldbank.org/country/denmark> and <http://hdr.undp.org/en/countries>)

**Extract D****GINI coefficient and Index of labour productivity for the UK and Denmark 2015–2018**

GINI coefficient				
	2015	2016	2017	2018
United Kingdom	0.33	0.35	0.35	0.36
Denmark	0.28	0.28	0.29	0.28

Index of labour productivity (2015=100)				
	2015	2016	2017	2018
United Kingdom	100.0	99.3	100.1	100.3
Denmark	100.0	101.2	103.1	105.4

(Source: adapted from <https://data.worldbank.org/indicator/SI.POV.GINI> and <https://data.oecd.org/lprdty/gdp-per-hour-worked.htm>)



1 (a) Using the data from Extract A, calculate to two decimal places the UK GDP per capita for 2017. You are advised to show your working.

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Sector	Average hourly wage
Catering	£9.62
Construction	£15.99
Education	£18.83
Finance and Insurance	£22.62
Manufacturing	£15.08

**Figure 1**

Figure 1 shows the average hourly wage for different sectors of the UK economy in 2021.

- (b) Calculate the median hourly wage for the service sector **only**. You are advised to show your workings.

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(c) Using the data in Extract D, calculate the difference in the percentage change in labour productivity for the UK and Denmark between 2015 and 2018. You are advised to show your working.

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(d) Analyse **two** factors influencing labour productivity in either Denmark or the UK.

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(e) Discuss the likely impact of low productivity on economic growth in the UK between 2015 and 2018.

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(f) Assess the usefulness of the GINI coefficient as a measure of absolute and relative poverty.

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The UK has a legal minimum wage. Denmark has no legal minimum wage.

(g) Assess the impact of a minimum wage on income inequality.

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(h) With reference to Extract B and using a suitable diagram, assess the likely economic impact of the level of investment in Denmark.

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(Total for Question 1 = 60 marks)

**TOTAL FOR SECTION A = 60 MARKS**



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**PLEASE TURN OVER FOR QUESTION 2**



## SECTION B

Read the following extracts (E and F) before answering Question 2.

Write your answer in the space provided.

## Extract E

**Offshoring by Nabisco**

*Nabisco* is a US manufacturer of biscuits and snacks. In 2021, *Nabisco* factories in New Jersey and Atlanta were closed, resulting in the loss of about 1,000 jobs. While the firm denied that the jobs were offshored to Mexico, in 2016 hundreds of jobs were lost at the *Nabisco* factories in Chicago and Philadelphia. 5

"We can't compete with the Mexican workers," said a US trade union representative. "*Nabisco* just want to exploit cheap labour. If we were to accept all the working conditions, this job would turn into a job not even worth fighting for."

In 2016, the trade union launched a 'check the label' boycott campaign, asking consumers to refuse to buy *Nabisco* products that are made in Mexico. Workers have frequently reported finding *Nabisco* products for sale near their factories that were produced in Mexico. 10

(Source: adapted from <https://www.theguardian.com/us-news/2021/aug/23/nabisco-factory-workers-striking>)

## Extract F

**Hourly minimum wage for top manufacturing countries**

Country	Hourly minimum wage (US\$)
China (with regional variations)	\$1.73
USA	\$7.25
Japan	\$7.80
Germany	\$10.87
South Korea	\$6.84
Italy	No minimum wage
France	\$11.66
United Kingdom	\$10.34
Mexico	\$1.05

(Source: adapted from <https://www.nationmaster.com/country-info/compare/China/United-States/Labor> & <https://stats.oecd.org/Index.aspx?DataSetCode=RMW>)

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2 Evaluate the importance of wage costs in influencing the location of manufacturing firms.

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(Total for Question 2 = 20 marks)

**TOTAL FOR SECTION B = 20 MARKS**



## SECTION C

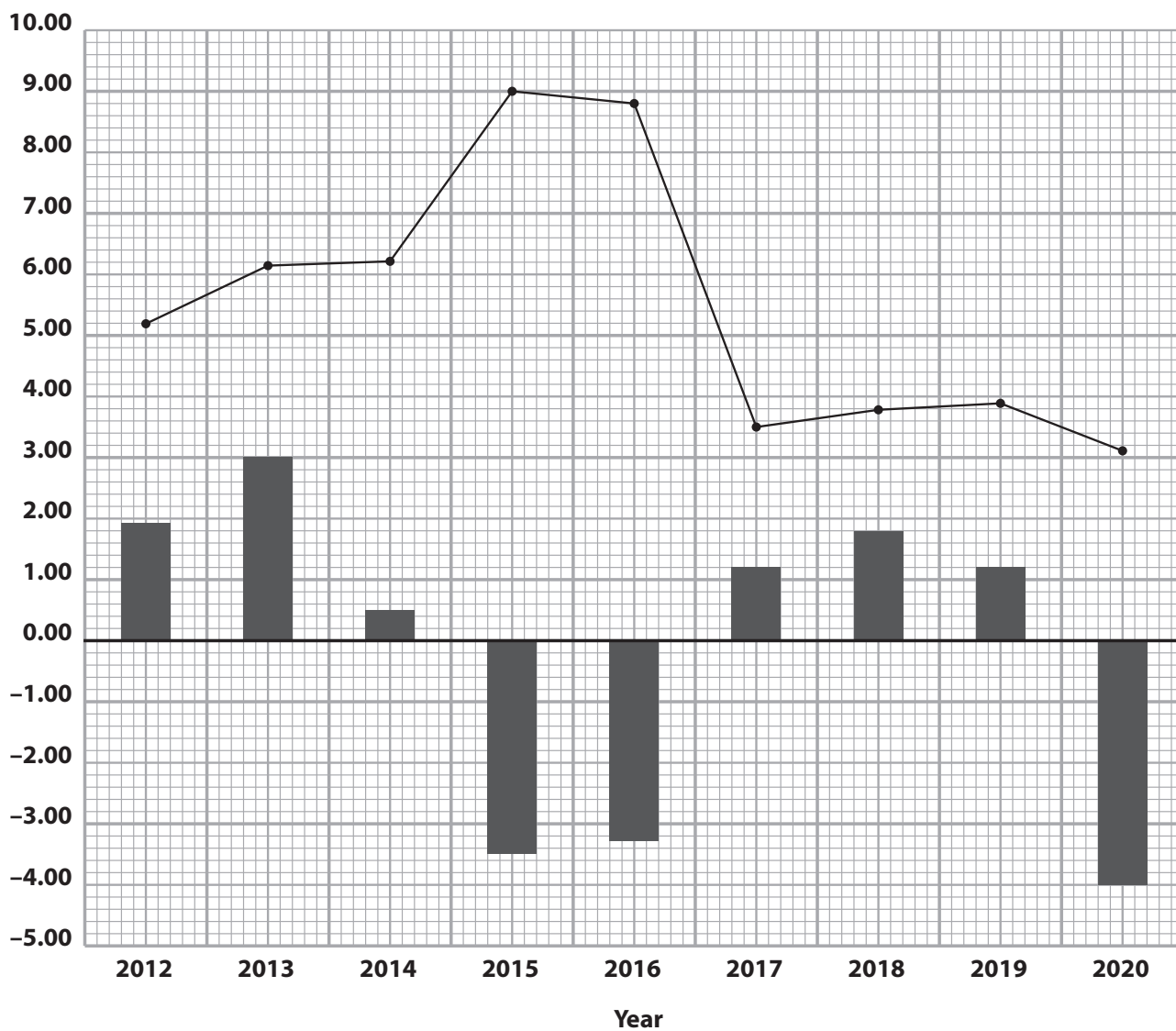
Read the following extracts (G to I) before answering Question 3.

Write your answer in the space provided.

## Extract G

## Economic growth and inflation in Brazil, 2012–2020

Annual %  
change



■ GDP growth (annual % change)

—●— inflation, consumer price index (annual % change)

(Source: adapted from <https://data.worldbank.org/country/BR>)

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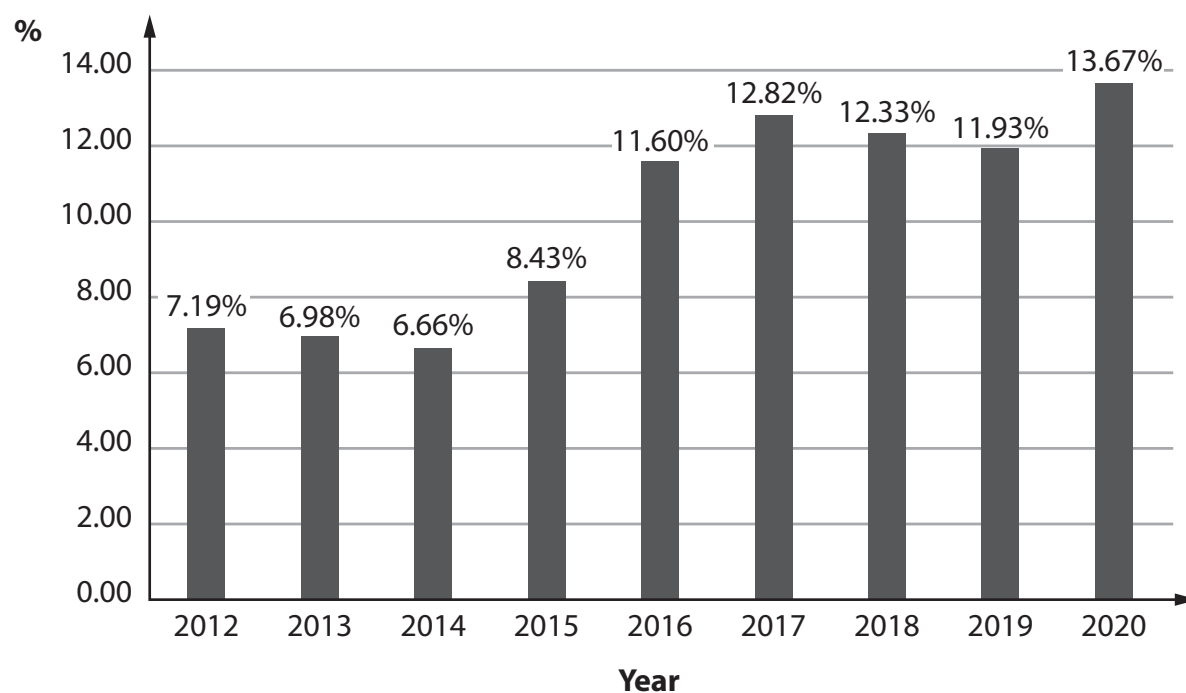
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## Extract H

## Unemployment (% of total labour force) in Brazil, 2012–2020



(Source: adapted from <https://data.worldbank.org/country/BR>)



**Extract I****The economy of Brazil**

Brazil is the world's thirteenth largest economy. The country is still working on rebuilding itself after the 2015–2016 recession when the economy contracted by almost 7%. Since then, Brazil has not been able to grow at the same pace as it did before the recession. South America's largest economy is now expected to grow at a slower pace in the coming years, with the International Monetary Fund (IMF) predicting Gross Domestic Product (GDP) growth of 1.5% in 2022 and 2% in 2023.

5

While the Brazilian Government claims the economy is recovering, it continues to follow fiscal policies aimed at reducing the fiscal deficit and government debt. The unemployment rate in Brazil continues to grow and the country has one of the highest levels of inequality in the world. Even though Brazil has lifted 28 million people out of absolute poverty in the last 15 years, 10% of the population still live in absolute poverty, while the country's richest 5% have the same income as the remaining 95% of the population.

10

Brazil has abundant natural resources and a relatively diversified economy. The country is the world's largest producer of coffee, sugar cane and oranges, and is one of the world's largest producers of soya. With forests covering half of the country and the world's largest rainforest, Brazil is the world's fourth largest exporter of timber. Additionally, Brazil is home to the world's largest commercial livestock herds. Brazil also attracts many multi-nationals in the food and bio-fuels industries. It is the world's second largest exporter of iron and one of the world's main producers of aluminium and coal. Many of the world's large automobile manufacturers have set up factories in Brazil. The industrial sector contributes 17.6% to the GDP and employs 19.9% of the population.

15

20

The service sector represents 62.9% of Brazilian GDP and employs 70.9% of the active workforce. In recent years, the country has developed the production of high value-added services, especially in the fields of aeronautics and telecommunications. Tourism has grown in recent years, making it an important segment of this sector.

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(Source: adapted from <https://international.groupecreditagricole.com/en/international-support/brazil/economic-overviews>)

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3 Evaluate the impact of low or negative economic growth upon a developing economy such as Brazil.

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**(Total for Question 3 = 20 marks)**

**TOTAL FOR SECTION C = 20 MARKS**  
**TOTAL FOR PAPER = 100 MARKS**



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