



Examiners' Report June 2022

GCE Economics B 9EB0 02

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June 2022

Publications Code 9EB0_02_2206_ER

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Introduction

This was the fifth series of the Advanced level Economics B – Paper 2: Competing in the global economy.

The paper is divided into three sections.

- Section A consists of eight questions based upon four data extracts.
- Section B consists of two data extracts and one 20-mark essay question.
- Section C consists of three data extracts and one 20-mark question.

Overall, candidates performed well on this paper but with some areas of knowledge that require improved understanding. For example, a successful response to question 1(h) required an understanding of the likely impact of high investment upon both aggregate demand (AD) and aggregate supply (AS). However, a number of candidates, although able to produce a simple diagram, did not seem to understand how investment affect AD and AS.

Question 1(b) required an understanding of both how the median is calculated and the characteristics of developed economies in respect of the service sector. Construction being a product-based rather than a service-oriented industry, was mistakenly included in the median calculation by many candidates.

Question 1(g) required candidates to use the data provided to assess the apparent impact of a minimum wage on income inequality. Despite the data suggesting otherwise, many candidates suggested that a lack of a minimum wage led to higher income inequality in Denmark than in the UK. In a similar way, copying out sections of the extracts for question 3, rather than using these to support analysis or evaluation, did not support candidates in achieving a satisfactory level of response.

In Sections B and C, the essay questions can be supported by candidates' own examples arising from their study of the subject over the previous two years. For example, a question that asks for a response relating to a specific context, for example the economy of Brazil in question 3, must be included in the answer. However, it was pleasing to see some candidates questioning the categorisation of Brazil as a 'developing economy'. However, such an evaluation has to be supported by evidence and not just included as an unsupported assertion.

Question 1 (a)

This question required candidates to select the correct values in order to calculate GDP per capita for the UK in 2017 using data from extract A.

The majority of candidates managed to perform a calculation but with the main errors being in orders of magnitude. There were a variety of answers for GDP per capita which ranged from £0.03 to £3,212,121.

This response was awarded the full 4 marks for the correct answer, including the currency symbol and to two decimal places.

- 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.

(4)

$$\frac{\text{Total GDP}}{\text{Population}} = \text{GDP per capita}$$

↓

$$\frac{£2.12 \text{ tn}}{66 \text{ mn}} = \frac{£32,121.21}{1}$$

↓

£32,121.21



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Examiner Comments

This response also shows how three marks could have been achieved without the correct answer. For example, 1 mark for the correct formula for GDP per capita, 1 mark for the correct numerator (£2.12 tn) and 1 mark for the correct denominator (66 million).



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Examiner Tip

Always show workings for calculation questions. In addition, before moving on, think, does this answer look right? Is it too small? Too large?

This might help avoid some basic problems of magnitude which are common when dealing with macroeconomic data.

The mark scheme shows how marks could be awarded for showing workings and all candidates would be well-advised to do this.

Question 1 (b)

This question mixed two demands, quantitative skills and discernment between the service and the manufacturing sector.

Candidates needed to select the correct options and then work out a median of these values. While many candidates demonstrated the necessary quantitative skill, they failed to achieve marks as they had worked out the median of an incorrect different range of values, often including construction in the calculation.

This is a response that was awarded the full 4 marks. It is an example of a good, clear response which includes a clear statement relating to the median. The candidate has given the correct answer as £18.83.

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.

(4)

~~9.62, 15.08, 15.99, 18.83, 22.62~~

9.62, 18.83, 22.62

Median is the middle number

Median = £18.83



As with item 1(a), this response also shows how 3 marks could have been achieved without the correct answer. For example, 1 mark for stating the median is the 'middle number'. 1 mark for selecting the correct data items from catering, education and finance and insurance. 1 mark for the sorting of data, in this case, in ascending order, although descending order would have been acceptable.



It is important that candidates know the difference between the mean/average and the median. This is particularly important when income data is being used. For example, what does it tell us about a data set if the median is significantly lower than the mean?

Question 1 (c)

This question also tested quantitative skills and the majority of candidates were able to calculate the percentage change for each economy. However, a significant number of candidates failed to fully answer the question. For example, this question was about the difference in the percentage change in labour productivity .

Most candidates knew and explicitly expressed the calculation as '(new – old) / old' as the way of calculating percentage change. However, quite a few candidates scored three marks as they did not calculate the difference between UK and Denmark. The language in the question is precise. However, many candidates interpreted it as asking for just two calculations, one for UK and one for Denmark and nothing more.

This is a response that was awarded the full 4 marks. The candidate has given the correct answer as 5.1% (percentage point) difference.

- (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.

(4)

$$\begin{array}{l} \text{2015} \quad \text{2018} \quad \text{change} \quad \times 100 \\ \quad \quad \quad \text{original} \\ \hline \text{UK} \quad 100 \\ \frac{100.3 - 100}{100} = 0.3\% \\ \hline \text{Denmark} \quad 100.4 \quad 100 \\ \frac{100.4 - 100}{100} = 5.4\% \\ \hline 5.4 - 0.3 = \underline{\underline{5.1\%}} \end{array}$$



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Examiner Comments

Without this correct answer the candidate could have achieved three marks. For example, 1 mark for providing the correct formula for the percentage change in the index numbers. 1 mark for the correct calculation for the UK and 1 mark for the correct calculation for Denmark.



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Examiner Tip

Read the question carefully. Before moving on, look at your answer and think, have I answered the question? Is there anything else I need to do?

Question 1 (d)

There were many good answers to this question identifying likely influences on productivity. However, there was little evidence of an effective use of the stimulus material and this limited the application marks.

There was also some inappropriate use of comparisons, for example, of HDI values in the two countries. It would be mistaken to conclude anything about educational attainment and, in turn, productivity in the two countries from the HDI values alone.

In this question, the two valid factors must be distinct. For example, investment can be used twice but must be distinct. So, while capital investment and investment in training would be two distinct factors, capital investment and investment in new machines would not.

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

(6)

One factor influencing productivity in the UK is poverty. This is because there has been an increase in homelessness since 2017 meaning more people now live in poverty. This means many poor families now live in accommodation far away from their jobs. This will lead to more people finding it harder to commute the long journey to workplace as public transport prices may become unsustainable resulting in an increase in absenteeism. Therefore, more firms will have a lower supply of their labour force, reducing their daily output.

Another factor is that there is lower inequality in Denmark. This is because between 2015-2018 the country's Gini Co-efficient ranged between 0.28-0.29 showing that they are close to perfect equality. This means that there is a more equal distribution of wealth in Denmark. This will lead to staff becoming incentivised to work harder becoming more motivated as they can gain a reward through increased wages. Therefore, staff will produce more daily output as their productivity has risen allowing them to compete efficiently.



This is a response that was awarded the full 6 marks. The candidate has given two valid and distinct reasons. Each is supported with relevant evidence from the extracts. An explanation is developed to achieve the analysis marks.



Try to think of this 6-mark analyse question, where two reasons are asked for, as a 2 x 3-mark question.

Two factors are asked for and so each valid factor can achieve 1 knowledge/understanding mark, 1 application mark and 1 analysis mark. Each valid factor is therefore marked separately. If only one valid factor is identified, then a maximum of 3 marks can be achieved.

Try to use paragraphs to indicate to the examiner where a new element begins. This is achieved very well in this example. It is also a useful technique to use in the longer essay questions.

Question 1 (e)

This item tested understanding of the link between productivity growth and economic growth.

Overall, this was a challenging question as it was clear that many candidates did not fully understand the relationship between productivity and real growth.

However, there was some evidence of understanding of the impact of productivity on costs and a number of responses included reference to international competitiveness. Unfortunately, this was not often linked to economic growth.

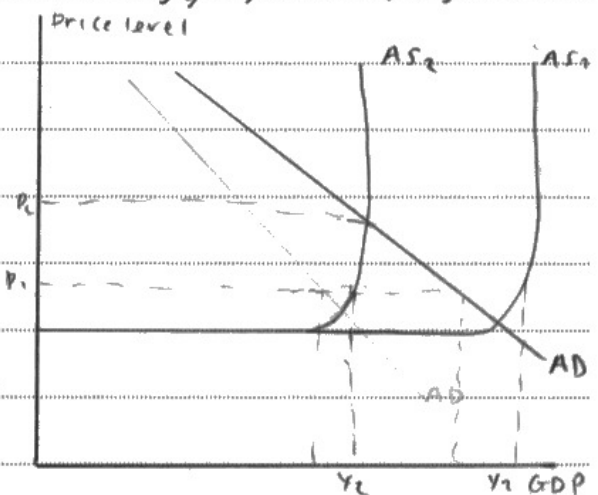
This is a response that was awarded the full 8 marks and it achieved level 3. It covers all of the marking criteria for level 3 and it included an appropriate diagram.

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

(8)

Productivity refers to the efficiency of a workforce and can be associated with capacity utilisation. Low productivity can have a significant impact on economic growth in the UK due to its implications with regards to Aggregate Supply. If there is low productivity in the UK, firms are typically not producing at their potential capacity output, and this may result in the economy not performing at its potential productive efficiency. This influences Aggregate Supply

as there would be spare capacity in the economy, as demonstrated by the graph, shifting AS_1 left to AS_2 , and thus decreasing Real GDP to Y_2 . However, whilst it is certain that low productivity can impact the productive



efficiency of the economy, and thus decrease AS and Real GDP, it must be considered that the decrease in productivity is minimal, and therefore may not have that significant of an impact on economic growth. In 2017, productivity was at an index of 100, whereas in 2018, it was at 100.3. Whilst this may be low compared to Denmark at 100.105.4, the relative impact on economic growth may be diminished when considering the small amount of low productivity, and especially can be fixed via employing supply side policies.



The candidate has demonstrated accurate knowledge and understanding, showing a good understanding of productivity, supported throughout by use of relevant evidence which is well chosen. For example, the AD/AS diagram shows the likely impact of low or falling productivity. The arguments are developed using logical, coherent chains of reasoning. A balanced awareness of competing arguments is evident when there is an evaluation of the magnitude of productivity gains and how the impact upon growth may be minimal.



An accurate and relevant diagram can form the basis for both analysis and evaluation. In a macroeconomics essay, consider using one diagram for analysis and a second diagram to support competing arguments.

Question 1 (f)

The key to this question required candidates to establish a link between inequality and poverty and explain the limits to which such a link is useful.

Most candidates understood that the GINI coefficient is not ideal for the measurement of absolute poverty. Making the link correctly to inequality led to higher marks.

Many of the weaker responses were unable to achieve beyond level 2 as they failed to demonstrate an understanding of the difference between income inequality and poverty. For example, how a low GINI coefficient may be associated with high levels of absolute poverty if incomes are low but equally distributed.

In addition, there was significant evidence that many candidates did not understand the distinction between income and wealth, which is a requirement of the specification.

This is a response that was awarded 7 marks and achieved at the top of level 3. The candidate has demonstrated an understanding of some of the limitations of using the GINI coefficient to measure poverty. However, this is not fully developed.

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

(10)

Absolute poverty, refers to a situation where a household's income makes it impossible to afford basic necessities such as food and shelter. The current level of absolute poverty is \$1.90 per day.

Relative poverty is where a household's income is at least 50% below the median household income. Households can afford the basics but not much more.

The GINI coefficient is a good measure of absolute and relative poverty as it shows the distribution of wealth. This is because unlike measures such as ~~GDP~~ which just GDP per capita which only looks at average incomes, the Gini coefficient takes factors in inequality and the gap between rich and poor. In 2018, the GINI coefficient for the UK was 0.36 and for Denmark was 0.28. This ~~shows~~ shows that the wealth in Denmark is more evenly distributed so the poorest citizens have a greater share of wealth than in the UK. This data suggests that a greater portion of the UK's population will be in absolute or relative poverty.

However, the GINI coefficient fails to account for incomes within a country. This is because if two countries have the same GINI coefficient of 0.4 for example, but one country has a GDP per capita of \$40,000 while the other has a GDP per capita of \$20,000, they would likely have different levels of poverty, especially absolute poverty. This means that alone, the GINI coefficient isn't completely useful for measuring

poverty. Since absolute poverty is set at a fixed level, other factors such as GDP per capita would be a better measure however, since relative poverty changes based on different countries, it may be more appropriate.



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Examiner Comments

The candidate has demonstrated some accurate knowledge and understanding in relation to absolute and relative poverty, as well as to the GINI coefficient. The distinction between income and wealth is confused, which means that this response cannot achieve level 4. The argument is supported by use of relevant evidence, with clear chains of reasoning at the bottom of page one. An awareness of the significance of competing arguments in respect of the usefulness of the GINI coefficient is present, although this does lack balance.



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Examiner Tip

Become familiar with the level descriptors for the 8, 10, 12 and 20-mark questions.

Read the responses provided within this, and previous Principal Examiners' reports, to see how the assessment criteria may be achieved.

Question 1 (g)

While the minimum wage is a concept that is commonly learned about in the context of government intervention and unemployment, linking it to inequality proved a challenge for many candidates.

A number of candidates concluded that since Denmark had lower income inequality but no minimum wage, the minimum wage was therefore the cause of greater income inequality in the UK. However, candidates failed to consider whether inequality may have been worse before the introduction of the minimum wage, or that there were other, far more significant factors at play in Denmark which reduce income inequality.

The better responses showed an understanding of the role of trade unions and of employee representation on company boards, as well as progressive taxation, in reducing income inequality.

The next page shows a response that was awarded 10 marks and achieved level 4. It is a good example showing how the level descriptors can be achieved by addressing the question in a systematic way and by using relevant evidence to support the arguments.

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

:55

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

^{+ lowest paid people}
- UK - lowest / not paid wage, ... in formal econ: DM lower the GC ^{the more} the more better at 3 lines

(12)

Introducing a minimum wage may have a negative effect on income inequality. If the minimum wage pushes up labour costs to the point where they're not profitable for businesses, many may make redundancies, leading to mass unemployment. This could worsen ~~unemployment~~ inequality if then some of the lowest paid people receive no income and some of them have their wages increased to the minimum wage. A minimum wage can also increase discrepancies between people working 'normal' paid jobs and those working in the 'informal' sector, although this is more of an issue in developing economies. This can be seen in the gini coefficients (GCs) of the UK and Denmark, meaning inequality. From 2015-2018, ^(by around 0.05-0.08) Denmark's GC is consistently lower than the UK, meaning they are less unequal than the UK, despite not having a minimum wage whilst the UK does.

On the other hand, a minimum wage may reduce income inequality as it means the lowest paid workers in a country receive higher pay, decreasing the difference in income between them and top earners. A minimum wage means unskilled workers with a weak bargaining position are less open for exploitation. It could also reduce the incomes of top earners, as many of them own businesses where employees would then have to be paid minimum wage which may be higher than they were previously paid, increasing costs and

decreasing profit.

Overall, minimum wage may have a small ^{positive} impact on inequality, however there's likely other policies that address inequality in a more effective way, eg fiscal policies such as increasing tax for the rich. A minimum wage may be more effective at reducing poverty than inequality.



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Examiner Comments

The candidate has demonstrated accurate knowledge and understanding, supported throughout by use of relevant evidence which is well chosen. Reference to higher wage costs for firms, unemployment and the informal economy are pertinent and show a full understanding of the question.

Arguments are developed and to some extent evaluated. Reference to the bargaining power of unskilled workers is particularly impressive. While there is an awareness of the validity and significance of competing arguments, the final comments about the minimum wage being more effective at reducing poverty than inequality really did need to be developed further for top of level 4 to be awarded.



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Examiner Tip

It is a good idea to plan a 12-mark response before beginning the full answer. Be clear about your main arguments and counter-arguments. At the end of each paragraph ask yourself, am I answering the question? This will help focus the response and make it more likely to achieve a high level.

Question 1 (h)

This question tested an understanding of the short-run and long-run benefits and costs of high levels of investment in Denmark.

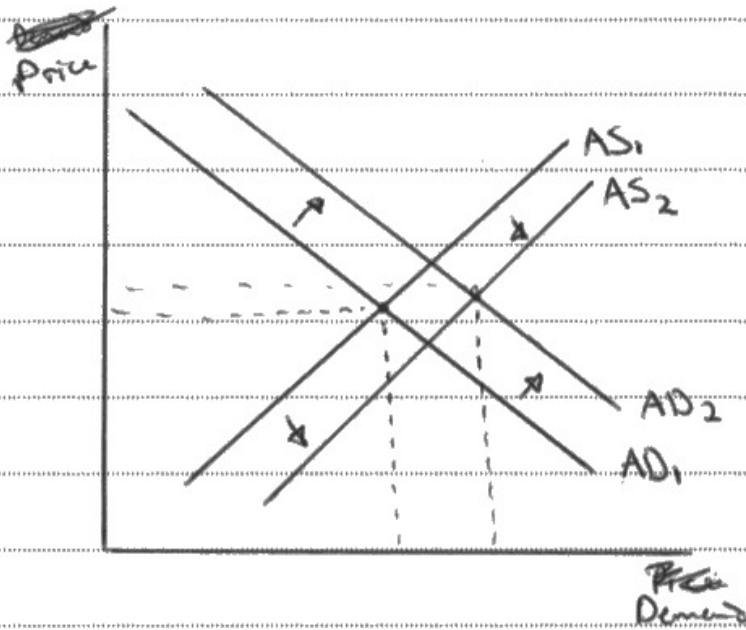
While most candidates understood that more investment usually means higher economic growth, in its simplest terms, many struggled to be any more insightful than this.

Therefore, while diagrams were used to show the impact on AD, a few candidates proceeded to evaluative comments regarding the long-term impact. Even fewer looked at the wider costs of such high levels of investment, including environmental costs, or questioned the sustainability of such high levels of investment.

The next page shows a response that was awarded 9 marks and achieved level 3. Although the diagram is not labelled correctly, it does show a shift of both AD and AS. There is a clear attempt to answer the question rather than provide a purely generic response on investment.

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

(12)



Denmark received investment of 23% of its GDP in 2020, which was higher than the UK. This means that the country's economic

growth will be boosted by the investment levels. The aggregate supply (AS) has moved from AS_1 to AS_2 , as productivity of labour increased following the investment. Higher overall production means that more products can be exported - benefiting from selling goods abroad. The extra income in terms of wages means aggregate demand (AD) also increases. The power of consumer spending increases as people can afford more. Therefore, investment has meant that the economic impact has been greater than its rival nations. This is further supported by the GDP growth being higher in Denmark than the UK.

It could be argued that other factors like fiscal & monetary policies have a higher economic

impact on demand - as it can be used to target specific people & companies. While investment brings wide benefits to the community it flows into e.g. employment, ^{positive} sense of community as well as improving living environments e.g. corporations financing playgrounds in the area - ~~the~~ boosting ^{living} satisfaction, ~~of~~ ~~the~~ which can further result in increased productivity - a positive multiplier effect, created by investment.



The candidate has demonstrated accurate knowledge and understanding shown by the diagram (although this is incorrectly labelled and missing equilibrium price level and real output), and through written references to AD and AS. This is supported by use of relevant evidence to support the argument, with reference to investment as a component of AD.

There are clear chains of reasoning, with well-developed arguments, specifically in relation to employment, wages and increased spending. An awareness of the significance of competing arguments is present, although this lacks balance. The reference to better community living and the lived environment is interesting but needed further development for level 4 to be achieved.



Diagrams must be accurate. Accurate labels for axes and equilibrium price level and output are basic elements of knowledge and understanding. Practice drawing diagrams to show increases and decreases in AD and AS, with the resulting impact on price level and real output.

Question 2

There was a pleasing range of answers to this longer essay question.

The majority of candidates could see a value in lower wage costs and explain the impact of lower production costs on firms. Most candidates also identified other factors such as infrastructure, skill levels, proximity to market, trade bloc membership and proximity to raw materials and then explained them in context. In addition, most candidates also considered the 'ethical' nature of exploiting cheap labour, although many confused the materials provided in the stimulus. For example, there were some candidates who seemed to believe that the BRICs acronym referred to a trade bloc. They did not therefore consider the position of Mexico as a member of the USMCA (formerly NAFTA). This lack of knowledge limited access to the higher levels of response.

The next page shows a response that was awarded 15 marks and achieved the top of level 3. It is a good response meeting most of the demands of the question.

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

(20)

Wage costs are important in influencing the location of manufacturing firms. Low wages mean that costs are reduced and big firms can generate higher profits. Apple employ millions of workers in China because of the low wage - \$1.73 an hour. This means that they can exploit workers and make huge profits. Offshoring is moving part of the production process to a country with lower wages and raw material costs. In 2021, the ~~early~~ closure of Nabisco New Jersey and Atlanta factories is likely due to lower Mexico wages. However, low wage costs can affect firms negatively as they can be branded unethical. This means that ethical consumers may be less likely to buy from them as they know that they exploit workers, this would result in losing competitive advantage and sales. A second positive of low wage costs is that firms such as Nabisco can afford to pay not much more for their wages to be higher than local companies attracting workers, who will put up with poor working conditions, yet still be cheap. For example in China, the ~~early~~ ^{hourly} minimum wage is \$1.73. If Nabisco located there and paid \$3 this would be significantly higher than local Chinese companies encouraging motivated workers, yet still very little compared to Japan's \$7.80. This leads to motivated, productive workers who

will manufacture products quickly and put up with terrible working conditions. This will benefit manufacturing firms as they will have lower costs so higher prices. However, some manufacturing firms rely on capital production more than labor. For example many car companies employ little people as machines can do the manufacturing process more cheaply and efficiently than labor. This means that for some firms wage costs aren't so important.

Another important factor influencing the location is exchange rates. This means that manufacturing companies who rely on exporting their products, are likely to want a weak currency. This means that they will be more internationally competitive and exports will increase. However, some manufacturing firms may rely on importing resources firstly. Therefore a strong currency would benefit them more highly than a weak one ultimately it depends on the firm and what they are manufacturing.

A factor that will be important regardless is infrastructure in the location. This means that strong roads and communication systems are essential for big firms. Therefore if infrastructure is poor, getting the supplies and then redistributing the products will be difficult, inefficient and costly. Even if a country has really low wages, if the infrastructure is terrible

one company will pay more for our own they gain from low wages. However, if it is a long term investment, firms may consider locating in places with poor infrastructure and improving it if its worth it in the long run.

In conclusion wage costs are important to an extent in determining manufacturing locations because every firm will have to employ ~~at least~~ some people, however it depends on whether the firm is labor or capital productive.

Also, whether the firm care about a possible bad reputation will also affect ~~the~~ how helpful low wages are.

Places with low wages may have less skilled workers which may not matter for manufacturing, however it depends on the job required. The price elasticity of the product also must be considered. If the inelastic firm can afford to raise prices therefore costs of higher wages may not be a bad thing.

Wage costs will play an important role however infrastructure is just as important. The roads and communication links must be strong enough to access and distribute production therefore this must be considered. A second most important factor to consider is exchange rates. A weak ~~rate~~ ^{currency} favors exporting companies whereas strong currency favors importing. These all must be considered.



The candidate has demonstrated accurate knowledge and understanding, supported by use of relevant evidence referring to Apple, to support the argument.

There is a developed chain of reasoning, showing understanding of connections between causes and consequences in respect of the ethics of offshoring. Arguments are well-developed and partially evaluated. For example, infrastructure is considered at the bottom of the second page. An awareness of the significance of competing arguments is present, although this lacks balance.

A conclusion is attempted but does not show awareness of the significance of competing arguments to the extent required for level 4. Instead, there is a tendency to repeat previous points from the essay rather than make a judgement about their relative significance.



Conclusions do not have to cover every point made in the essay. A judgement should be made about the main or key arguments. For example, what is most important? How might this change in the future?

Question 3

Candidates found this question more challenging than the previous item, probably because the focus was on the costs and benefits of low or negative growth rather than the high rates of growth usually associated with a BRIC economy.

The data for Brazil over the past few years is confusing and contradictory. Traditional methods of analysis, such as the Phillips curve, 'recession=low inflation' etc, do not apply in any simple way to the data. This often resulted in candidates ignoring the data and making unsupported assertions about growth, inflation and unemployment. The better responses really engaged with the data, questioning government policy of pursuing a balanced budget while so many people live in absolute poverty.

The next page shows an example of a good response which was awarded 15 marks and achieved high at level 3.

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

(20)

Developing economies are classified as economies with rising levels of economic growth, but unlike emerging economies, they are not transitioning from a low income country to a high income country.

Extract G shows that economic growth has been low and sometimes dipping dropping to negative between 2014 and 2020. As shown in extract I, while the Brazilian Government claims the economy is recovering from the 2015-2016 recession, it continues to follow fiscal policies aimed at reducing the fiscal deficit and government debt. This means that low and negative economic growth may increase Brazil's reliance on fiscal stimulus to boost economic activities in the economy, which can worsen the government budget deficit as fiscal policy involves government spending or changes in taxation, which both affect the government budget. However, extract I suggests that Brazil ~~and~~ is predicted to grow in 2022 and 2023 by the IMF, despite growth being low: 1.5% in 2022 and 2% in 2023, this would get Brazil out of negative economic growth. Also, low economic growth is accompanied by lower inflation, where extract G shows a disinflation between 2019 and 2020. This can increase the global competitiveness of Brazilian firms, as lower inflation means prices may be cheaper in Brazil than the rest of the world, which can positively benefit ~~the~~ Brazil's net exports.

Another impact would be an increase in unemployment in Brazil. Extract H shows an increase in unemployment between 2019 and 2020, ~~from~~ from 11.93% to 13.67%, where in the same period, economic growth of Brazil fell to negative 4%. This can negatively impact income growth in Brazil, where ~~the~~ average level of disposable income may fall in the economy. This can lower living standards and savings, as well as increase the number of people living in poverty. Extract I shows that, even though Brazil has lifted 28 million people out of absolute poverty in the last 15 years, which is also a characteristic of a developing ~~country~~ ^{economy}; 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. A low or negative economic growth may worsen the distribution of ~~income~~ ~~as~~ on top of lowering employment rates. However, in the recent years, the country has developed the production of high value-added services, and tourism has grown, making an important segment of the service sector. Growth of tourism may increase job opportunities in the coming years and help to reduce unemployment issues in Brazil. Also Brazil has abundant natural resources and a relatively diversified economy, which indicates huge potentials of economic growth in the future, after recovering from the 2015-2016 recession, and the recession in 2020, which may have been contributed by covid.

therefore, low or negative economic growth may negatively impact a developing economy like Brazil with lower employment. However, Brazil still has huge potential of economic growth, after recovering from the recession.



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Examiner Comments

The candidate has demonstrated accurate knowledge and understanding, supported by use of relevant evidence referring to government fiscal policy, to support the argument.

There is a developed chain of reasoning relating to lower inflation and international competitiveness, showing understanding of connections between causes and consequences. Arguments are well-developed and partially evaluated. For example, the impact of low growth on levels of poverty is considered. An awareness of the significance of competing arguments is present, although this lacks balance. For example, the rich natural resources are identified as a potential source of future growth, but this is not evaluated in terms of price volatility or environmental impact.

A conclusion is attempted but does not show awareness of the significance of competing arguments to the extent required for level 4.



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Examiner Tip

Try to organise 20-mark responses around arguments and counter-arguments. Use paragraphs to structure these arguments, so that competing arguments are linked. This can then help to construct a conclusion based on the significance of these competing arguments rather than repetition of earlier points.

Paper Summary

Based on their performance on this paper, candidates are offered the following advice:

- Candidates must learn basic definitions, along with standard quantitative techniques, including appropriate diagrams. For example, the use of an aggregate supply (AS) and aggregate demand (AD) diagram to analyse and evaluate a macroeconomic context, such as in question 1(h) in this paper.
- Where possible, candidates are encouraged to use the data provided in their responses. The use of data requires more than simply quoting figures or copying sections of text. It is the active use of the data that is rewarded.
- If a question asks candidates to 'discuss', 'assess' or 'evaluate', then an awareness of competing arguments must be demonstrated for higher levels to be attained. Alternatively, if the command words 'explain' or 'analyse' are used then a coherent chain of reasoning is expected, but not an awareness of competing arguments.
- It is important that candidates practice writing in timed conditions to ensure that their writing is legible. This also makes it less likely that there will be timing problems during the examination.

Grade boundaries

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<https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html>

