

Paper Reference 4EC1/02
Pearson Edexcel
International GCSE

Total Marks

Economics

Level 1/2

Paper 2: Macroeconomics and the Global Economy

Monday 3 June 2019 – Afternoon

Time: 1 hour 30 minutes plus your additional time allowance.

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

X60748A

You do not need any other materials.

YOU WILL BE GIVEN

Data Book

INSTRUCTIONS

Answer ALL questions.

Answer the questions in the spaces provided in this Question Paper or in the Data Book – there may be more space than you need.

Calculators may be used.

You are advised to show all your working out with your answer clearly identified at the end of your solution.

INFORMATION

The total mark for this paper is 80

The marks for EACH question are shown in brackets – use this as a guide as to how much time to spend on each question.

There may be spare copies of some data sheets.

Turn over

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.

Answer ALL questions.

Write your answers in the spaces provided.

Some questions are multiple choice.

Write the letter(s) of your chosen answer(s) in the box(es) provided.

1. (a) The increased integration and interdependence of economies is known as

A privatisation

B specialisation

C protectionism

D globalisation

Answer

(1 mark)

(continued on the next page)

1. continued.

(b) What is the main cause of frictional unemployment?

- A People choosing not to work
- B People having the wrong skills
- C People changing jobs
- D People employed at certain times of the year

Answer

(1 mark)

(continued on the next page)

1. continued.

(c) What is meant by the term interest rate?

(2 marks)

(continued on the next page)

1. continued.

(d) Describe ONE impact on consumers of
a decrease in interest rates.

(2 marks)

(continued on the next page)

1. continued.

Rachel buys a t-shirt for 1 000 Kenyan shillings (KES) when she is on holiday.

The exchange rate is $\text{£}1 = 137.73 \text{ KES}$.

(e) Calculate, to two decimal places, the price in sterling (£) of Rachel's t-shirt. You are advised to show your working.

(2 marks)

(continued on the next page)

Turn over

1. continued.

(f) Look at the diagram for Question 1(f) in the Data Book.

Using the diagram, draw the effects of the introduction of a quota on the equilibrium price and quantity of a good.

Label the new curve, the new equilibrium price and new equilibrium quantity.

(3 marks)

(continued on the next page)

1. continued.

In **2017** the US government wanted to introduce a **300%** tariff on imported aircraft made by Canadian manufacturer **Bombardier**.

(g) Explain **ONE** way the World Trade Organisation could promote free trade between countries such as Canada and the US.

(3 marks)

Answer lines continue on the next page.

1. (g) continued.

(continued on the next page)

1. continued.

In January 2018, Australia had an unemployment rate of 5.5%

(h) Analyse how the Australian government might reduce unemployment by using fiscal policy.

(6 marks)

Answer lines continue on the next page.

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1. (h) continued.

[illegible]

(Total for Question 1 = 20 marks)

Turn over

2. The price of a basket of goods and services used to calculate the Consumer Price Index (CPI) in an economy, rose from €1 250 to €1 300 in one year.

(a) What is the rate of inflation?

A 0·96%

B 1·04%

C 4%

D 5%

Answer

(1 mark)

(continued on the next page)

2. continued.

(b) What is the name of the term used to describe tax on income, wealth and profit?

- A Direct taxation
- B Value added tax
- C Excise duties
- D Indirect taxation

Answer

(1 mark)

(continued on the next page)

2. continued.

(c) State ONE way businesses can damage the environment.

(1 mark)

(continued on the next page)

2. continued.

**(d) What is meant by the term supply–side policy?
(2 marks)**

(continued on the next page)

2. continued.

In October 2017 the currency of the Philippines, the peso, fell to its lowest level against the US dollar in more than 11 years.

(e) Explain ONE advantage of having a depreciating currency for an economy such as the Philippines.

(3 marks)

Answer lines continue on the next page.

2. (e) continued.

(continued on the next page)

2. continued.

According to the UN there are now over 63,000 multinational corporations (MNCs) and the number is growing daily. Many well-known MNCs, including PepsiCo, the Tata Group and Microsoft, are expanding in India.

(f) Explain ONE possible reason for the emergence of MNCs in a country such as India.

(3 marks)

Answer lines continue on the next page.

2. (f) continued.

(continued on the next page)

2. continued.

The Association of South East Asian Nations (ASEAN) is a trade bloc. It was set up in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. Later it was joined by Brunei, Laos, Vietnam, Myanmar and Cambodia and became a 10 member trading bloc in 2016

(g) Look at the information for Question 2(g) in the Data Book.

**With reference to the data and your knowledge of economics, assess the benefits for a country, such as Thailand, of being a trade bloc member.
(9 marks)**

Answer lines continue on the next three pages.

2. (g) continued.

[illegible]

2. (g) continued.

[illegible]

Turn over

2. (g) continued.

[illegible]

(Total for Question 2 = 20 marks)

3. (a) What is the name given to a country's exports and imports of physical goods?

- A Trade in goods
- B Income flows
- C Trade in services
- D Transfer payments

Answer

(1 mark)

(continued on the next page)

3. continued.

(b) What term refers to a firm or country selling an export below the cost of production?

A Quotas

B Dumping

C Deregulation

D Tariffs

Answer

(1 mark)

(continued on the next page)

3. continued.

(c) Explain ONE method of government intervention that could be used to protect the environment.

(3 marks)

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Turn over

3. continued.

(d) Analyse the possible impact of unemployment on an economy.

(6 marks)

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3. (d) continued.

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3. continued.

Look at the diagram for Question 3(e) in the Data Book.

Inflation remains a major problem for Turkey's economy. Annual inflation in Turkey increased to 11·9% in October 2017. The highest price rises were for transportation, which rose by 16·79% and food, which increased by 12·74%

(e) With reference to the data and your knowledge of economics, assess the impact of inflation on a country such as Turkey.

(9 marks)

Answer lines continue on the next three pages.

3. (e) continued.

[illegible]

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3. (e) continued.

[illegible]

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3. (e) continued.

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(Total for Question 3 = 20 marks)

Turn over

4. Look at the table for Question 4 in the Data Book. GDP per capita is a measure of a country's economic output that accounts for population. The table shows the population and gross domestic product (GDP) for Vietnam in 2016

- (a) Calculate, to two decimal places, the GDP per capita for Vietnam in 2016. You are advised to show your working.

(2 marks)

(continued on the next page)

Turn over

4. continued.

The unemployment rate fell in Vietnam between 2015 and 2016 but in the same period the inflation rate increased.

**(b) Analyse how a fall in unemployment may have caused an increase in Vietnam's inflation rate.
(6 marks)**

Answer lines continue on the next page.

Turn over

4. (b) continued.

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4. continued.

A report by the charity Oxfam, stated that Vietnam has **210** super-rich people. Their combined earnings for one year are enough to take **3·2** million people out of poverty and end absolute poverty in Vietnam. To reduce inequality and poverty, Oxfam is calling on international leaders to increase taxes to fund healthcare, education and job creation. Oxfam also asked business leaders to pay employees a living wage and pay their fair share of tax.

- (c) With reference to the data above and your knowledge of economics, evaluate whether an increase in progressive taxes is the most effective way to reduce inequality and poverty for a country such as Vietnam.**

(12 marks)

Answer lines continue on the next four pages.

4. (c) continued.

[illegible]

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4. (c) continued.

[illegible]

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4. (c) continued.

[illegible]

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4. (c) continued.

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(Total for Question 4 = 20 marks)

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TOTAL FOR PAPER = 80 MARKS

END OF PAPER
