

Paper Reference 4EC1/02R
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					

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) In a recovery, a country's Gross Domestic Product (GDP)

A rises

B falls

C stays the same

D fluctuates

Answer

(1 mark)

(continued on the next page)

1. continued.

(b) A trade bloc is a group of countries that have

A the same interest rate

B common borders between members

C the same currency

D a reduction in trade barriers between members

Answer

(1 mark)

(continued on the next page)

Turn over

1. continued.

(c) What is meant by the term multinational corporation (MNC)?

(2 marks)

(continued on the next page)

1. continued.

(d) Describe ONE impact of economic growth on the productive potential of a country.

(2 marks)

(continued on the next page)

1. continued.

**Look at the table for Question 1(e) in the Data Book.
It shows the main components of Germany's
current account in 2016**

**(e) Using the data in the table, calculate in € billion
the current account balance for Germany in
2016**

(2 marks)

(continued on the next page)

Turn over

1. continued.

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

The UK exports goods to eurozone countries.

Using the diagram, draw the effects of an increase in exports from the UK to the eurozone on the exchange rate of the £. Label the new curve, the new equilibrium exchange rate and the new equilibrium quantity.

(3 marks)

(continued on the next page)

1. continued.

In September 2017, the growth rate of the gross domestic product (GDP) in the UK was 0·4%, a slight increase of 0·1% on the previous quarter.

(g) Explain ONE reason why economic growth is a key macroeconomic objective for a country such as the UK.

(3 marks)

Answer lines continue on the next page.

Turn over

1. (g) continued.

(continued on the next page)

1. continued.

The Government of Singapore had a fiscal surplus of 1·3% of GDP in 2016 and it is expected to have a 0·4% of GDP surplus in 2017

(h) Analyse the impact of a fiscal surplus on a country such as Singapore.

(6 marks)

Answer lines continue on the next page.

1. (h) continued.

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(Total for Question 1 = 20 marks)

Turn over

2. (a) GDP per capita is a measure of a country's economic output that accounts for population. If Sweden has a population of **10** million and a GDP of **\$511** billion (1 billion = 1 000 000 000), then its GDP per capita is

A \$511

B \$5 110

C \$51 100

D \$511 000

Answer

(1 mark)

(continued on the next page)

2. continued.

(b) What is the name of the policy that focuses on interest rate changes?

A Deregulation

B Exchange rate

C Monetary

D Fiscal

Answer

(1 mark)

(continued on the next page)

Turn over

2. continued.

(c) State ONE impact of a current account deficit.

(1 mark)

(d) What is meant by the term absolute poverty?

(2 marks)

(continued on the next page)

Turn over

2. continued.

In December 2017 the Thai baht appreciated to its highest value in 2 years against the US dollar. The Thai baht is predicted to continue its gradual appreciation in 2018

(e) Explain ONE disadvantage of an appreciating currency for an economy such as Thailand.

(3 marks)

Answer lines continue on the next page.

Turn over

2. (e) continued.

(continued on the next page)

2. continued.

President Xi Jinping of China has made environmental protection a priority. This is due to rising public concern over widespread environmental damage caused by years of uncontrolled economic growth.

(f) Explain ONE possible negative effect on the environment caused by the economic growth of a country such as China.

(3 marks)

Answer lines continue on the next page.

2. (f) continued.

(continued on the next page)

2. continued.

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

With reference to the data and your knowledge of economics, assess whether the government should provide more parks and open spaces.

(9 marks)

Answer lines continue on the next three pages.

2. (g) continued.

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2. (g) continued.

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2. (g) continued.

(Total for Question 2 = 20 marks)

3. (a) Kenyans who holiday in South Africa would be shown on the Kenyan current account as

A an invisible import

B a visible export

C a visible import

D an invisible export

Answer

(1 mark)

(continued on the next page)

3. continued.

(b) Which ONE of the following is an example of an indirect tax?

- A** Inheritance tax
- B** Income tax
- C** Business tax
- D** Value added tax

Answer

(1 mark)

(continued on the next page)

Turn over

3. continued.

(c) Explain ONE way a government could reduce inequality and poverty.

(3 marks)

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3. continued.

In December 2017, Argentina's Consumer Price Index (CPI) increased from 20·9% to 25%

(d) Analyse the possible impact of high inflation on consumers in a country such as Argentina.

(6 marks)

Answer lines continue on the next page.

3. (d) continued.

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3. continued.

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

In 2017, unemployment in South Africa reached its highest level in 13 years at 27·7%. Concerns have been expressed about the very high levels of youth unemployment and the social problems this might cause. Statistics show that 39% of all unemployed South Africans have never worked before and for young people this figure is even higher, at 60·3%

(e) With reference to the data and your knowledge of economics, assess the impact of high rates of unemployment on a country such as South Africa.

(9 marks)

Answer lines continue on the next three pages.

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3. (e) continued.

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3. (e) continued.

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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.
It shows the tariff on clothing imported into China in
2018

(a) Calculate the final selling price of clothing in
yuan (¥) after the tariff has been added. You
are advised to show your working.

(2 marks)

(continued on the next page)

4. continued.

(b) Look at the diagram for Question 4(b) in the Data Book.

Analyse the benefits of a current account surplus for a country such as China.

(6 marks)

Answer lines continue on the next page.

4. (b) continued.

[illegible]

(continued on the next page)

Turn over

4. continued.

(c) Look at the information for Question 4(c) in the Data Book.

With reference to the data and your knowledge of economics, evaluate the possible benefits of reducing the level of tariffs on imported goods and services to China.

(12 marks)

Answer lines continue on the next four pages.

4. (c) continued.

[illegible]

Turn over

4. (c) continued.

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4. (c) continued.

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4. (c) continued.

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

END OF PAPER
