

Paper Reference 4EC1/02

Pearson Edexcel

International GCSE

Total Marks

Economics

Level 1/2

**PAPER 2: Macroeconomics and
the Global Economy**

**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					

Y65898A

YOU WILL BE GIVEN

Data Book

INSTRUCTIONS

Answer ALL questions.

Answer the questions in the spaces provided in this Question Paper or on the separate data sheets – 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.

Turn over

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.

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.

Good luck with your examination.

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) Which type of unemployment occurs when the demand for a product is only at certain times of the year?

A Structural

B Cyclical

C Seasonal

D Voluntary

Answer

(1 mark)

(continued on the next page)

Turn over

1. continued.

(b) Which ONE of the following terms refers to a tax on imported goods?

A Subsidy

B Tariff

C Fine

D Pollution permit

Answer

(1 mark)

(continued on the next page)

Turn over

1. continued.

**(c) What is meant by the term
recession?
(2 marks)**

(continued on the next page)

Turn over

1. continued.

**(d) What is meant by the term
dumping?
(2 marks)**

(continued on the next page)

Turn over

1. continued.

Look at the table for Question 1(e) in the Data Book. It shows the government revenue and expenditure in rupees crore for India in 2019–2020.

(e) Calculate the fiscal surplus/deficit in Indian rupees crore (Rs) for India in 2019–2020. You are advised to show your working.

(2 marks)

Answer lines continue on the next page.

1. (e) continued.

(continued on the next page)

Turn over

1. continued.

Look at the diagram for Question 1(f) in the Data Book. In 2019, Hungary introduced a subsidy on new cars for families with three or more children.

(f) Using the diagram in the Data Book, draw the likely effects of the introduction of a subsidy on the equilibrium price and quantity of new cars for families with three or more children.

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

(3 marks)

(continued on the next page)

Turn over

1. continued.

The UK has 13 national parks with the Lake District National Park being the largest and most popular. It had over 19·17 million visitors in 2018. Woodland covers over 12% of the national park.

**(g) Explain ONE benefit to the UK Government of providing parks.
(3 marks)
Answer lines continue on the next page.**

Turn over

1. (g) continued.

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Turn over

1. continued.

According to a survey from accounting firm EY, foreign direct investment (FDI) into Ireland increased by 52% in 2018.

(h) With reference to the data above and your knowledge of economics, analyse the benefits of FDI for a country such as Ireland.

(6 marks)

Answer lines continue on the next three pages.

Turn over

1. (h) continued.

[illegible]

Turn over

1. (h) continued.

1. (h) continued.

(Total for Question 1 = 20 marks)

Turn over

2. (a) An appreciation in a country's exchange rate is most likely to lead to which ONE of the following?

- A An increase in exports and a decrease in imports**
- B A decrease in exports and a decrease in imports**
- C An increase in exports and an increase in imports**
- D A decrease in exports and an increase in imports**

Answer

(1 mark)

(continued on the next page)

Turn over

2. continued.

(b) Which ONE of the following is likely to result in poverty?

A High literacy rates

B Low GDP per capita

C Low rates of tax

D High employment rates

Answer

(1 mark)

(continued on the next page)

Turn over

2. continued.

**(c) State ONE effect on the balance
of payments of improved quality
of foreign goods.**

(1 mark)

(continued on the next page)

Turn over

2. continued.

**(d) What is meant by the term
free trade?
(2 marks)**

(continued on the next page)

Turn over

2. continued.

In the first quarter of 2019 the unemployment rate in Argentina increased by 1% to 10·1%. This was the highest level in 13 years.

(e) Explain ONE impact of rising unemployment on consumer confidence for a country such as Argentina.

(3 marks)

Answer lines continue on the next page.

Turn over

2. (e) continued.

(continued on the next page)

Turn over

2. continued.

Approximately 12% of goods traded globally are via international e-commerce. Tens of millions of small and mid-size firms worldwide have become exporters by joining e-commerce marketplaces such as Alibaba and Amazon.

(continued on the next page)

2. continued.

(f) Explain ONE reason why the reduced cost of communication has helped to increase globalisation.

(3 marks)

Answer lines continue on the next page.

Turn over

2. (f) continued.

(continued on the next page)

Turn over

2. continued.

**(g) Look at the data for Question 2(g) in the Data Book. With reference to the data in the Data Book and your knowledge of economics, assess the use of taxation to protect the environment in a country such as Germany.
(9 marks)**

Answer lines continue on the next four pages.

Turn over

2. (g) continued.

[illegible]

Turn over

2. (g) continued.

Turn over

2. (g) continued.

2. (g) continued.

[illegible]

(Total for Question 2 = 20 marks)

Turn over

- 3. Look at the table for Question 3(a) in the Data Book. It shows selected UK Government receipts from taxation in 2019.**

(a) What is the total amount of revenue raised by indirect taxes?

A £454·6 billion

B £321·7 billion

C £218·2 billion

D £85·3 billion

Answer

(1 mark)

(continued on the next page)

Turn over

3. continued.

(b) Member countries of a trading bloc agree to

A trade together with low or no barriers

B have the same rate of income tax

C only trade with members within the bloc

D have common borders between members

Answer

(1 mark)

(continued on the next page)

Turn over

3. continued.

Brazil currently only allows a quota of 600 million litres of ethanol per year to be imported from the US.

(c) Explain ONE advantage of using quotas for a country such as Brazil.

(3 marks)

Answer lines continue on the next page.

Turn over

3. (c) continued.

(continued on the next page)

Turn over

3. continued.

**The Slovenian Government spent
€3·05 billion on healthcare in 2019.**

**This included additional funding for
reducing the time people were waiting for
treatment and an extra €104 million to
cover the recent increase in wage rates
for healthcare staff.**

(continued on the next page)

3. continued.

(d) With reference to the data on the previous page and your knowledge of economics, analyse why the Slovenian Government might want to increase investment in healthcare.

(6 marks)

Answer lines continue on the next three pages.

Turn over

3. (d) continued.

Turn over

3. (d) continued.

Turn over

3. (d) continued.

(continued on the next page)

Turn over

3. continued.

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

(e) With reference to the data in the Data Book and your knowledge of economics, assess the likely benefits of economic growth for a country such as Turkmenistan. (9 marks)

Answer lines continue on the next four pages.

Turn over

3. (e) continued.

[illegible]

Turn over

3. (e) continued.

[illegible]

Turn over

3. (e) continued.

Turn over

3. (e) continued.

[illegible]

(Total for Question 3 = 20 marks)

Turn over

4. Zhang Li had 8 000 Yuan (¥) in her savings account. The annual interest rate for this savings account was 2.25%.

(a) Calculate how much interest, in Yuan (¥), Zhang Li received in one year. You are advised to show your working.

(2 marks)

Answer lines continue on the next page.

4. (a) continued.

(continued on the next page)

4. continued.

In July 2019, China's annual inflation rate increased to 2·8%. This was the highest rate since February 2018.

**(b) With reference to the data above and your knowledge of economics, analyse the impact of inflation on individuals in a country such as China.
(6 marks)**

Answer lines continue on the next three pages.

4. (b) continued.

Turn over

4. (b) continued.

Turn over

4. (b) continued.

(continued on the next page)

Turn over

4. continued.

(c) Look at the data for Question 4(c) in the Data Book. With reference to the data in the Data Book and your knowledge of economics, evaluate the effectiveness of monetary policy in controlling inflation in a country such as China.

(12 marks)

Answer lines continue on the next six pages.

Turn over

4. (c) continued.

Turn over

4. (c) continued.

Turn over

4. (c) continued.

Turn over

4. (c) continued.

Turn over

4. (c) continued.

Turn over

4. (c) continued.

(Total for Question 4 = 20 marks)

TOTAL PAPER = 80 MARKS

END OF PAPER
