Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE (9–1)

Thursday 22 May 2025

Afternoon (Time: 1 hour 30 minutes) | **Paper reference** **4WEC2/01R**

Economics (Modular)
UNIT 2: Macroeconomics and 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.*
- 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.*

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.

Turn over ▶

Pearson

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

1 (a) Which **one** of the following is an example of seasonal unemployment?

(1)

☐ **A** A farm worker having no work due to automation

☐ **B** A construction worker not finding work during the monsoon period

☐ **C** A skilled worker unable to find employment due to a recession

☐ **D** A person choosing not to work and being paid welfare benefits

(b) Which **one** of the following is likely to cause cost-push inflation?

(1)

☐ **A** An increase in consumer demand for goods and services

☐ **B** A decrease in taxes on business profits

☐ **C** An increase in the prices of raw materials paid by producers

☐ **D** A decrease in interest rates set by the central bank

(c) What is meant by the term current account deficit?

(2)

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(d) Describe **one** benefit to a country of using quotas for imported goods.

(2)

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(e) Calculate the **price in euros (€)** of a UK-manufactured smartphone priced at £750 when the exchange rate is £1 = €1.18. You are advised to show your working.

(2)

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In September 2023, after signing a free trade agreement, South Korea removed a 30% import tariff on bananas from the Philippines.

(f) Using the diagram below, draw the effects of the removal of the tariff on the equilibrium price and quantity of bananas in South Korea. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

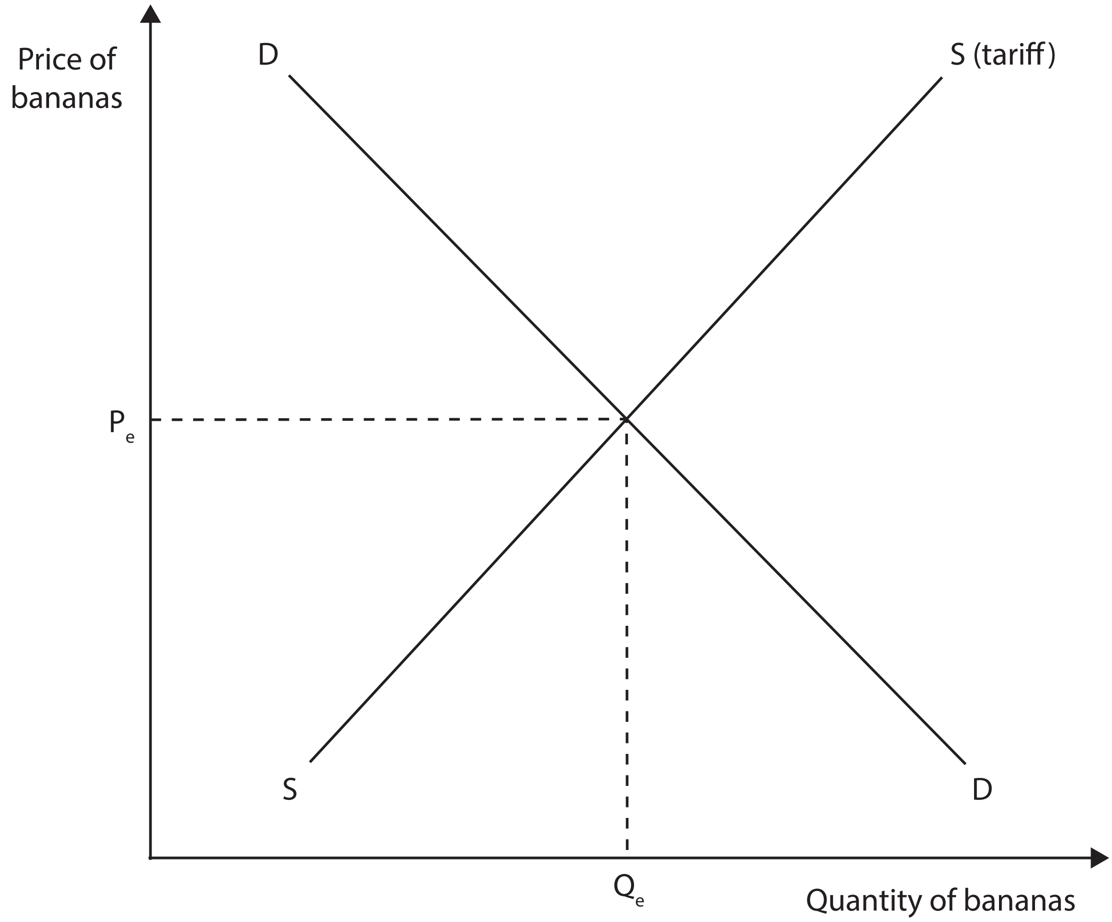

Figure 1

The UK Government allocates pollution permits to airlines such as easyJet and British Airways as part of its environmental strategy. The government reduces the total number of allocated pollution permits every year.

(g) Explain **one** possible benefit of using pollution permits to protect the environment for a country such as the UK.

(3)

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India was the fastest growing economy in the G20 group of nations with rapid economic growth of 7.2% in 2023. India's gross domestic product (GDP) growth rate in 2024 was forecast to be 6.9%.

(h) With reference to the data above and your knowledge of economics, analyse the benefits of using GDP as a measure of economic growth for a country such as India.

(6)

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(Total for Question 1 = 20 marks)

2 (a) The percentage of income tax paid by an individual in a progressive tax system

(1)

- ☒ **A** remains the same for all income levels
- ☒ **B** decreases with higher income levels
- ☒ **C** increases with higher income levels
- ☒ **D** is capped once income levels reach a certain threshold

(b) A depreciation in a country's exchange rate is most likely to lead to

(1)

- ☒ **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

(c) State **one** type of poverty.

(1)

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(d) What is meant by the term direct tax?

(2)

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In February 2024, North Tyneside Council in the UK said it will privatise the provision of school meals. Trade unions are concerned that this will affect pay and working conditions for the existing employees who currently provide the meals at schools.

(e) Explain **one** disadvantage of privatising the provision of school meals in North Tyneside.

(3)

(f) Using the diagram below, label the remaining three stages of the economic cycle in the boxes on the diagram.

(3)

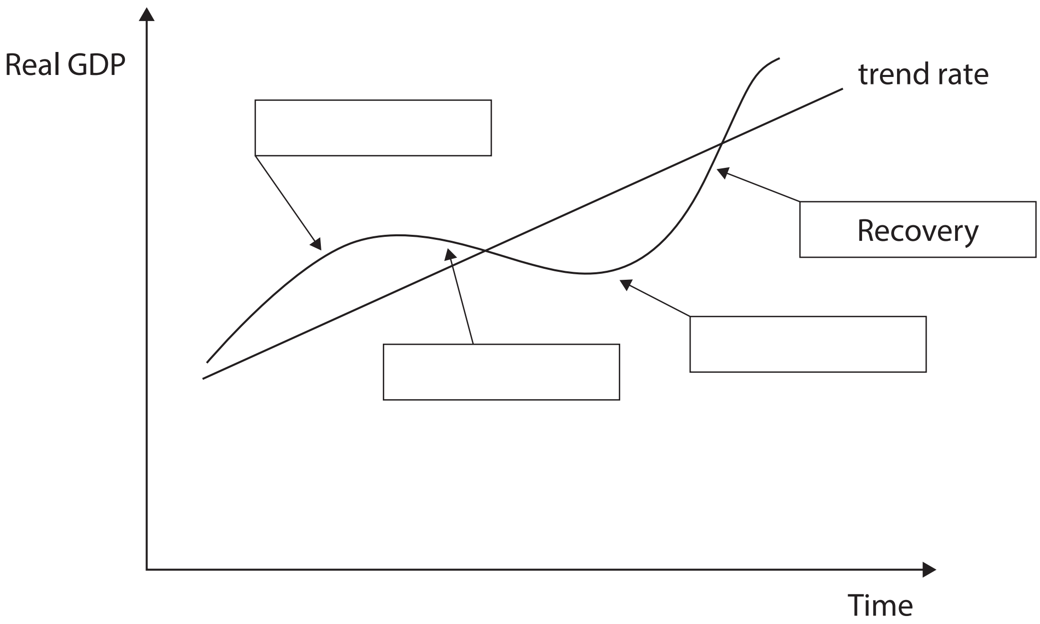

Figure 2

Bboxx, a firm that makes solar-powered stoves, received a $17m subsidy to reduce the price of its products. This subsidy will be used to encourage the use of solar-powered stoves in Rwanda where many households currently use firewood or coal to cook their meals.

More than 500,000 households in Rwanda will benefit from this subsidy programme. They will no longer have to burn firewood and coal, which create harmful and dangerous pollutants.

The subsidy programme is designed to reduce the percentage of households that use firewood for cooking from 80% in 2017 to 42% by 2024. This will reduce carbon emissions in Rwanda.

(g) With reference to the data above and your knowledge of economics, assess the possible benefits to the environment of providing subsidies for solar-powered stoves in Rwanda.

(9)

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(Total for Question 2 = 20 marks)

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3 (a) Which **one** of the following is a feature of being a member of a trading bloc?

(1)

☒ **A** Higher tariffs on exports to other members within the bloc

☒ **B** Slower delivery times for goods within the bloc

☒ **C** Can only trade with members within the bloc

☒ **D** Access to a larger market within the bloc

Figure 3 shows imports and exports for a country in $bn.

	$bn
Exports of goods	300
Exports of services	80
Imports of goods	240
Imports of services	50

Figure 3

(b) What is the **visible trade balance** in $bn for the country?

(1)

☒ **A** $30bn

☒ **B** $60bn

☒ **C** $90bn

☒ **D** $250bn

The fiscal deficit of the US is expected to increase from $1.6tn to $2.6tn over the next 10 years.

(c) Explain **one** possible disadvantage of having a fiscal deficit for a country such as the US.

(3)

Consumers in the UK are very unhappy with another rise in inflation. The consumer price index (CPI) was 3.9% in November and increased to 4% in December 2023.

(d) With reference to the data above and your knowledge of economics, analyse the possible impact of rising inflation on shoe leather costs for consumers in the UK.

(6)

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Gross domestic product (GDP) growth in France is forecast to remain low over the next two years. Consumer spending is expected to improve as inflation reduces. However, a weak outlook for the German economy, France's main trade partner, and low growth in China are expected to limit any increases in growth.

As a result, unemployment levels are expected to remain high. The interest rate in France (as set by the European Central Bank) was 4.5% in December 2023, but may change in the future.

France	December 2023
GDP growth rate	1%
Inflation	5.8%
Unemployment	7.2%

Figure 4

(e) With reference to the data above and your knowledge of economics, assess how effective monetary policy might be in decreasing unemployment for a country such as France.

(9)

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(Total for Question 3 = 20 marks)

4 Figure 5 shows the export revenue from cocoa beans in Ghana between 2021 and 2023.

	Revenue ($bn)
2021	$2.838bn
2022	$2.299bn
2023	$2.278bn

Figure 5

(a) Calculate, to two decimal places, the **percentage decrease** in export revenue in Ghana between 2021 and 2023. You are advised to show your working.

(2)

Ghana is a country with a young, globally and digitally connected population. Ghana wants to modernise and provide economic opportunities for its growing population. Ghana has been a member of the World Trade Organization (WTO) since 1 January 1995.

(b) With reference to the data above and your knowledge of economics, analyse how Ghana's membership of the World Trade Organization (WTO) can benefit its economy.

(6)

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Cocoa is a major ingredient in the manufacture of chocolate products. Ghana, in West Africa, is the world's second-largest producer of cocoa, producing around 15% of the world's cocoa. The production of cocoa is 3.5% of its gross domestic product (GDP) and 30% of total export earnings, generating more than $2bn in foreign exchange.

Many people are employed in the growing, distribution and marketing of cocoa. The global trade in chocolate was estimated to be worth more than $1tn in 2023. Some of Ghana's cocoa is used to make fair trade chocolate products.

Meeting the world's demand for chocolate has resulted in some of the rainforests in West Africa being destroyed to make way for cocoa farms. Since 1950, Ghana has lost 65% of its forests. Cocoa farming has been the main reason for this deforestation, alongside the growing of other crops, mining and logging.

(c) With reference to the data above and your knowledge of economics, evaluate the possible impact of globalisation on the environment in Ghana.

(12)

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(Total for Question 4 = 20 marks)

TOTAL FOR UNIT = 80 MARKS

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Acknowledgements

Question 2(g) adapted from: https://taarifa.rw/bboxx-secures-us17m-from-brd-to-expand-its-energy-operations/

Question 3(e) adapted from: https://publications.banque-france.fr/en/macroeconomic-projections-september-2023-0

Question 4(a) adapted from: https://www.gcbbank.com.gh/research-reports/sector-industry-reports/356-cocoa-industry-in-ghana-2023/fil

Question 4(c) adapted from: https://theconversation.com/the-real-cost-of-your-chocolate-habit-new-research-reveals-the-bittersweet-truth-of-cocoa-farming-in-africas-forests-206082