



Mark Scheme (Results)

January 2020

Pearson Edexcel International GCSE

In Economics (4EC1)

Paper 02R Macroeconomics and the Global Economy

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

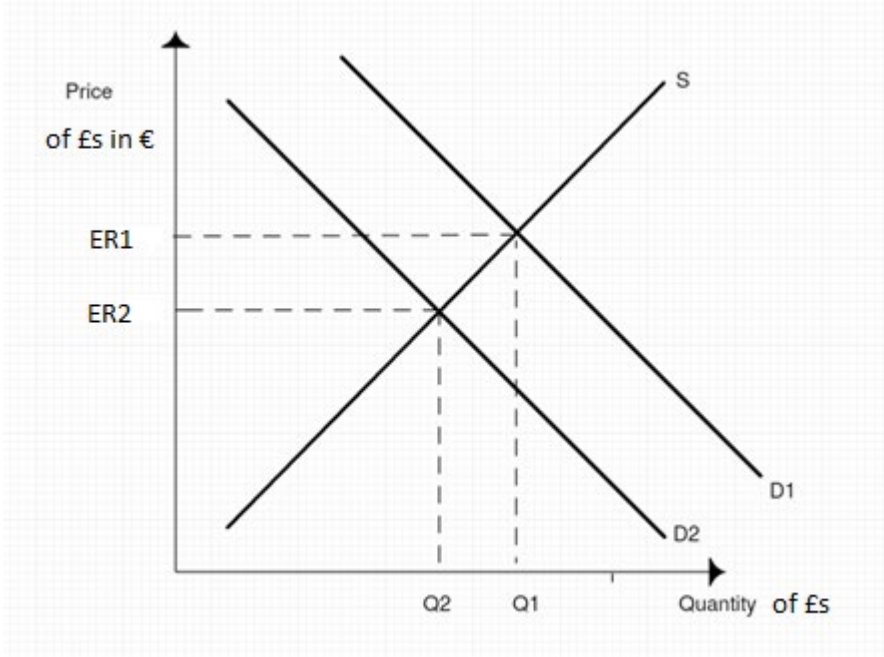
Question Number	Answer	Mark
1(a)	AO1 1 marks B Inflation rate	(1)

Question Number	Answer	Mark
1(b)	AO1 1 mark C privatisation	(1)

Question Number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to economic cycle and 1 mark for reference to high levels of economic activity/employment A phase in the economic cycle (1) with the highest levels of economic activity/with the highest levels of employment (1) . Accept any other appropriate response.	(2)

Question Number	Answer	Mark
1(d)	AO1 2 marks Award 1 mark for reference to time and effort and 1 mark for reference to purchasing goods The costs to firms and consumers of searching for the lowest prices (1) when inflation is high/prices are rising rapidly (1) . Accept any other appropriate response.	(2)

Question Number	Answer	Mark
1(e)	A02 2 marks Award 1 mark for showing the calculation. $150\,000 \times 70.66 \text{ INR}$ (1) Award 1 mark for the correct answer. $= 10\,599\,000 \text{ INR}$ (1) Award 2 marks if the correct answer of 10 599 000 INR is shown, with Indian Rupee symbol, even if no calculations are shown. Award 1 mark if correct answer is shown, but with no Indian Rupee symbol, even if no calculations are shown. Do not award marks for the formula.	(2)

Question Number	Answer	Mark
1(f)	AO2 3 marks Award 1 mark for leftward shift of demand, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled 	(3)

Question Number	Answer	Mark
1(g)	AO2 3 marks Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in context • One reason is to gain market share (1). Barley producers in China might be forced out of production (1) resulting in a higher market share for Australian barley producers (1). • One reason is to get rid of surplus goods (1). Australia may have produced too much barley in one year (1). Reducing the price may result in higher demand for Australian barley in China (1). Accept any other appropriate response.	(3)

Question Number	Indicative content	
1(h)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Direct taxes are government charges imposed on income and wealth • Lowering direct taxes such as income tax rates will result in employees keeping more take home pay • This increases disposable income from employment and gives an incentive to work rather than live on benefits • Increased income could be spent on more/better quality goods and services, thereby increasing standard of living in Vietnam • With greater disposable income being spent within the Vietnamese economy, output and employment may increase	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question Number	Answer	Mark
2(a)	AO2 1 mark c	(1)

Question Number	Answer	Mark
2(b)	AO1 1 mark B Increased choice for consumers	(1)

Question Number	Answer	Mark
2(c)	AO1 1 mark Award 1 mark for one correct objective. • Economic growth • Low and stable inflation • Low unemployment • Surpluses or equilibrium on current account • Redistribution of income • Protection of the environment Accept any other appropriate responses.	(1)

Question Number	Answer	Mark
2(d)	AO1 2 marks Award 1 mark for reference to fixed exchange rate system and 1 mark for reference to increased When the price of a currency in a fixed exchange rate system (1) is officially increased against other currencies (1) Or When a government fixes (1) new higher exchange rate (1) Accept any other appropriate response	(2)

Question Number	Answer	Mark
2(e)	AO2 3 marks Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in context One reason is that the government can spend more within the economy (1), this overspend can be used to invest in the public services such as infrastructure (1), and this can create jobs within the Indian economy stimulating economic growth (1). Accept any other appropriate response.	(3)

Question Number	Answer	Mark
2(f)	AO2 3 marks Award 1 mark for identifying a pattern of trade Award 1 mark for developing the pattern of trade Award 1 mark for the response being in context - Developed countries such as Germany export valuable manufactured goods (1) such as cars and electrical goods (1) and import cheaper primary products such as tea and sugar (1). - Developed countries such as Germany have moved away from the primary sector (1) and have more developed secondary and tertiary sectors (1). They export finished goods to developing countries such as Bangladesh (1). Accept any other appropriate response.	(3)

Question Number	Indicative content
2(g)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • Jobs may be created in Bangladesh with the investment from Japanese firms such as Honda and Nippon Koei • Nippon Koei have recruited 2,500 employees to work in its steel factories • Local businesses in Bangladesh may benefit from supplying MNCs with equipment and raw materials for car manufacturing • Honda may train local workers to be employed in the car factories which could result in a reduction in unemployment and an increase in the standard of living in Bangladesh • Economic growth may occur in Bangladesh as the government receives an increase in tax revenue from both the MNCs and the newly employed workers AO4 • However, many of the Japanese MNCs are coming to Bangladesh for low wages which could result in poor working conditions for local employees • There is no guarantee that jobs will be created for managerial positions as many MNCs do not train local workers to a high level • MNCs may drive out local businesses as they take over businesses and gain market share • Some MNCs damage the local environment and the cost of cleaning up pollution is often left to the host government.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question Number	Answer	Mark
3(a)	AO1 1 mark D Higher taxation	(1)

Question Number	Answer	Mark
3(b)	AO1 1 mark C depreciation	(1)

Question Number	Answer	Mark
3(c)	AO2 3 marks Award 1 mark for identifying an impact Award 1 mark for developing the impact Award 1 mark for the response being in context • One impact is a fall in demand for Egyptian exports (1). Inflation of 17.7% makes domestic goods more expensive (1) so other countries may not buy Egyptian goods resulting in a deficit on the current account (1). • One impact is an increase in imported goods (1). Inflation of 17.7% makes imports appear cheaper than Egyptian goods and services (1) so consumers prefer to purchase imports therefore having a negative impact on the current account (1). Accept any other appropriate response.	(3)

Question Number	Indicative content	
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Currency speculators have an impact on the exchange rate of a country due to supply and demand factors • Speculators will buy more currency if they believe that the exchange rate of the US\$ will rise in the future. • The increase in demand for the currency causes the value of the exchange rate to rise compared to other currencies. • Conversely, the value of the exchange rate may fall if speculators sell a currency if they believe that the exchange rate will fall. • This causes a fall in the value of the currency due to an increase in the supply available. • The impact of speculators is often that their actions bring about what they predict will happen.	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question Number	Indicative content
3(e)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • The use of regulation could be an effective way to reduce usage especially as the fine of AUS\$5 000 is very high • This could stop retailers issuing plastic bags to customers thereby reducing the chance of plastic bags ending up in litter • Most consumers and retailers will want to follow the regulations and will therefore not use plastic bags • This is supported by the Environment Minister who states that this is a popular policy with many people AO4 • However, banning plastic bags by regulation and issuing fines does not mean its consumption will completely reduce demand • The plastic bags have been banned since 2018 but no fines have been given out for using the plastic bags • The effectiveness will also depend upon shoppers reporting retailers for giving out plastic bags • There needs to effective policing of the ban for it to work properly

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question Number	Answer	Mark
4(a)	AO2 2 marks Award 1 mark for calculating the average rate of unemployment. $\frac{(4.8 + 4.6 + 4.3 + 2.9 + 3.0)}{5} \text{ (1)}$ Award 1 mark for the correct answer. = 3.92% (1) Award 2 marks if the average percentage of 3.92% is accurately calculated with no workings shown Award 1 mark if correct answer is shown, i.e. 3.92 but with no percentage sign, even if no calculations are shown. Do not award marks for the formula.	(2)

Question Number	Indicative content	
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Unemployment occurs when people of working age are able and willing to work but cannot find employment • The different regional rates could indicate that the UK is suffering from structural unemployment in the different regions • The rates of unemployment are highest in places such as the North of England (4.8%) and the Midlands (4.6%) • The UK has suffered from a decline in the secondary sector of the economy and has moved more towards tertiary • There could be a lack of skills and experience amongst the unemployed making it harder to find employment in certain areas of the UK • This therefore has resulted in different rates of unemployment in different parts of the UK	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question Number	Indicative content
4(c)	AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks) AO2 and AO3 • Education and training are examples of supply-side policies designed to improve the productive potential of an economy • Investment in education and training can help unemployed workers to acquire new skills so they can gain employment • Many unemployed workers lack the necessary skills needed to get a job, especially older workers who may need retraining to gain digital skills • This could help to reduce structural unemployment within the UK • A better educated and trained workforce could enable the UK to produce more goods and services thus increasing economic growth AO4 • However, education and training tend to be long-term and there is a delay in an unemployed worker gaining new skills and being able to enter the labour force • There is a financial cost to the UK government of offering education and training to unemployed workers which could be spent on other public services • Some of the UK's unemployment may not be structural and could in fact be due to cyclical unemployment • If the main cause of unemployment in the UK is due to other reasons then demand side policies such as fiscal and monetary might be more effective in reducing unemployment • If the UK is suffering from a range of different types of unemployment, then a combination of policies would be the most effective

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• Demonstrates isolated elements of relevant knowledge and understanding; may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).
Level 2	5–8	• Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).
Level 3	9–12	• Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).