



Mark Scheme (Results)

Summer 2024

Pearson Edexcel International GCSE
In Economics (4EC1) Paper 02R
Paper 2: 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.

Mark Scheme: June 2024**Paper 2: Macroeconomics and the Global Economy (4EC1/02R)**

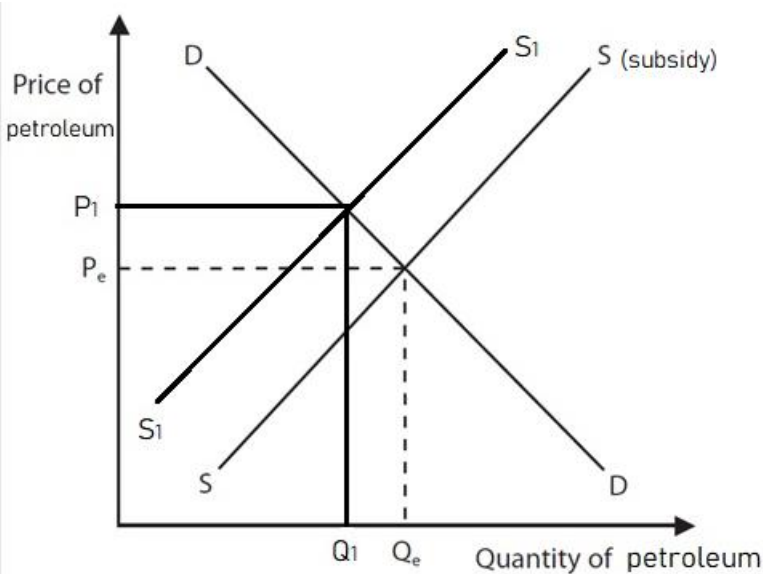
Question Number	Which one of the following is a disadvantage of multinational corporations (MNCs) operating in a country? Answer	Mark
1(a)	AO1 1 mark The only correct answer is: D Environmental damage A is not correct because MNCs invest in factories and capital equipment in other countries B is not correct because this is an advantage of MNCs C is not correct because MNCs often create new jobs when locating in another country	(1)

Question Number	Which one of the following describes voluntary unemployment? Answer	Mark
1(b)	AO1 1 marks The only correct answer is: C Unemployment caused by individuals choosing not to work A is not correct because this describes structural unemployment B is not correct because this describes cyclical unemployment D is not correct because this describes seasonal unemployment	(1)

Question Number	What is meant by the term monetary policy? Answer	Mark
1(c)	AO1 2 marks Award up to 2 marks for a correct definition Use of interest rates/money supply (1) to influence the level of overall demand in the economy (1) Accept any other appropriate response	(2)

Question Number	Describe one advantage of privatisation for a government. Answer	Mark
1(d)	A01 2 marks Award 1 mark for reference to an advantage for a government and 1 mark for development of an advantage for a government Generates revenue (1) which can help the government to invest in other areas (1) Accept any other appropriate response	(2)

Question Number	Calculate the total amount of revenue in £bn raised by indirect taxes in February 2023. You are advised to show your working. Answer	Mark
1(e)	A02 2 marks Award 1 mark for selecting indirect taxes from the table £14.3bn + £3.7bn + £0.4bn (1) Award 1 mark for the correct answer = £18.4bn (1) Award 2 marks if the correct answer is £18.4bn even if no calculations are shown Award 1 mark if the answer given is 18.4 even if no calculations are shown Do not award marks for the formula	(2)

Question Number	Using the diagram below, draw the effects of the removal of the fuel subsidy on the equilibrium price and quantity of petroleum in Ghana. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
1(f)	A02 3 marks Award 1 mark for a leftward shift of supply curve, labelled Award 1 mark for a higher equilibrium price, labelled Award 1 mark for a lower equilibrium quantity, labelled 	(3)

Question Number	Explain one advantage of deregulation for a country such as India. Answer	Mark
1(g)	A02 3 marks Award 1 mark for identifying a relevant advantage Award 1 mark for developing the advantage Award 1 mark for the response being in context - One advantage is that it can increase competition (1). New telecommunications firms can more easily enter the market and compete with established companies (1) which can lead to lower prices/higher quality/more choice for consumers (1) - One advantage is that it can stimulate economic growth (1). When regulations are reduced, firms pay lower taxes or fees so may have more resources to invest (1) which can create jobs and increase economic output (1) Accept any other appropriate response	(3)

Question Number	With reference to the data above and your knowledge of economics, analyse the advantages for UK firms of the UK joining the CPTPP trading bloc. Indicative content	Mark
1(h)	A02 (3 marks)/A03 (3 marks) A02 and A03 - Trading blocs are usually groups of countries in specific regions that negotiate preferential trading agreements between themselves with reduced trade barriers - The CPTPP includes countries in the Asia-Pacific region, providing UK firms with access to new markets that they might not have been able to enter before - By joining the CPTPP, the UK firms could benefit from reduced trade barriers, making it easier and cheaper to export goods to member countries - Membership in the CPTPP could help UK firms access skilled labour in other member countries - Membership of the CPTPP could help the UK firms diversify trade relationships beyond Europe, reducing the risk of relying on a single trading partner	(6)

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	Which one of the following is the calculation for the rate of unemployment in a country? Answer	Mark
2(a)	AO1 1 mark The only correct answer is: B Number of unemployed/Total labour force x 100 A is not correct because this calculates the labour force participation rate C is not correct because this calculates the employment rate D is not correct because this calculates the unemployment rate as a percentage of the total population	(1)

Question Number	Which one of the following describes a role of the World Trade Organization (WTO)? Answer	Mark
2(b)	AO1 1 mark The only correct answer is: A Help with trade negotiations B is not correct because this is not carried out by the WTO C is not correct because the WTO does not offer financial assistance to any countries D is not correct because the WTO does not get involved in exchange rate fluctuations	(1)

Question Number	State one possible reason for a current account surplus. Answer	Mark
2(c)	AO1 1 mark Award 1 mark for one possible reason • Improving quality of domestic goods • Poorer quality of foreign goods • Lower price of domestic goods • Higher price of foreign goods • Depreciating exchange rate • Value of exports is greater the value of imports Accept any other appropriate response	(1)

Question Number	What is meant by the term relative poverty? Answer	Mark
2(d)	AO1 2 marks Award up to 2 marks for a correct definition The standard of living is below (1) the typical average living standards in that society (1) Accept any other appropriate response	(2)

Question Number	Explain one benefit of asset purchasing by a central bank such as the ECB. Answer	Mark
2(e)	AO2 3 marks Award 1 mark for identifying a relevant benefit Award 1 mark for developing the benefit Award 1 mark for the response being in context - One benefit is that this can lead to higher levels of consumer and business spending (1). Purchasing assets injects money into the economy (1) which can stimulate economic growth (1) - One benefit is (aggregate) demand will increase (1) because of the increase in the flow of money from central banks to commercial banks (1). This extra money can be loaned to consumers and firms (1) Accept any other appropriate response	(3)

Question Number	Using the diagram below, draw the likely effect of this rise in UK interest rates on the equilibrium exchange rate of the UK pound (£) against the euro (€). Label the new curve, the new equilibrium exchange rate and the new equilibrium quantity. Answer	Mark
2(f)	AO2 3 marks Award 1 mark for a rightward shift of demand, labelled Award 1 mark for a higher equilibrium exchange rate, labelled Award 1 mark for a higher equilibrium quantity, labelled	(3)

Question Number	With reference to the data above and your knowledge of economics, assess how a recovery may affect unemployment for a country such as China. Indicative content	Mark
2(g)	A02 (3 marks)/A03 (3 marks)/A04 (3 marks) A02 and A03 • The recovery phase follows a recession and is marked by an increase in economic activity • As Chinese firms begin to recover from the downturn, they may increase production and hire more workers, particularly in the services and construction sectors, to meet the rising demand for goods and services • This can lead to an increase in job creation and a decrease in unemployment • During the recovery phase consumer confidence may increase leading to higher consumer spending and further stimulating economic growth • This can also lead to increased job creation as Chinese firms respond to the higher demand for their products or services • As the Chinese economy improves and consumer demand increases, there may be more opportunities for individuals to start their own firms and create jobs for themselves and others A04 • However, there are also potential challenges to job creation during the recovery phase • Chinese firms may be hesitant to hire new workers if they are concerned about the sustainability of the recovery or uncertain about future economic conditions • The 5% economic growth target might not be achieved and some analysts expect the growth in exports to be temporary • During the recovery phase, firms may take advantage of the improving economic conditions to invest in new technologies or automation that could replace some jobs with machines • This could lead to job losses in certain sectors or industries • Some sectors of the Chinese economy may recover more slowly than others so unemployment may not fall in all sectors of the economy	(9)

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	What is the fiscal deficit/surplus? Answer	Mark
3(a)	A02 1 mark The only correct answer is: D €100bn surplus A is not correct because this is calculated by adding the figures together and assumes a deficit B is not correct because this is €700bn-€800bn C is not correct because this is €800bn + €700bn	(1)

Question Number	Which one of the following is an example of a menu cost for Nike in its online shop during times of inflation? Answer	Mark
3(b)	A02 1 mark The only correct answer is: B The cost of updates to the website due to higher prices for shoes A is not correct because this is a cost of production C is not correct because this describes shoe leather costs D is not correct because this is a cost of shopping online	(1)

Question Number	Using the diagram below label the remaining three stages of the economic cycle in the boxes on the diagram. Answer	Mark
3(c)	AO2 3 marks Award 1 mark for Boom, labelled Award 1 mark for Downturn, labelled Award 1 mark for Recession/Slump/Depression, labelled Real GDP Time trend rate Boom Downturn Recession Recovery	(3)

Question Number	With reference to the data above and your knowledge of economics, analyse the likely benefits of globalisation for clothing manufacturers. Indicative content	Mark
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 - Globalisation has opened new markets for producers to sell their goods and services to - This has created new opportunities for clothing producers in China and Bangladesh to expand their customer base and increase their sales revenue - It has enabled clothing producers to use cheaper labour and raw materials in China and Bangladesh - This has led to a reduction in production costs for clothing which has increased profitability for producers - Globalisation has enabled clothing producers to benefit from economies of scale - As production volumes of clothing increase the cost per unit decreases which can lead to lower prices for consumers and increased profits for the producers - Reduced costs of communication have occurred as technology has enabled producers to easily trade with other firms in the clothing supply chain	(6)

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	With reference to the data above and your knowledge of economics, assess the possible benefits for the Brazilian economy of introducing a tariff on tyres. Indicative content	Mark
3(e)	A02 (3 marks)/A03 (3 marks)/A04 (3 marks) A02 and A03 • A tariff is a tax on imported goods and services • The 16% tariff may have been introduced to protect the domestic tyre industry from foreign competition • By making imported tyres more expensive the tariff can make domestic tyres more competitive and help to support jobs in the domestic industry • The tariff may have been introduced to address trade imbalances • Brazil may be running a trade deficit therefore by increasing the cost of imports, the tariff can help to reduce imports • The 16% tariff may be to generate government revenue. The revenue generated from the tariff can be used to fund public services or pay off government debt A04 • However, tariffs can reduce competition in the tyre market as Brazilian producers have less incentive to improve quality and lower prices • This could lead to lower quality tyres being produced domestically and less innovation in the market • Other countries may respond to the tariff by imposing their own tariffs on Brazilian goods, leading to a trade war that could harm both countries' economies • This could lead to a decrease in the overall volume of trade and a reduction in economic growth • A tariff on imported tyres would likely result in higher prices for consumers • As the cost of imported tyres increases Brazilian tyre producers may also increase their prices leading to higher prices for all types of tyres	(9)

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	Calculate, to two decimal places, the price in British pounds (£) of a park entry fee for 1 adult into the Corcovado National Park. You are advised to show your working. Answer	Mark
4(a)	A02 2 marks Award 2 marks for calculating the price in £ sterling $\frac{1600}{672} \quad \textbf{(1)}$ $= £2.38 \quad \textbf{(1)}$ Award 2 marks if the park entry fee is accurately calculated as £2.38 even if no calculations are shown Award 1 mark if £ is missing i.e. 2.38 with or without calculations shown Do not award marks for the formula	(2)

Question Number	With reference to the data above and your knowledge of economics, analyse how the trade patterns may differ between a developed and a developing country. Indicative content	Mark
4(b)	A02 (3 marks)/A03 (3 marks) A02 and A03 - Developed countries, such as the UK, tend to have more diversified economies with a higher share of manufacturing and services sectors in their GDP - This allows developed countries to produce a wide range of goods and services making them less dependent on a few primary products for their exports - Developed countries such as the UK have exhausted many raw materials and moved away from agriculture so need to import these commodities - In contrast, developing countries such as Costa Rica may have a narrower range of products to offer with a higher share of agricultural exports - Costa Rica relies heavily on agricultural exports such as fruit and vegetables accounting for 73.4% of exports to the UK - The patterns of trade are different for developed and developing economies due to the different sizes of the primary, secondary and tertiary sectors	(6)

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	With reference to the data above and your knowledge of economics, evaluate the possible advantages of the government providing national parks to protect the environment in a country such as Costa Rica. Indicative content	Mark
4(c)	A02 (4 marks)/A03 (4 marks)/A04 (4 marks) A02 and A03 • Parks can provide a range of environmental benefits such as protecting and preserving biodiversity • Parks can contribute to long-term economic sustainability by protecting natural resources and ecosystem services • The conservation of natural resources through parks can also support other economic activities such as fishing and timber harvesting by ensuring the sustainability of these resources over the long term • The creation and maintenance of parks can generate economic benefits such as employment opportunities and revenue from tourism • The establishment of protected areas can help lessen the economic costs associated with environmental degradation • Parks and natural spaces can contribute to improvements in public health by providing opportunities for exercise and recreation which can reduce healthcare costs and absenteeism from work due to illness • Parks and protected areas can contribute to a sense of national identity and pride which can help to attract international visitors and promote trade and investment A04 • However, the costs of creating and maintaining parks can be high and may require significant public funding • The creation of parks may require the displacement of local communities or restrictions on traditional land use practices • Ecotourism can lead to overcrowding and environmental degradation if not properly managed • Protected areas can limit opportunities for economic development particularly in sectors such as mining, logging and agriculture • This can be a source of conflict between conservationists and those who see protected areas as a hindrance to economic growth • There are alternative methods which the Costa Rican Government could use such as taxation and pollution permits which might be more effective in protecting the environment	(12)

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).

