

Please check the examination details below before entering your candidate information			
Candidate surname		Other names	
Pearson Edexcel		Centre Number	
International GCSE		Candidate Number	
Friday 5 June 2020			
Afternoon (Time: 1 hour 30 minutes)		Paper Reference 4EC1/02R	
Economics Level 1/2 Paper 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 ►

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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) What type of unemployment is likely to be caused by generous welfare benefits?

(1)

☐ **A** Seasonal

☐ **B** Cyclical

☐ **C** Voluntary

☐ **D** Structural

- (b) What name is given to the phase in the economic cycle when consumers start to regain confidence and economic activity is on the increase?

(1)

☐ **A** Boom

☐ **B** Downturn

☐ **C** Recession

☐ **D** Recovery

- (c) What is meant by the term central bank?

(2)

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(d) Describe **one** disadvantage of free trade for domestic businesses. (2)

Figure 1 shows the income tax rates for Cyprus in 2018. George earns €21 000 as a manager. This means George only pays tax on €1 500.

Taxable income (€)	Tax rate (%)
0 to €19 500	0%
€19 501 – €28 000	20%

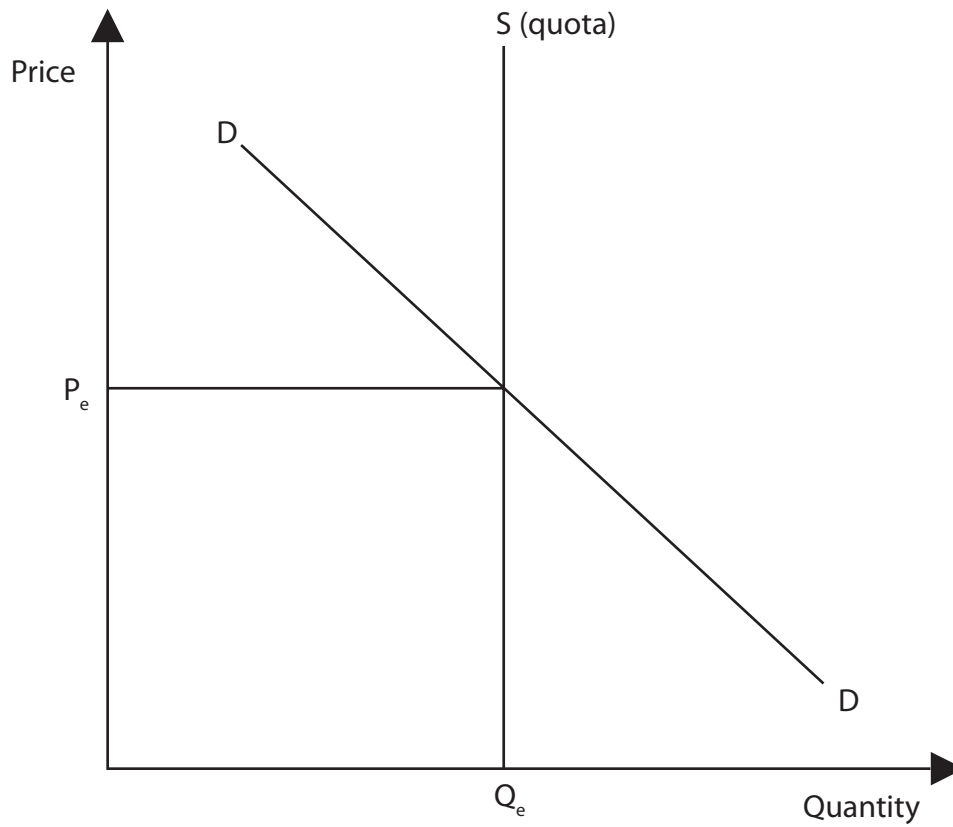
Figure 1

(e) Calculate the **net pay** in euros (€) for George. You are advised to show your working. (2)



- (f) Using the diagram below, draw the effect of the introduction of a new quota that is less than the original quota. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

**Figure 2**

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Mexico plans to increase the country's minimum wage by 16% to \$5.10 a day.
Mexico's President promised further rises to keep up with the high rates of inflation.

(g) Explain the impact of high rates of inflation on wages in a country such as Mexico.

(3)

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In March 2018, 44 African countries signed a deal to create one of the world's largest trade blocs, the African Continental Free Trade Area (AfCFTA). AfCFTA will create a market of 1.2 bn people with a gross domestic product (GDP) of \$2.5 trillion.

- (h) Analyse the benefits to a country of being a member of the African Continental Free Trade Area (AfCFTA).

(6)

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(Total for Question 1 = 20 marks)



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2 In 2018, the Indonesian rupiah depreciated to its lowest levels since 1997 against other major currencies.

(a) This depreciation is likely to have caused

(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

(b) Which of the following is used as a measure of economic growth?

(1)

- ☐ **A** ILO
- ☐ **B** CPI
- ☐ **C** GDP
- ☐ **D** FDI

(c) State **one** reason why a government wants to reduce poverty and inequality.

(1)

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(d) What is meant by the term infrastructure?

(2)

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In 2018 the average number of job seekers in Germany decreased by 0.5% to 5.2% and was lower than at any time since 1991.

- (e) Explain **one** impact of falling unemployment rates on tax revenue for a country such as Germany.

(3)

In December 2018, consumers in the UK were warned to avoid some imported plastic toys because they contained banned chemicals. Many were being sold through online marketplaces.

- (f) Explain **one** reason why UK consumers need protecting from some imported goods.

(3)



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In May 2018, South Korea's unemployment rate for people aged 15–29 increased to 11.6%. In several global competitiveness reports South Korea has recently been criticised for having too many rules and regulations. Experts have advised the South Korean Government to reduce some employment regulations for service sectors such as finance, transport and tourism in order to create more jobs.

- (g) With reference to the data above and your knowledge of economics, assess the effectiveness of deregulation in reducing unemployment in South Korea.

(9)



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3 (a) Cost-push inflation is most likely to result from an increase in

(1)

- ☐ **A** the rate of income tax
- ☐ **B** productivity
- ☐ **C** wage rates
- ☐ **D** government spending

(b) Monetary policy would involve changes in which one of the following?

(1)

- ☐ **A** Government spending
- ☐ **B** Interest rates
- ☐ **C** Taxation
- ☐ **D** Balance of payments

The consumption of avocados in the US used to be restricted to the summer months when farmers in California harvested their crops. Now avocados are available all year and 90% are imported from Mexico.

(c) Explain **one** way globalisation has affected consumers in the US.

(3)

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In August 2018, Mondelez, a food and beverage multinational corporation (MNC), opened its first factories in Bangladesh. Previously, Mondelez had been exporting its products into Bangladesh for 15 years.

(d) Analyse why a MNC, such as Mondelez, might want to invest in Bangladesh.

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Indonesia's Economic Minister Darmin Nasution said that the current account deficit would reach 3% of gross domestic product (GDP) by the end of 2018.

"Yes, it is a bit high, but nothing to worry about. The deficit in 2014 was even higher," said Darmin Nasution.

Meanwhile, senior economist Faisal Basri called on the government to take the growing current account deficit as a serious matter because it could have negative effects on the economy.

- (e) With reference to the data above and your knowledge of economics, assess the impact of a current account deficit for a country such as Indonesia.

(9)

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4 Figure 3 shows the amount the US spent on education in 2017–2018.

Fiscal Year	\$bn
2017	68
2018	59

(Source adapted from:
<https://www2.ed.gov/about/overview/budget/budget18/summary/18summary.pdf>)

Figure 3

- (a) Calculate to two decimal places the **percentage change** in the amount spent on education in the US from 2017–2018. You are advised to show your working.

(2)

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The World Trade Organisation (WTO) has 164 members representing 98% of world trade. The US joined in 1995 and has been involved in 422 trade disputes.

- (b) Analyse the role of the World Trade Organisation (WTO) in the growth of international trade.

(6)

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- (12)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



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