

Please check the examination details below before entering your candidate information	
Candidate surname	Other names
Centre Number	Candidate Number
Pearson Edexcel International GCSE	
Wednesday 13 November 2024	
Morning (Time: 1 hour 30 minutes)	Paper reference 4EC1/02
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) Which **one** of the following is a reason why a government wants to reduce poverty and inequality?

(1)

- ☐ **A** It is a legal requirement
- ☐ **B** To increase the gap between rich and poor
- ☐ **C** For basic needs to be met
- ☐ **D** To increase relative poverty

- (b) Which **one** of the following is a benefit of using gross domestic product (GDP) as a measure of growth?

(1)

- ☐ **A** It considers the distribution of income
- ☐ **B** It is an accurate measurement of all economic activity
- ☐ **C** It takes inflation into account
- ☐ **D** It is easy to compare economic growth between countries

- (c) What is meant by the term deflation?

(2)

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(d) Describe the impact of a reduction in the cost of communication on globalisation. (2)

Figure 1 shows imports and exports for a country in \$bn.

	\$bn
Exports of goods	100
Exports of services	26
Imports of goods	87
Imports of services	16

Figure 1

(e) Calculate the **invisible trade balance** in \$bn for the country. You are advised to show your working. (2)



In August 2024, India removed a tariff on imports of tomatoes from Nepal.

- (f) Using the diagram below, draw the effects of the removal of the tariff on the equilibrium price and quantity of tomatoes in India. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

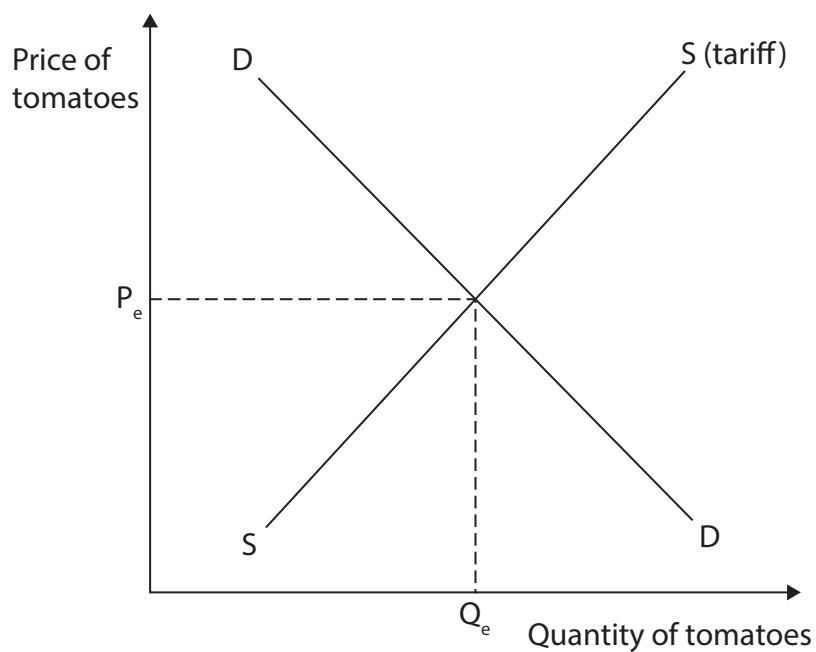


Figure 2



In Singapore, the government fined a construction company \$1m for breaking safety laws that led to the death of a worker. The company had failed to provide adequate safety equipment and training for its workers.

(g) Explain **one** reason why governments use fines.

(3)

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Annual inflation in Türkiye was 73.5% in May 2023, the highest rate since 1998. This was mainly caused by an annual increase of 152.7% in energy prices.

- (h) With reference to the data above and your knowledge of economics, analyse how high levels of cost-push inflation affect business confidence in a country such as Türkiye.

(6)

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(Total for Question 1 = 20 marks)

2 (a) Which **one** of the following is a rise in the value of an exchange rate in a floating exchange rate system?

(1)

- ☐ **A** Appreciation
- ☐ **B** Depreciation
- ☐ **C** Revaluation
- ☐ **D** Devaluation

(b) Which **one** of the following is a reason why there is protection for international trade?

(1)

- ☐ **A** To allow dumping
- ☐ **B** To promote free trade
- ☐ **C** To protect domestic jobs
- ☐ **D** To increase the current account deficit

(c) State **one** possible impact of globalisation on consumers.

(1)

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(d) What is meant by the term asset purchasing?

(2)

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In China there are restrictions on coal consumption and emissions from factories. These restrictions have led to job losses in some industries.

- (e) Explain **one** reason why there might be a trade-off between economic growth and environmental protection for an economy such as China.

(3)

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Figure 3 shows the supply of and demand for UK pounds (£) and the equilibrium exchange rate against the US dollar (\$).

- (f) Using the diagram below, draw the likely effect of a decrease in imports from the US on the equilibrium exchange rate of the UK pound (£) against the US dollar (\$). Label the new curve, the new equilibrium exchange rate and the new equilibrium quantity.

(3)

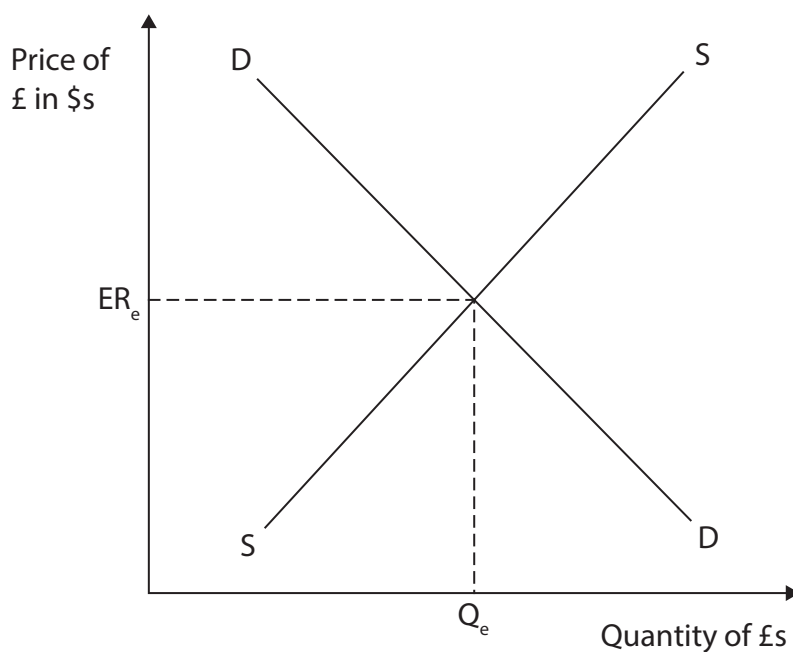


Figure 3

IBM has stopped recruiting for 7,800 jobs that could be eventually replaced by AI. British Telecom (BT) predicted that AI would replace 10,000 jobs by 2030.

(g) With reference to the data above and your knowledge of economics, assess the possible impact of the introduction of AI on the levels of structural unemployment.

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QUESTION 3 BEGINS ON THE NEXT PAGE



- 3 (a) Which **one** of the following is an advantage of a government giving subsidies to domestic producers?

(1)

- ☐ **A** Reduces government spending
- ☐ **B** Increases imports from other countries
- ☐ **C** Increases production of goods and services
- ☐ **D** Reduces trade disputes

The price of a basket of goods and services was £1 200. The consumer price index (CPI) increased from 120 to 130.

- (b) Calculate the new price of the basket of goods and services.

(1)

- ☐ **A** £1 210
- ☐ **B** £1 300
- ☐ **C** £1 330
- ☐ **D** £1 450

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In March 2023, as part of its supply-side policy, the Italian Government announced business taxes would be reduced from 27% to 24% in January 2024.

- (c) Explain the likely impact on productivity of this change in business taxes for a country such as Italy.

(3)

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The Clean Air Act (CAA) is an important regulation that sets standards for air quality in the US. The CAA regulates emissions from cars, trucks and buses.

- (d) With reference to the data above and your knowledge of economics, analyse how regulations can help to protect the environment in a country such as the US.

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Australia has a progressive income tax system. Individuals are allowed to earn \$18 200 before paying any tax. The rate of tax payable increases as income gets higher. In recent years, income tax has been the fastest growing source of government revenue in Australia.

Australian Government revenue 2022–2023

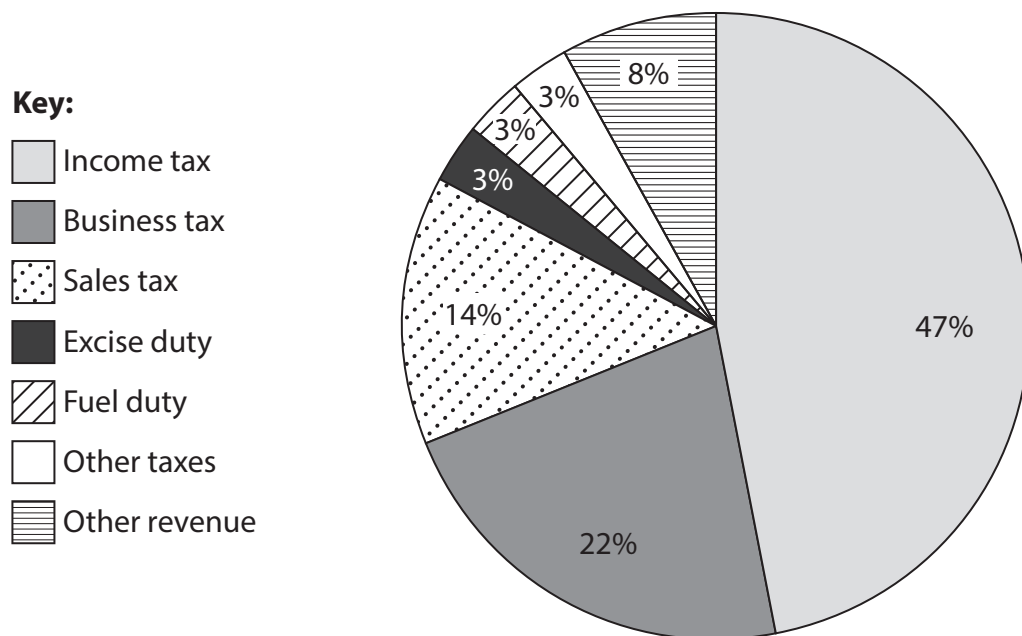


Figure 4

- (e) With reference to the data above and your knowledge of economics, assess whether income tax is a reliable source of government revenue for a country such as Australia.

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4 Figure 5 shows the gross domestic product (GDP) for India in 2021 and 2022.

	2021	2022
GDP (\$bn)	3 150.31	3 385.09

Figure 5

(a) Calculate, to two decimal places, the **percentage change in GDP** for India between 2021 and 2022. You are advised to show your working.

(2)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



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Question 2g adapted from: <https://www.theguardian.com/commentisfree/2023/may/22/ai-jobs-policies>

Question 3e adapted from: <https://www.abc.net.au/news/2023-05-04/the-tax-problems-the-budget-likely-wont-tackle/102299126>

Question 4a adapted from: <https://tradingeconomics.com/india/gdp>

Question 4c adapted from: https://www.business-standard.com/india-news/india-s-heart-with-us-rather-than-china-led-trade-pact-rcep-piyush-goyal-123082501276_1.html

