

Please check the examination details below before entering your candidate information

Candidate surname

Other names

**Pearson Edexcel
International GCSE**

Centre Number

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Candidate Number

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Friday 5 June 2020

Afternoon (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) The International Labour Organisation (ILO) measures (1)

- A inflation
- B unemployment
- C economic growth
- D government spending

(b) Which method of protection is used to reduce the price of exports? (1)

- A Free trade
- B Tariffs
- C Subsidies
- D Quotas

(c) What is meant by the term gross domestic product (GDP)? (2)

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(d) Describe **one** positive impact of economic growth.

(2)

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Consumer Price Index (CPI) was 120.4 in 2017 and it increased to 130.3 in 2018.

(e) Calculate, to two decimal places, the **rate of inflation** in 2018. You are advised to show your working.

(2)

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

(3)

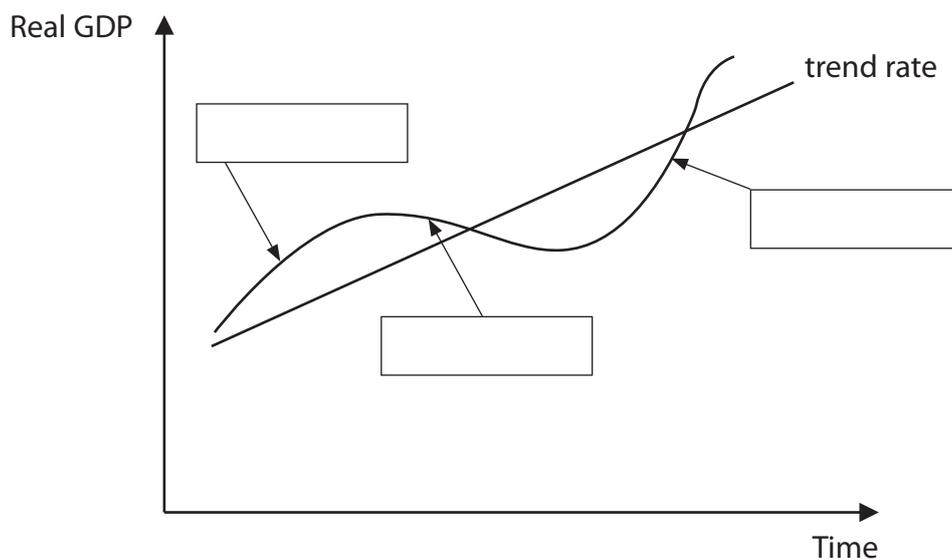


Figure 1

According to the US Labour Department, employees working in the public education sector are leaving their jobs at faster rates than ever recorded before.

(g) Explain **one** reason why some people in the education sector might choose to become voluntarily unemployed?

(3)

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The World Trade Organisation (WTO) has estimated that improvements in ship containerisation have lowered sea transportation costs by over 70%. Air-freight costs have fallen by a similar amount.

(h) Analyse how the reduced cost of transport has contributed to the increase in globalisation.

(6)

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(Total for Question 1 = 20 marks)

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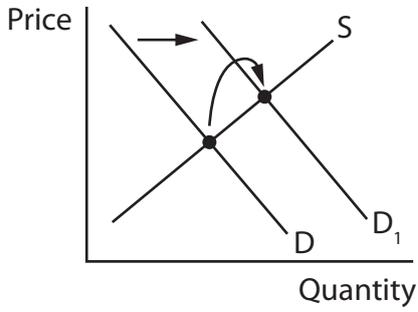
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2 In 2019, India introduced tariffs against US agricultural products including apples, almonds and lentils.

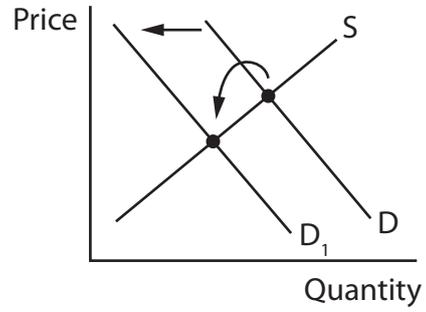
(a) Which **one** of the following diagrams shows the Indian market for apples, almonds and lentils following the introduction of the tariffs?

(1)

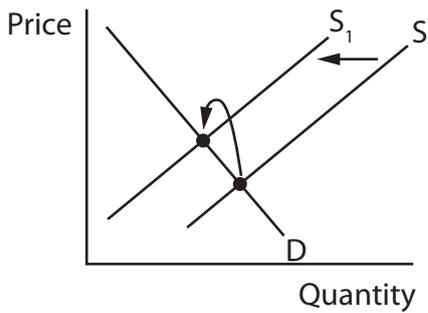
A



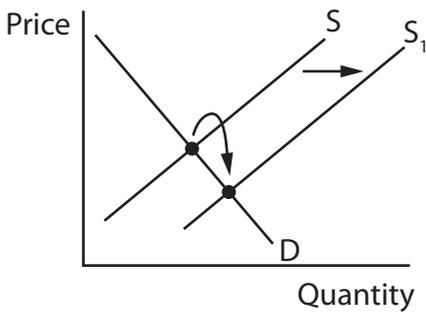
B



C



D



(b) Which supply-side policy involves the removal of government controls?

(1)

- A Deregulation
- B Education and training
- C Lower business taxes
- D Infrastructure spending

(c) State **one** disadvantage of free trade.

(1)

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(d) What is meant by the term exchange rate?

(2)

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In 2018, Germany had a current account surplus of €268bn. Germany uses the euro (€) which had recently weakened against other major currencies.

(e) Explain **one** reason why a fall in the value of the euro (€) may have resulted in a positive impact on Germany's current account.

(3)

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In 2019, the Indian Government privatised six major state-owned airports. It handed over the operations, management and development of the airports to private sector firms for the next 50 years.

(f) Explain **one** way privatisation could improve productivity in these Indian airports.

(3)

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(Total for Question 2 = 20 marks)



3 (a) Which **one** of the following is likely to be a trade-off as a result of increased economic growth? (1)

- A** Increased employment
- B** Increased inflation
- C** Higher standards of living
- D** Higher fiscal surplus

(b) Which type of taxation has a higher proportion of income paid as income rises? (1)

- A** Indirect
- B** Progressive
- C** Business
- D** Value added tax (VAT)

Palm oil is used in food and cosmetics. Palm plantations are a major agricultural activity in Indonesia. Many of the plantations are owned by foreign multinational corporations (MNCs).

(c) Explain **one** advantage for Indonesia of the palm oil plantations being owned by foreign MNCs.

(3)

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In 2018, Italy entered a recession after the country's manufacturing sector decreased for the third month in a row. Gross domestic product (GDP) fell by 0.1% from July to September.

(d) Analyse the impact on unemployment of a recession in a country such as Italy.

(6)

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(Total for Question 3 = 20 marks)



4 Figure 3 shows the government revenue and expenditure (€m) for Estonia in 2018.

2018	€m
Government revenue	8 119 601
Government expenditure	8 197 243
Fiscal surplus/deficit	

(Source adapted from: <https://www.stat.ee/53721>)

Figure 3

(a) Calculate in €m the **fiscal surplus/deficit** for Estonia in 2018. You are advised to show your working.

(2)

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Estonia's annual inflation rate increased to 4.4% in October 2018.

(b) Analyse how the Estonian Government might use fiscal policy to control inflation.

(6)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



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