

Please check the examination details below before entering your candidate information

Candidate surname		Other names	
Pearson Edexcel International GCSE		Centre Number	Candidate Number
Monday 3 June 2019			
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 ►

P60748A

©2019 Pearson Education Ltd.

1/1/1/1/1




Pearson

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 increased integration and interdependence of economies is known as

(1)

- ☐ **A** privatisation
- ☐ **B** specialisation
- ☐ **C** protectionism
- ☐ **D** globalisation

- (b) What is the main cause of frictional unemployment?

(1)

- ☐ **A** People choosing not to work
- ☐ **B** People having the wrong skills
- ☐ **C** People changing jobs
- ☐ **D** People employed at certain times of the year

- (c) What is meant by the term interest rate?

(2)

.....

.....

.....

.....

.....

.....

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(d) Describe **one** impact on consumers of a decrease in interest rates.

(2)

.....

.....

.....

.....

.....

Rachel buys a t-shirt for 1 000 Kenyan shillings (KES) when she is on holiday.
The exchange rate is £1 = 137.73 KES.

(e) Calculate, to two decimal places, the price in sterling (£) of Rachel's t-shirt. You are advised to show your working.

(2)

.....

.....

.....

.....

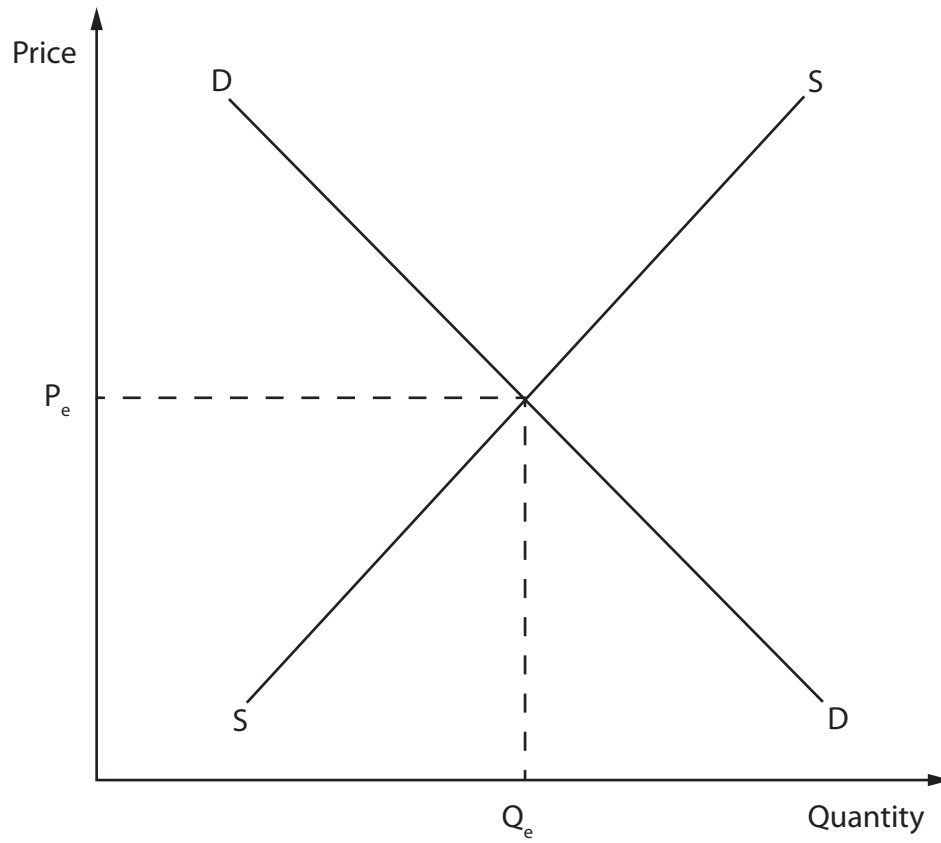
.....

.....



- (f) Using the diagram below, draw the effects of the introduction of a quota on the equilibrium price and quantity of a good.
Label the new curve, the new equilibrium price and new equilibrium quantity.

(3)

**Figure 1**

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



In 2017 the US government wanted to introduce a 300% tariff on imported aircraft made by Canadian manufacturer Bombardier.

- (g) Explain **one** way the World Trade Organisation could promote free trade between countries such as Canada and the US.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



P 6 0 7 4 8 A 0 5 2 4

(6)

DO NOT WRITE IN THIS AREA

6



- 2 The price of a basket of goods and services used to calculate the Consumer Price Index (CPI) in an economy, rose from €1 250 to €1 300 in one year.

(a) What is the rate of inflation?

(1)

- ☐ A 0.96%
- ☐ B 1.04%
- ☐ C 4%
- ☐ D 5%

(b) What is the name of the term used to describe tax on income, wealth and profit?

(1)

- ☐ A Direct taxation
- ☐ B Value added tax
- ☐ C Excise duties
- ☐ D Indirect taxation

(c) State **one** way businesses can damage the environment.

(1)

.....

.....

.....

(d) What is meant by the term supply-side policy?

(2)

.....

.....

.....

.....

.....



(3)

DO NOT WRITE IN THIS AREA

According to the UN there are now over 63,000 multinational corporations (MNCs) and the number is growing daily. Many well-known MNCs, including PepsiCo, the Tata Group and Microsoft, are expanding in India.

- (f) Explain **one** possible reason for the emergence of MNCs in a country such as India.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



P 6 0 7 4 8 A 0 9 2 4

The Association of South East Asian Nations (ASEAN) is a trade bloc. It was set up in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. Later it was joined by Brunei, Laos, Vietnam, Myanmar and Cambodia and became a 10 member trading bloc in 2016.

1967 ASEAN-5 Indonesia, Malaysia, the Philippines, Singapore and Thailand		2016 ASEAN-10 Brunei, Laos, Vietnam, Myanmar, Cambodia, Indonesia, Malaysia, the Philippines, Singapore and Thailand
185 Million	Population	634 Million
2 950 Thousand Km ²	Land	4 326 Thousand Km ²
56 Years	Life Expectancy	71 Years
\$122 Current Prices (US)	GDP/Capita	\$4 021 Current Prices (US)
\$9 707 Million (US)	Trade	\$2 218 534 Million (US)

Figure 2

(Source: adapted from <https://www.fwd.news/50-years-major-regional-trading-bloc-looks-closer-cooperation/>)

- (g) With reference to the data above and your knowledge of economics, assess the benefits for a country, such as Thailand, of being a trade bloc member.

(9)



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 20 sets of three horizontal lines (top solid, middle dashed, bottom solid).



.....

.....

.....

.....

.....

.....

(Total for Question 2 = 20 marks)

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



3 (a) What is the name given to a country's exports and imports of physical goods?

(1)

- ☐ A Trade in goods
- ☐ B Income flows
- ☐ C Trade in services
- ☐ D Transfer payments

(b) What term refers to a firm or country selling an export below the cost of production?

(1)

- ☐ A Quotas
- ☐ B Dumping
- ☐ C Deregulation
- ☐ D Tariffs

(c) Explain **one** method of government intervention that could be used to protect the environment.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



(d) Analyse the possible impact of unemployment on an economy.

(6)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

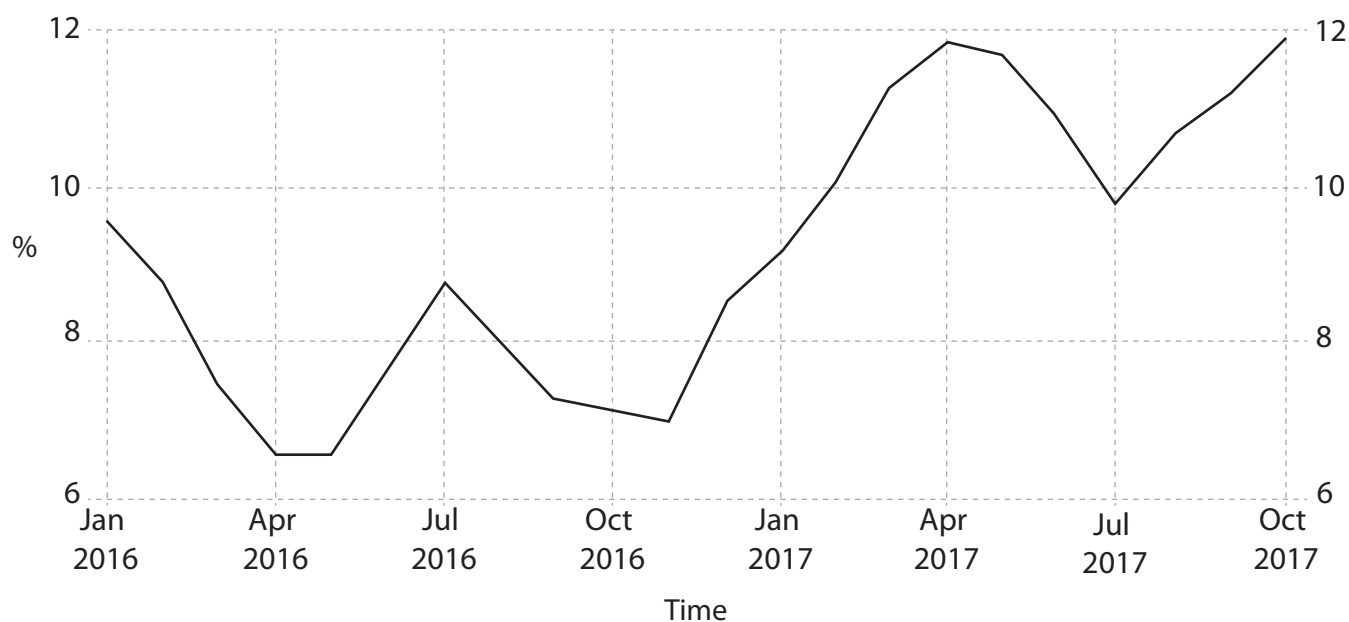
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



Turkey's inflation rate (%)**Figure 3**

Inflation remains a major problem for Turkey's economy. Annual inflation in Turkey increased to 11.9% in October 2017. The highest price rises were for transportation, which rose by 16.79% and food, which increased by 12.74%.

- (e) With reference to the data above and your knowledge of economics, assess the impact of inflation on a country such as Turkey.

(9)



P 6 0 7 4 8 A 0 1 5 2 4

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

P 6 0 7 4 8 A 0 1 6 2 4

P 6 0 7 4 8 A 0 1 6 2 4

- 4 GDP per capita is a measure of a country's economic output that accounts for population. Figure 4 shows the population and gross domestic product (GDP) for Vietnam in 2016.

	2016
Population (million)	92.7
GDP (US\$ million)	202 600

Figure 4

(Source: © 2018 The World Bank Group)

- (a) Calculate, to two decimal places, the GDP per capita for Vietnam in 2016. You are advised to show your working.

(2)

.....

.....

.....

.....

.....

.....



The unemployment rate fell in Vietnam between 2015 and 2016 but in the same period the inflation rate increased.

(b) Analyse how a fall in unemployment may have caused an increase in Vietnam's inflation rate.

(6)

Area for student response with horizontal dotted lines.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(c) With reference to the data above and your knowledge of economics, evaluate whether an increase in progressive taxes is the most effective way to reduce inequality and poverty for a country such as Vietnam.

[illegible]

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

.....

.....

(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE

