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Please check the examination details below before entering your candida formation

Candidate surname | Other names

Pearson Edexcel International GCSE

Centre Number | Candidate N er

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.
- Good luck with your examination.

Turn over ▶

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Answer ALL questions. Write your answers in the spaces pro .

Some questions must be answered with a cross in a box ☒. If you change you d about an answer, put a line through the box ☒ and then mark your new answer with s ☒.

1 (a) Which type of unemployment occurs when the demand for a product is only at certain times of the year?

(1)

- ☒ **A** Structural
- ☒ **B** Cyclical
- ☒ **C** Seasonal
- ☒ **D** Voluntary

(b) Which **one** of the following terms refers to a tax on imported goods?

(1)

- ☒ **A** Subsidy
- ☒ **B** Tariff
- ☒ **C** Fine
- ☒ **D** Pollution permit

(c) What is meant by the term recession?

(2)

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(d) What is meant by the term dumping?

(2)

Figure 1 shows the government revenue and expenditure in rupees crore for India in 2019–2020.

	Indian rupees crore (Rs)
Total revenue	2 080 201
Total expenditure	2 784 200

Figure 1

(e) Calculate the **fiscal surplus/deficit in Indian rupees crore (Rs)** for India in 2019–2020. You are advised to show your working.

(2)

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In 2019, Hungary introduced a subsidy on new cars for families with three or children.

(f) Using the diagram below, draw the likely effects of the introduction of a subs n the equilibrium price and quantity of new cars for families with three or more ch n. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3

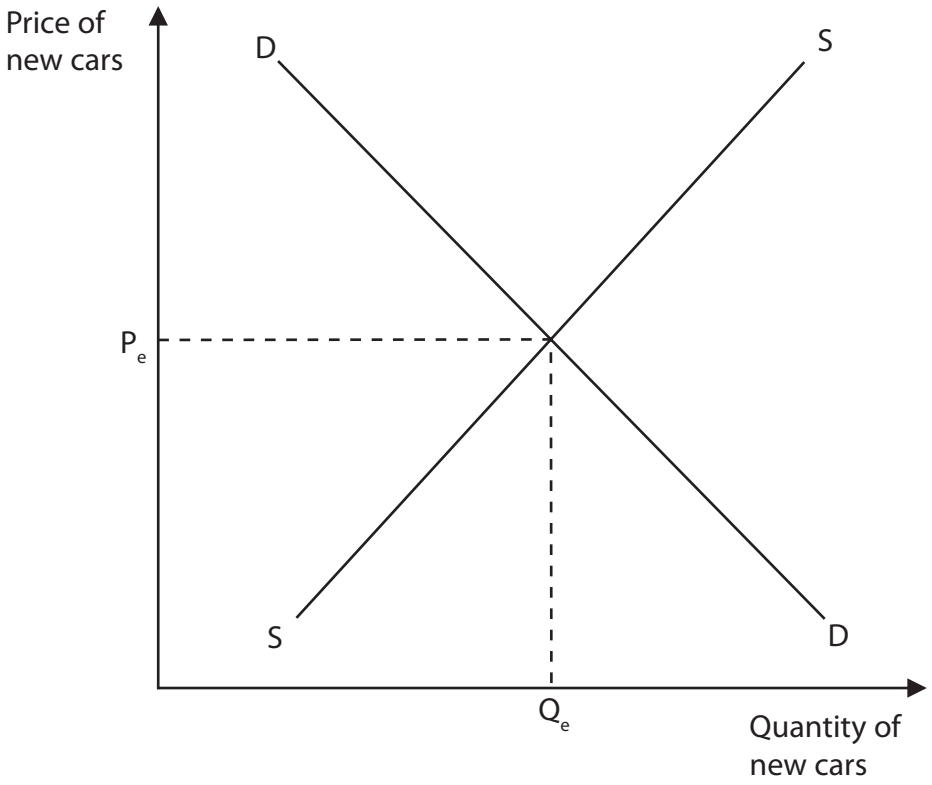

Figure 2

The UK has 13 national parks with the Lake District National Park being the largest and most popular. It had over 19.17 million visitors in 2018. Woodland covers over 12% of the national park.

(g) Explain **one** benefit to the UK Government of providing parks.

(3)

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According to a survey from accounting firm EY, foreign direct investment (FD o Ireland increased by 52% in 2018.

(h) With reference to the data above and your knowledge of economics, analyse the benefits of FDI for a country such as Ireland.

(6

(Total for Question 1 = 20 marks)

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2 (a) An appreciation in a country's exchange rate is most likely to lead to whi **e** of the following?

(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 **one** of the following is likely to result in poverty?

(1)

- ☒ **A** High literacy rates
- ☒ **B** Low GDP per capita
- ☒ **C** Low rates of tax
- ☒ **D** High employment rates

(c) State **one** effect on the balance of payments of improved quality of foreign goods.

(1)

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(d) What is meant by the term free trade?

(2)

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In the first quarter of 2019 the unemployment rate in Argentina increased by to 10.1%. This was the highest level in 13 years.

(e) Explain **one** impact of rising unemployment on consumer confidence for a coun ch as Argentina.

(3

Approximately 12% of goods traded globally are via international e-commerce. Tens of millions of small and mid-size firms worldwide have become exporters by joining e-commerce marketplaces such as Alibaba and Amazon.

(f) Explain **one** reason why the reduced cost of communication has helped to increase globalisation.

(3)

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In 2019, Germany was considering increasing the tax on meat to protect the onment and improve animal welfare. Currently meat in Germany has a reduced tax rate %. Some political groups are arguing that this should increase to the standard 19%. ding to United Nations research, methane from animals accounts for 14.5% of greenhouse emissions – more than the direct emissions from transport.

(Source adapted from: https://www.independent.co.uk/envir nt/german-meat-tax-environment-animal-welfare-a9045271

(g) With reference to the data above and your knowledge of economics, assess the use of taxation to protect the environment in a country such as Germany.

(9)

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(Total for Question 2 = 20 marks)

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3 Figure 3 shows selected UK Government receipts from taxation in 2019.

	£bn
Sales tax (VAT)	186.3
Income tax	268.3
Tariffs	31.9
Business tax	53.4

Figure 3

(a) What is the total amount of revenue raised by indirect taxes?

(1)

- ☒ **A** £454.6bn
- ☒ **B** £321.7bn
- ☒ **C** £218.2bn
- ☒ **D** £85.3bn

(b) Member countries of a trading bloc agree to

(1)

- ☒ **A** trade together with low or no barriers
- ☒ **B** have the same rate of income tax
- ☒ **C** only trade with members within the bloc
- ☒ **D** have common borders between members

Brazil currently only allows a quota of 600 million litres of ethanol per year to be imported from the US.

(c) Explain **one** advantage of using quotas for a country such as Brazil.

(3)

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The Slovenian Government spent €3.05bn on healthcare in 2019. This includ dditional funding for reducing the time people were waiting for treatment and an extra € to cover the recent increase in wage rates for healthcare staff.

(d) With reference to the data above and your knowledge of economics, analyse why t Slovenian Government might want to increase investment in healthcare.

(6)

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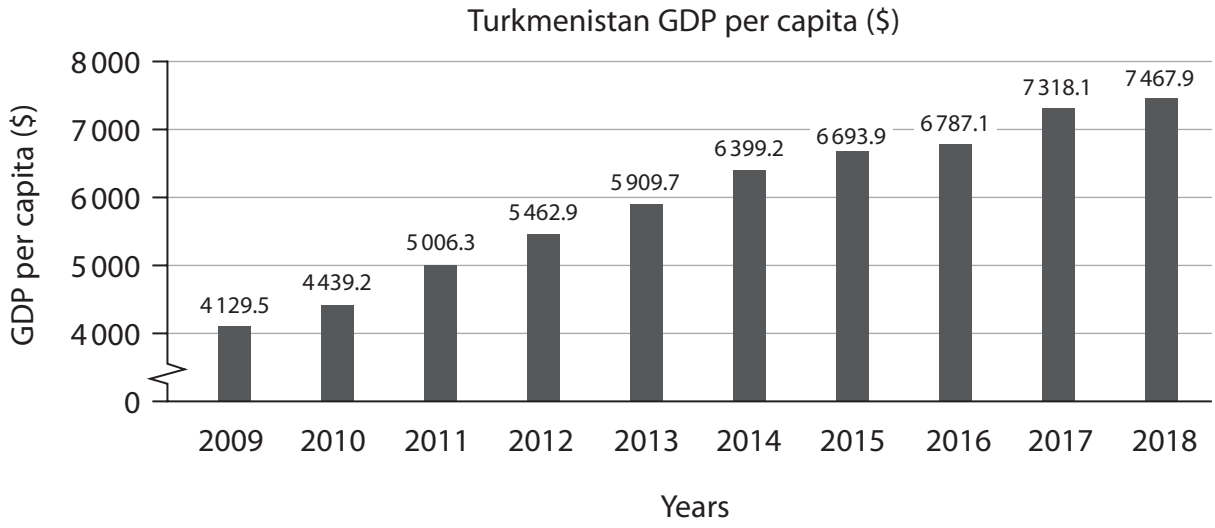
In recent years Turkmenistan has been one of the fastest growing economies most important sector of the economy is oil and natural gas extraction, which accou r more than 60% of GDP. Although agriculture accounts for only 10% of GDP, it employs 5 f the labour force. Turkmenistan has seen annual GDP growth rates of 6.2%.



(Source adapted from: tradingeconomics.com)

Figure 4

(e) With reference to the data above and your knowledge of economics, assess the likely benefits of economic growth for a country such as Turkmenistan.

(9)

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(Total for Question 3 = 20 marks)

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4 Zhang Li had 8 000 Yuan (¥) in her savings account. The annual interest rate is savings account was 2.25%.

(a) Calculate how much **interest, in Yuan (¥)**, Zhang Li received in one year. You are advised to show your working.

(2

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In July 2019, China's annual inflation rate increased to 2.8%. This was the hig rate since February 2018.

(b) With reference to the data above and your knowledge of economics, analyse the impact of inflation on individuals in a country such as China.

(6

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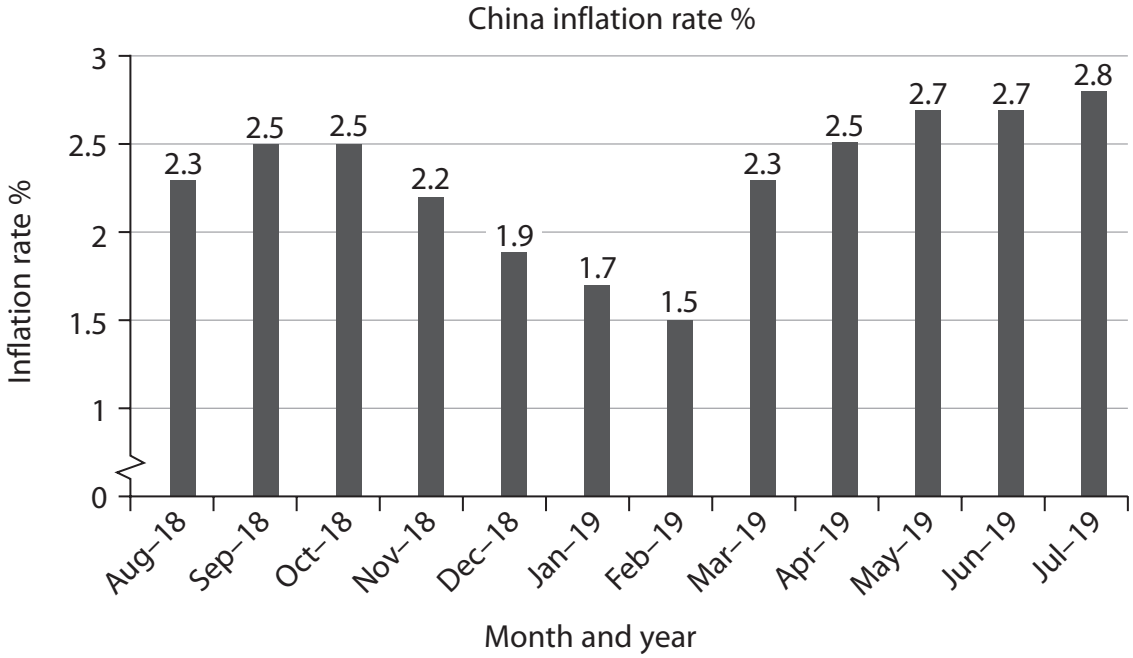
Since March 2019 the overall inflation rate for China has been above 2%. In 019, China's food prices increased by 9.1% from the previous year. In particular, mea es rose by 27% due to the spread of infectious animal diseases. At the same time fresh fru ces rose by 39.1% as the Chinese fruit supply had been affected by severe weather.

China's central bank is called the People's Bank of China (PBOC). The PBOC has the responsibility of maintaining price stability and promoting growth through the management of monetary policy.



(Source adapted from: tradingeconomics.com)

Figure 5

(c) With reference to the data above and your knowledge of economics, evaluate the effectiveness of monetary policy in controlling inflation in a country such as China.

(12)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

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