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Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International GCSE

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 does the International Labour Organisation (ILO) measure?

(1)

- ☒ **A** Economic growth
- ☒ **B** Unemployment
- ☒ **C** Government spending
- ☒ **D** Inflation

(b) Which **one** of the following is considered to be a progressive tax in the UK?

(1)

- ☒ **A** Income tax
- ☒ **B** Value added tax (VAT)
- ☒ **C** Excise duties
- ☒ **D** Import tariff

(c) What is meant by the term deregulation?

(2)

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

(2)

(e) Calculate the **price in euros (€)** of a UK manufactured car priced at £15 000 when the exchange rate is £1 = €1.10. You are advised to show your working.

(2)

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In December 2020, the European Union (EU) decreased the 8% import tariff on lobsters from the US.

(f) Using the diagram below, draw the effects of the decrease in the tariff on the equilibrium price and quantity of US lobster imports into the EU. Label the new curve, the new equilibrium price and new equilibrium quantity.

(3)

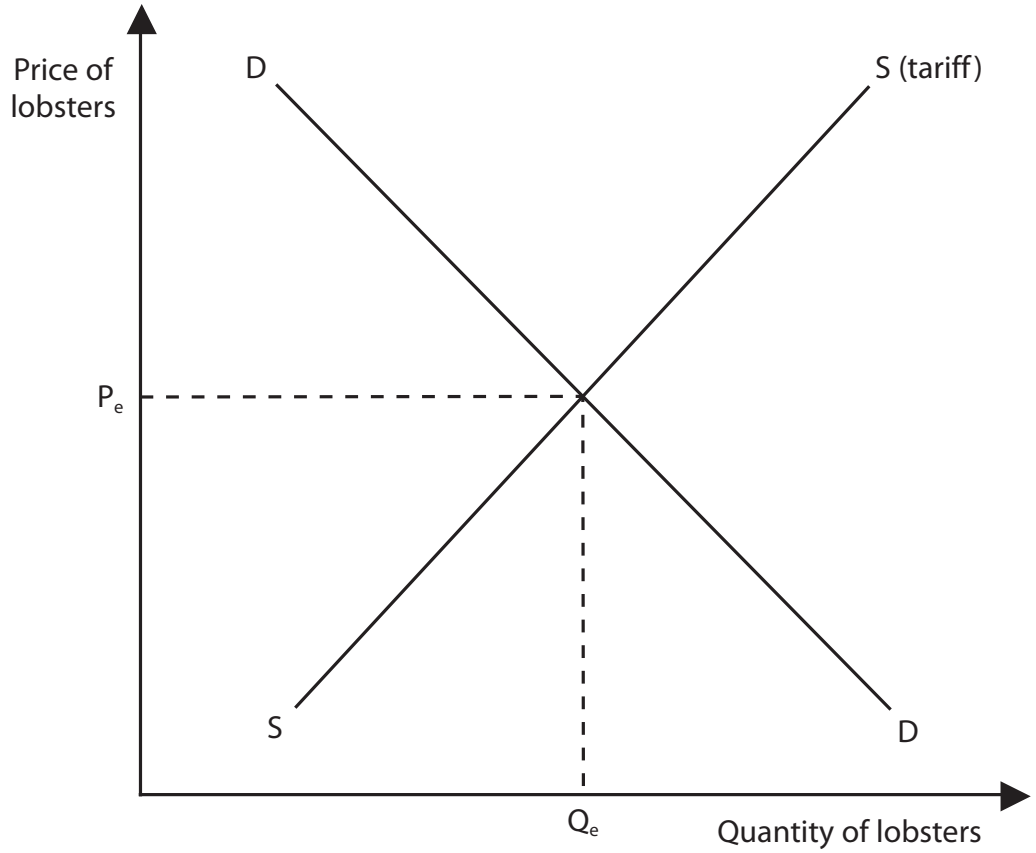

Figure 1

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Mexico's annual inflation rate was 3.4% in 2020. The minimum wage was increased by 20% from 2019.

(g) Explain the impact of wages rising faster than inflation on a country such as Mexico.

(3)

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In 2020, the Vietnamese Government aimed to have an additional 1 million people working in the Information Technology (IT) sector. Unemployed workers were offered IT training courses in colleges and IT centres across Vietnam.

(h) Analyse the impact of education and training on the productive potential of a country such as Vietnam.

(6)

(Total for Question 1 = 20 marks)

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2 (a) Which type of unemployment would result from the permanent closure of a coal mine?

(1)

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

(b) What would be the annual amount of interest earned on £7 000 of savings if the interest rate was 3% per annum?

(1)

- ☒ **A** £21
- ☒ **B** £210
- ☒ **C** £2 333
- ☒ **D** £7 210

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

(1)

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(d) What is meant by the term pollution permits?

(2)

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An airport is a key part of most large urban areas. They are usually found on the edge of cities and are often surrounded by houses.

(e) Explain **one** way an airport can cause damage to the environment.

(3)

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China announced that in 2021 it would increase its import quota for crude oil by 20%.

(f) Using the diagram below, draw the effect of the introduction of the new quota. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

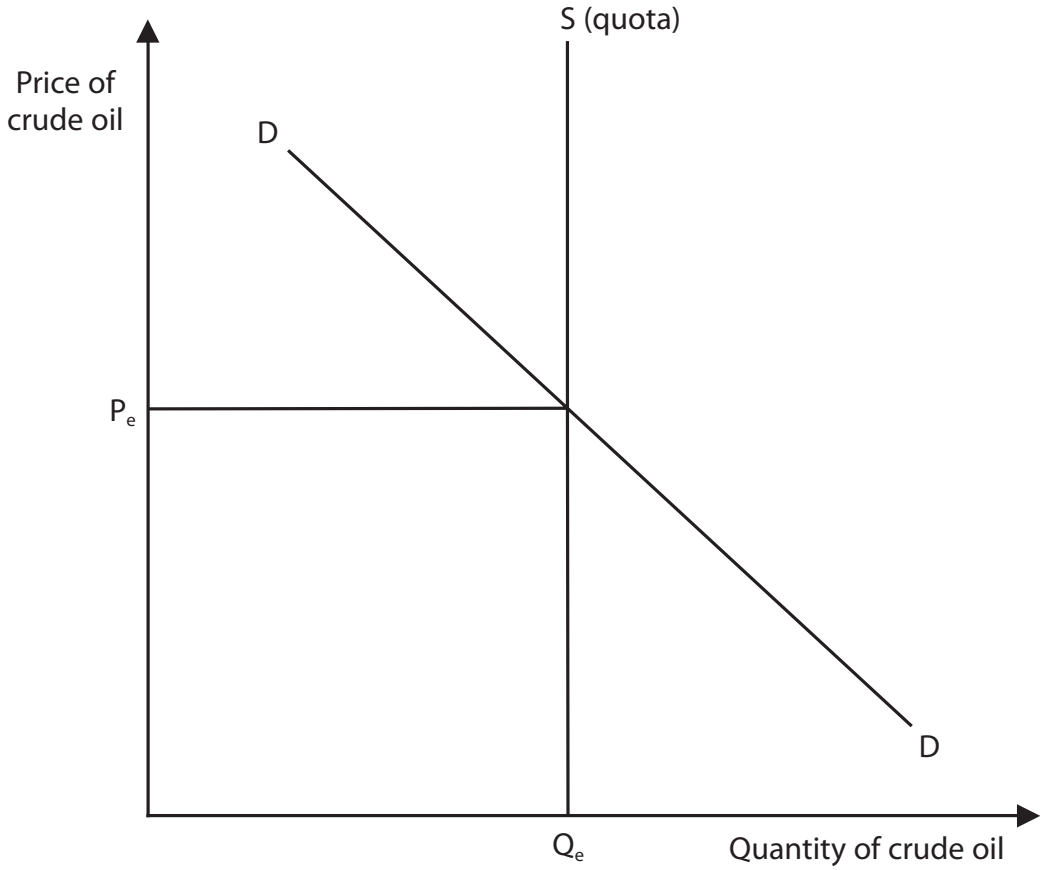

Figure 2

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In 2021, Thames Water was fined £2.3m after being found guilty of polluting a stream in 2016. The pollution killed more than 1,000 fish.

The total amount in fines paid by Thames Water since 2017 was £24.4m for 9 separate cases of water pollution. In 2020, Thames Water made an operating profit of £513.4m.

(Source: https://www.gov.uk/government/news/thames-water-fined-23-million-for-foreseeable-pollution)

(g) With reference to the data above and your knowledge of economics, assess the effectiveness of using fines to protect the environment in a country such as the UK.

(9)

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(Total for Question 2 = 20 marks)

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3 (a) Which **one** of the following is an example of Foreign Direct Investment (FDI)?

(1)

- ☒ **A** An Indian garment factory selling clothes to the UK
- ☒ **B** The Indian Government investing in the Indian rail network
- ☒ **C** The construction of a factory in India by a Chinese firm
- ☒ **D** An Indian supermarket opening new stores in India

(b) If the exchange rate changes from £1 = $1.40 to £1 = $1.30 then

(1)

- ☒ **A** the UK pound (£) has appreciated against the US dollar ($)
- ☒ **B** US holidays will be cheaper for UK tourists
- ☒ **C** US exports to the UK will be cheaper
- ☒ **D** UK exports to the US will be cheaper

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In November 2020, Pakistan recorded a current account surplus of $1.64bn. This was its fifth consecutive current account surplus.

(c) Explain **one** reason why an improvement in the quality of domestic goods may have resulted in a positive impact on Pakistan's current account.

(3)

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China has been investing in healthcare as the main way to reduce poverty. Over 90% of the medical bills of patients are now paid by the government.

(d) Analyse the benefits of investing in healthcare for a country such as China.

(6)

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In 2021, the UK Government investigated multinational corporations (MNCs) suspected of moving profits made in the UK to other countries. It threatened large penalties for firms that were found guilty of not paying business taxes that were due.

The Government estimated that 2,000 large firms with operations in the UK may owe as much as £34.8bn in tax in the 2019–2020 financial year. This was up from £29.9bn in 2018–2019.

(e) With reference to the data above and your knowledge of economics, assess the drawbacks for the UK of having MNCs located within the country.

(9)

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(Total for Question 3 = 20 marks)

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4 Figure 3 shows the gross domestic product (GDP) per capita for Egypt in 2019 and 2020.

	2019	**2020**
GDP per capita US$	3 043	3 561

Figure 3

(Source adapted from: https://www.statista.com/statistics/377353/gross-domestic-product-gdp-per-capita-in-egypt/)

(a) Calculate, to two decimal places, the **percentage change in GDP per capita** in Egypt between 2019 and 2020. You are advised to show your working.

(2)

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Figure 4 shows the quarterly current account deficit (US$m) for Egypt from January 2018 until October 2020.

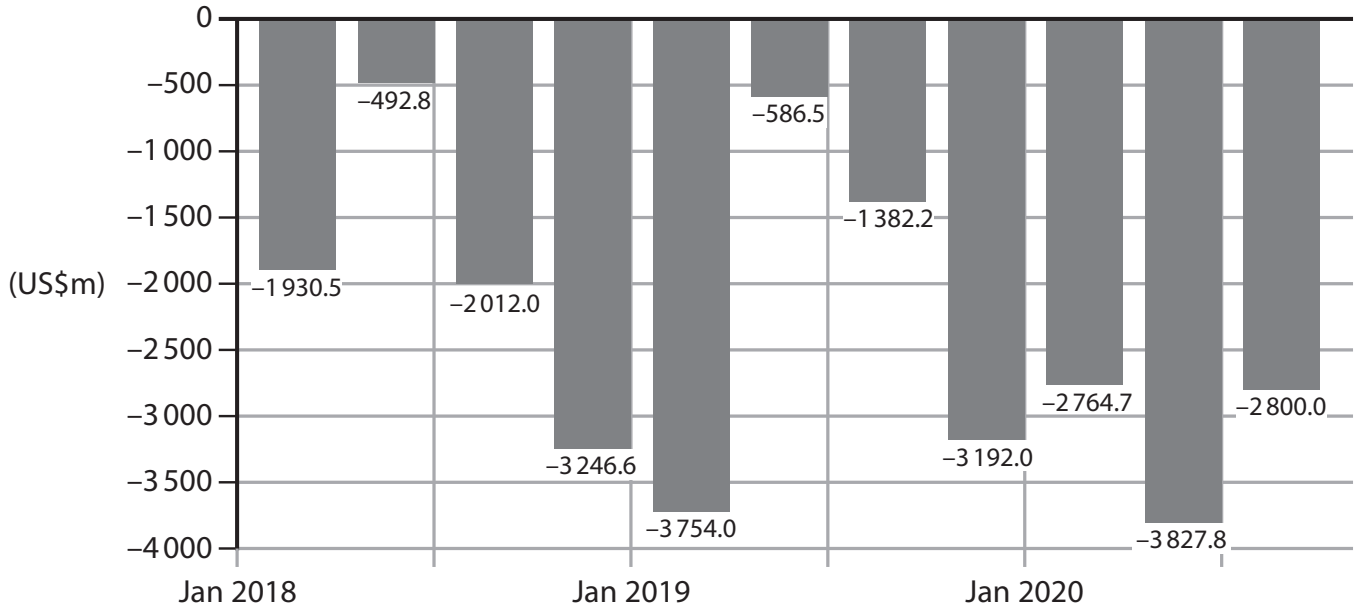

Figure 4

(Source adapted from: https://tradingeconomics.com/egypt/current-account)

(b) Analyse the possible impact on Egypt of having a continuous current account deficit.

(6)

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The Egyptian economy is expected to grow between 2.8% and 4% in the financial year 2020–2021. Even higher levels of economic growth are forecast for the following year.

Unemployment rates have fallen to 7.3% in the third quarter of 2020 from 7.8% in 2019. Egypt's annual inflation rate increased to 6.3% in 2020, up from 2.7% in 2019.

(Source adapted from: https://www.arabnews.com/node/1770221/business-economy)

(c) With reference to the data above and your knowledge of economics, evaluate the extent to which fiscal policy can be used to control inflation in a country such as Egypt.

(12)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

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