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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

Wednesday 5 June 2024

Afternoon (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) Which **one** of the following is a disadvantage of multinational corporations (MNCs) operating in a country?

(1)

☒ A Developing capital

☐ **B** Investing in infrastructure

☐ **C** Creating jobs

☐ **D** Environmental damage

(b) Which **one** of the following describes voluntary unemployment?

(1)

☐ A Unemployment caused by a lack of demand for a particular skill

☐ **B** Unemployment caused by changes in the business cycle

☐ **C** Unemployment caused by individuals choosing not to work

☐ **D** Unemployment caused by seasonal fluctuations in the demand for labour

(c) What is meant by the term monetary policy?

(2)

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(d) Describe **one** advantage of privatisation for a government.

(2)

Figure 1 shows selected UK Government receipts from taxation in February 2023.

	£bn
Income tax	20.0
Sales tax (VAT/GST)	14.3
Business taxes	7.6
Excise duties	3.7
Customs duties	0.4

Figure 1

(e) Calculate the **total amount of revenue** in £bn raised by indirect taxes in February 2023. You are advised to show your working.

(2)

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In March 2023, the Government of Ghana announced it was removing fuel subsidies on petroleum.

(f) Using the diagram below, draw the effects of the removal of the fuel subsidy on the equilibrium price and quantity of petroleum in Ghana. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

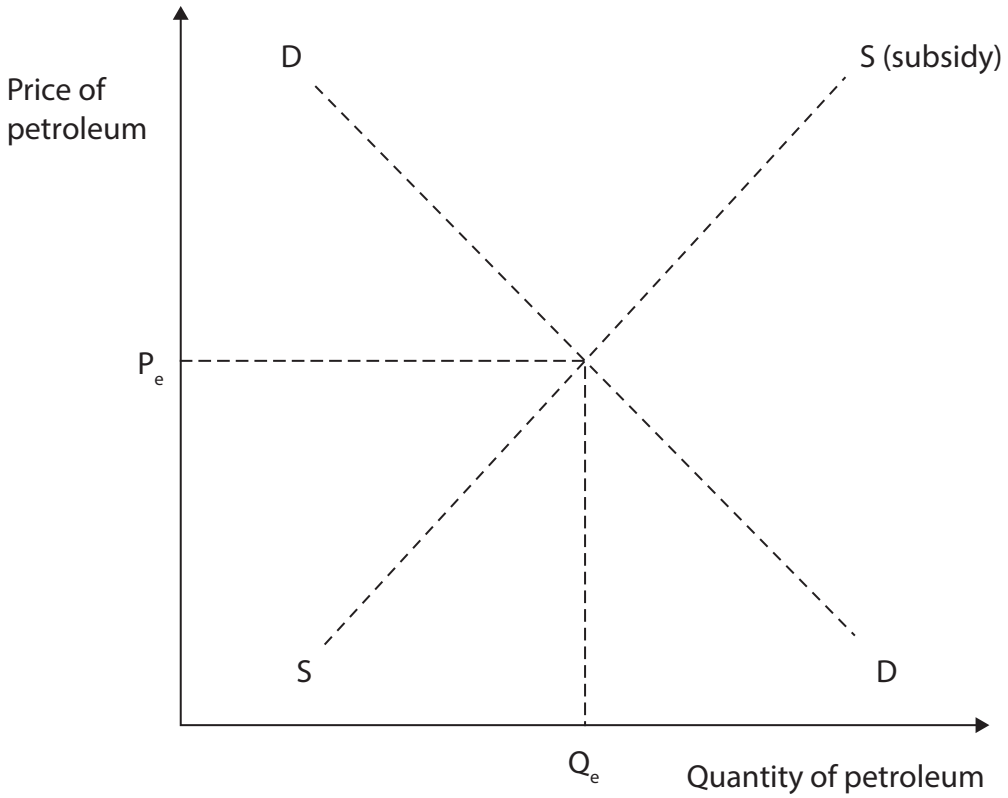

Figure 2

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In September 2022, the Indian Government deregulated the telecommunications sector. This included reducing the taxes and fees that telecom companies had to pay to the government and allowing more firms to enter the market.

(g) Explain **one** advantage of deregulation for a country such as India.

(3)

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In March 2023, the UK joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), an 11-member Asia-Pacific trading bloc, after two years of negotiations. The current members of the CPTPP are Australia, Canada, Japan, Mexico, New Zealand, Singapore, Brunei, Chile, Malaysia, Peru and Vietnam.

(h) With reference to the data above and your knowledge of economics, analyse the advantages for UK firms of the UK joining the CPTPP trading bloc.

(6)

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(Total for Question 1 = 20 marks)

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2 (a) Which **one** of the following is the calculation for the rate of unemployment in a country?

(1)

- ☒ A Total labour force/Total population × 100
- ☒ **B** Number of unemployed/Total labour force × 100
- ☒ **C** Number of employed/Total labour force × 100
- ☒ **D** Total unemployment/Total population × 100

(b) Which **one** of the following describes a role of the World Trade Organization (WTO)?

(1)

- ☒ A Help with trade negotiations
- ☒ **B** Regulates multinational corporations
- ☒ **C** Provides financial assistance to developing countries
- ☒ **D** Stabilises exchange rates

(c) State **one** possible reason for a current account surplus.

(1)

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(d) What is meant by the term relative poverty?

(2)

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In March 2020, the European Central Bank (ECB) purchased €1.85 trillion worth of assets including government bonds and corporate bonds.

(e) Explain **one** benefit of asset purchasing by a central bank such as the ECB.

(3)

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Figure 3 shows the supply of and demand for UK pounds (£), as well as the equilibrium exchange rate against the euro (€). UK interest rates increased from 4% to 4.25% in March 2023.

(f) Using the diagram below, draw the likely effect of this rise in UK interest rates on the equilibrium exchange rate of the UK pound (£) against the euro (€). Label the new curve, the new equilibrium exchange rate and the new equilibrium quantity.

(3)

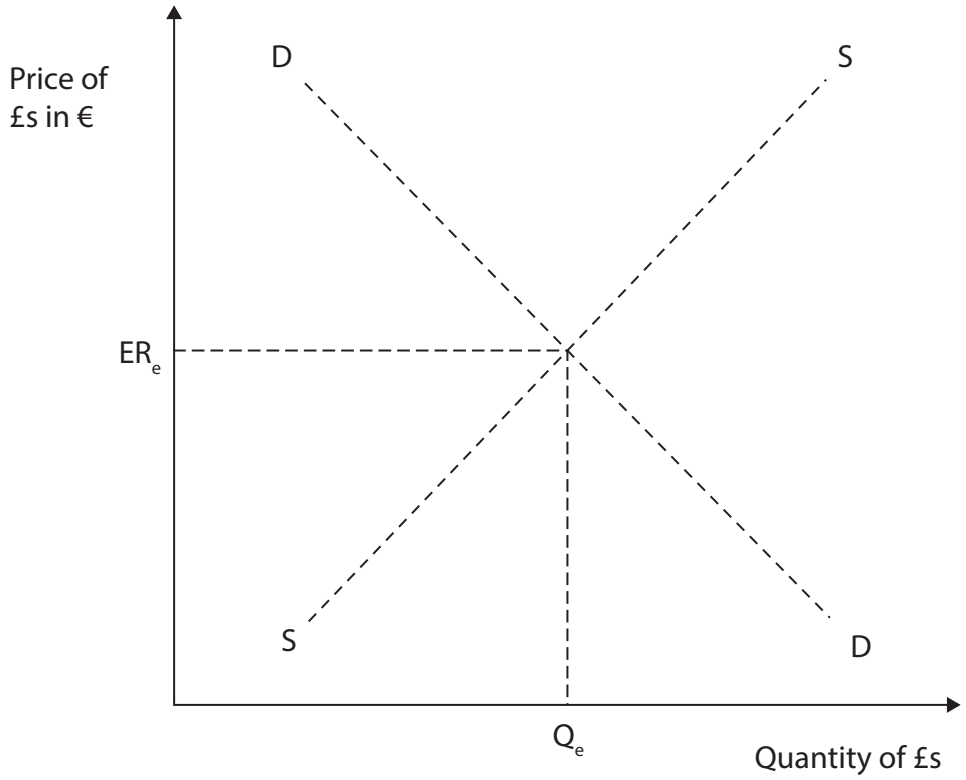

Figure 3

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The Chinese economy only grew by 3% in 2022. However, in 2023 exports increased by 14.8% compared to the previous year, suggesting that China would achieve its growth target of 5%.

By March 2023, China was experiencing an economic recovery with the services and construction sectors reaching a 12-year high.

However, China's export recovery is expected to be temporary. This is because of possible weaker global demand due to interest rate rises in many economies.

(g) With reference to the data above and your knowledge of economics, assess how a recovery may affect unemployment for a country such as China.

(9)

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(Total for Question 2 = 20 marks)

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3 A government has a total expenditure of €700bn and a total revenue of €800bn.

(a) What is the fiscal deficit/surplus?

(1)

- ☒ A €1 500bn deficit
- ☐ **B** €100bn deficit
- ☐ **C** €1 500bn surplus
- ☐ **D** €100bn surplus

(b) Which **one** of the following is an example of a menu cost for Nike in its online shop during times of inflation?

(1)

- ☐ A The cost of raw materials for producing Nike shoes
- ☐ **B** The cost of updates to the website due to higher prices for shoes
- ☐ **C** The cost to consumers of looking for the lowest price of shoes
- ☐ **D** The cost of shipping and handling fees for online orders

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(c) Using the diagram below label the remaining three stages of the economic cycle in the boxes on the diagram.

(3)

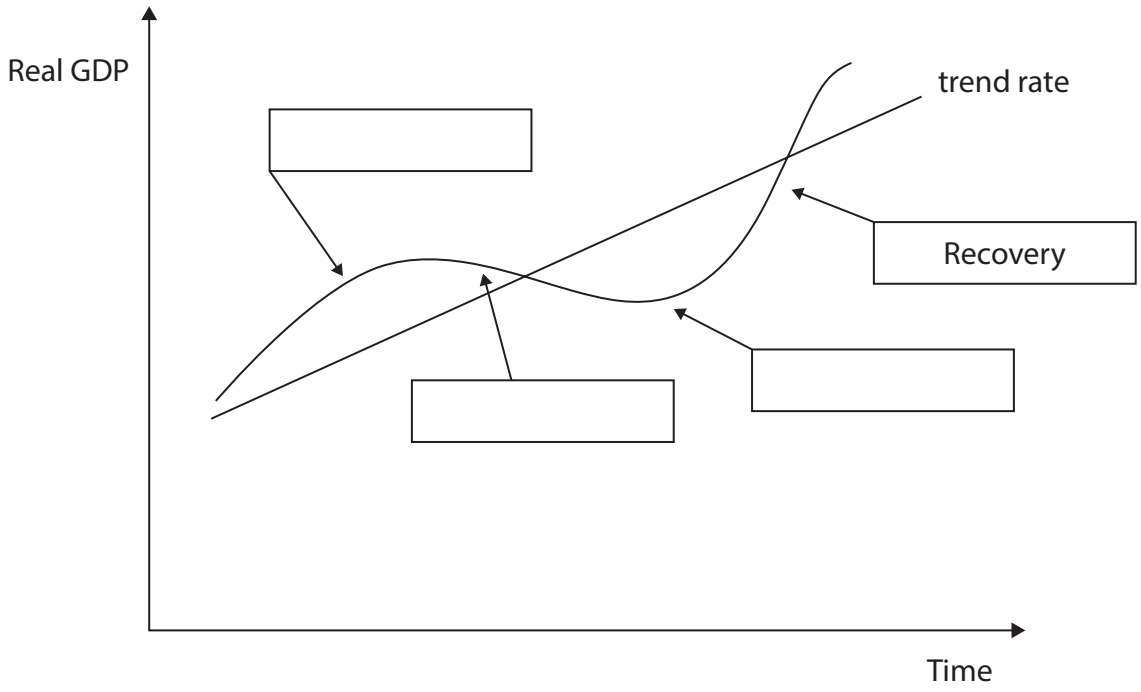

Figure 4

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The largest manufacturer and exporter of clothing products is China, with 65% of the world's clothing being made there. The second largest country for clothing manufacturing is Bangladesh. Clothing exports make up nearly 85% of Bangladesh's total exports.

(d) With reference to the data above and your knowledge of economics, analyse the likely benefits of globalisation for clothing manufacturers.

(6)

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Brazilian tyre producers previously had a fall in production caused by an increase in imports. As a result, producers were warning that they might need to stop production, which would result in job losses.

In March 2023, the Brazilian Government put an import tariff on tyres. The tariff on tyres increased from 0% to 16%. A government source said, "The previous government believed in more open trade. The current one has a different view and they think they must protect domestic producers."

(e) With reference to the data above and your knowledge of economics, assess the possible benefits for the Brazilian economy of introducing a tariff on tyres.

(9)

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(Total for Question 3 = 20 marks)

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4 Figure 5 shows the adult entry fee into the Corcovado National Park in Costa Rica and the current exchange rate between the British pound (£) and the Costa Rican colón (CRC).

Entry fee for 1 adult	1600 CRC
Exchange rate: £ to CRC	£1 = 672 CRC

Figure 5

(a) Calculate, to two decimal places, **the price in British pounds (£)** of a park entry fee for 1 adult into the Corcovado National Park. You are advised to show your working.

(2)

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Costa Rica is a developing country that relies on the export of agricultural commodities such as coffee, bananas, pineapples and vegetables. In 2022, exports from Costa Rica to the UK were valued at £516m. Vegetables and fruit accounted for 73.4% of all goods exported to the UK from Costa Rica.

(b) With reference to the data above and your knowledge of economics, analyse how the trade patterns may differ between a developed and a developing country.

(6)

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Costa Rica has 5% of the world's wildlife species but it occupies only 0.03% of the earth's surface. Costa Rica takes pride in having 30 national parks with more than 25% of the territory of Costa Rica marked for conservation.

National parks have economic value to both national and local economies. Costa Rica takes advantage of the growing demand by tourists visiting these national parks by charging an entry fee. National Parks contribute almost $2bn to the Costa Rican economy. 122,465 tourists visited national parks in Costa Rica in the last two weeks of 2021.

Local economies near the national parks benefit from the creation of jobs and the increased expenditure by tourists on hotels, local shops, guides, restaurants and tours.

(c) With reference to the data above and your knowledge of economics, evaluate the possible advantages of the government providing national parks to protect the environment in a country such as Costa Rica.

(12)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS

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Acknowledgments

Figure 1 adapted from: Public sector finances, UK - Office for National Statistics (ons.gov.uk)

Question 2g adapted from: https://www.worldbank.org/en/country/china/overview

Question 3e adapted from: https://www.icis.com/explore/resources/news/2023/03/20/10867370/brazil-hikes-import-tariffs-for-polymers-and-tyres-to-protect-domestic-producers/

Question 4c adapted from: https://ticotimes.net/2022/10/11/costa-rica-national-parks-understanding-their-importance