

Please check the examination details below before entering your candidate information

Candidate surname					Other names			
Pearson Edexcel		Centre Number			Candidate Number			
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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 ►

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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 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)

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

(2)

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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)

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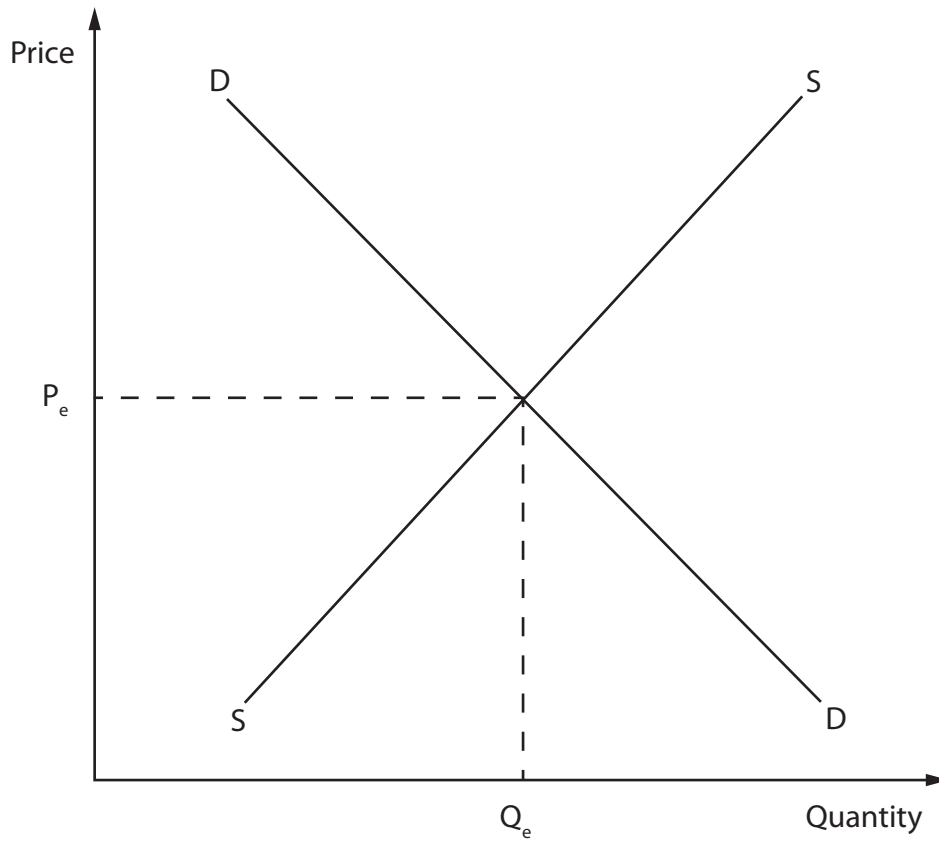
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- (f) Using the diagram below, draw the effects of the introduction of a quota on the equilibrium price and quantity of a good.
Label the new curve, the new equilibrium price and new equilibrium quantity.

(3)

**Figure 1**

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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)

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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)

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

(2)

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In October 2017 the currency of the Philippines, the peso, fell to its lowest level against the US dollar in more than 11 years.

(e) Explain **one** advantage of having a depreciating currency for an economy such as the Philippines.

(3)

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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)

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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)



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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)

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(Total for Question 3 = 20 marks)



- 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)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS





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