



Mark Scheme (Results)

Summer 2025

Pearson Edexcel International GCSE
In Economics (4EC1) Paper 02R

Paper 02R: Macroeconomics and the Global
Economy

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

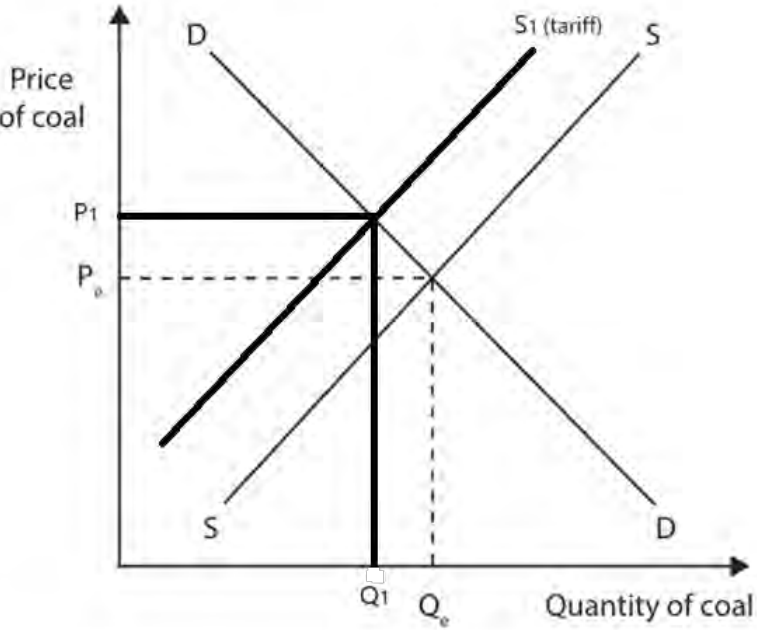
Question Number	Which one of the following is an example of seasonal unemployment?	Mark
	Answer	
1(a)	AO1 1 mark The only correct answer is: B A construction worker not finding work during the monsoon period A is not correct because this is an example of structural unemployment C is not correct because this is an example of cyclical unemployment D is not correct because this is an example of voluntary unemployment	(1)

Question Number	Which one of the following is likely to cause cost-push inflation?	Mark
	Answer	
1(b)	AO1 1 mark The only correct answer is: C An increase in the prices of raw materials paid by producers A is not correct because this is more likely to cause demand-pull inflation B is not correct because this affects the supply-side but it is not a direct cause of cost-push inflation D is not correct because this stimulates demand rather than increasing production costs	(1)

Question Number	What is meant by the term current account deficit?	Mark
	Answer	
1(c)	AO1 2 marks Award 2 marks for a correct definition When the value of imports (1) exceeds the value of exports (1) Accept any other appropriate response	(2)

Question Number	Describe one benefit to a country of using quotas for imported goods. Answer	Mark
1(d)	AO1 2 marks Award 1 mark for reference to the benefit and 1 mark for the development of the benefit One benefit is quotas can protect domestic industries (1) due to restricting the quantity of certain imports (1) Accept any other appropriate response	(2)

Question Number	Calculate the price in euros (€) of a UK-manufactured smartphone priced at £750 when the exchange rate is £1 = €1.18. You are advised to show your working. Answer	Mark
1(e)	A02 2 marks Award 1 mark for calculation of the price in euros $750 \times €1.18$ (1) Award 1 mark for the correct answer $= €885$ (1) Award 2 marks if the correct answer is €885 even if no calculations are shown Award 1 mark if the answer given is 885 even if no calculations are shown Do not award marks for the formula.	(2)

Question Number	Using the diagram below, draw the effects of the introduction of the tariff on the equilibrium price and quantity of coal in China. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
1(f)	AO2 3 marks Award 1 mark for a leftward shift of the supply curve, labelled Award 1 mark for a higher equilibrium price, labelled Award 1 mark for a lower equilibrium quantity, labelled 	(3)

Question Number	Explain one possible benefit of using pollution permits to protect the environment for a country such as the UK.	Mark
	Answer	
1(g)	AO2 3 marks Award 1 mark for identifying a relevant benefit Award 1 mark for developing the benefit Award 1 mark for the response being in context • One benefit is that the health of UK citizens will be improved (1). Fewer available permits make airlines find ways to adopt cleaner technologies/improve efficiency. (1) This will help to reduce air pollution (1) • One benefit is that air pollution will decrease (1). This is because airlines are limited in how much they can pollute (1) so they must reduce their emissions to stay within limits (1) Accept any other appropriate response	(3)

Question Number	With reference to the data above and your knowledge of economics, analyse the benefits of using GDP as a measure of economic growth for a country such as India.	Mark
	Indicative content	
1(h)	AO2 (3 marks) / AO3 (3 marks) AO2 and AO3 • GDP helps to understand the size and overall economic health of India • This makes it easier to assess how well the Indian economy is doing and whether it is growing or shrinking • India's GDP growth rate of 7.2% in 2023 allows for easy comparison with other major economies, showing its position and progress on a global scale • The GDP growth figures, of 7.2% in 2023 and forecasted 6.9% in 2024, help the government assess the effectiveness of its economic policies • Rising GDP signals more income/output, helping the Indian government plan for infrastructure, health or education spending • Generally, if India's GDP is increasing, it means people might be earning more and living standards could be improving	(6)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

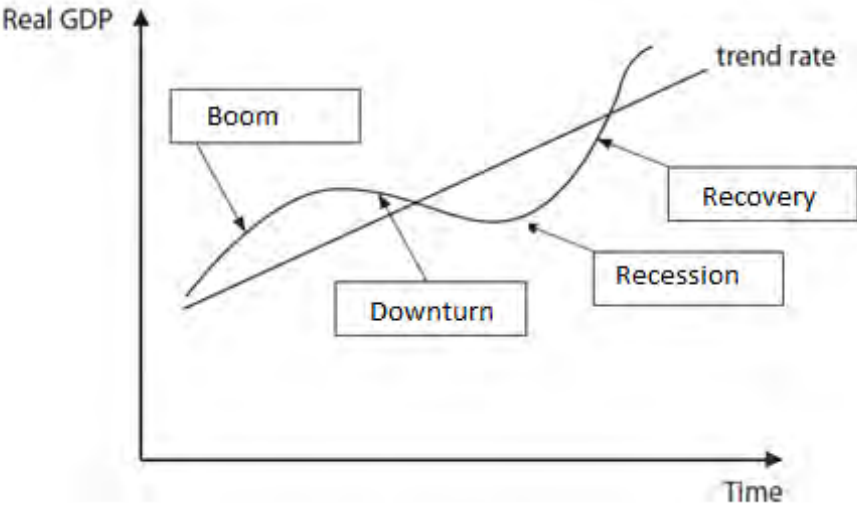
Question Number	The percentage of income tax paid by an individual in a progressive tax system	Mark
	Answer	
2(a)	AO1 1 marks The only correct answer is: C increases with higher income levels A is not correct because this describes a flat tax system B is not correct because this describes a regressive tax system D is not correct because this does not happen in a progressive tax system	(1)

Question Number	A depreciation in a country's exchange rate is most likely to lead to	Mark
	Answer	
2(b)	AO1 1 mark The only correct answer is: A increase in exports and a decrease in imports B is not correct because a depreciation would result in an increase in exports and a decrease in imports C is not correct because a depreciation would result in an increase in exports and a decrease in imports D is not correct because a depreciation would result in an increase in exports and a decrease in imports	(1)

Question Number	State one possible trade-off with inflation.	Mark
	Answer	
2(c)	AO1 1 mark Award 1 mark for one possible trade-off • Higher unemployment • Lower economic growth • Worsening current account on the balance of payments Accept any other appropriate response	(1)

Question Number	What is meant by the term direct tax? Answer	Mark
2(d)	AO1 2 marks Award up to 2 marks for a correct definition A tax levied/imposed on individuals/firms (1) based on the level of income/profits (1) Accept any other appropriate response	(2)

Question Number	Explain one disadvantage of privatising the provision of school meals in North Tyneside. Answer	Mark
2(e)	AO2 3 marks Award 1 mark for identifying a relevant disadvantage Award 1 mark for developing the disadvantage Award 1 mark for the response being in context • One disadvantage is that school meals could become more expensive (1) this is because private firms aim to make a profit. (1) This can make it harder for some families to afford school meals for their children at school (1) • One disadvantage is that workers might be paid less. (1) Private firms often try to save money in order to make a profit. (1) This can negatively impact the quality of service/the well-being of existing employees (1) Accept any other appropriate response	(3)

Question Number	Using the diagram below, label the remaining three stages of the economic cycle in the boxes on the diagram. Answer	Mark
2(f)	AO2 3 marks Award 1 mark for Boom, labelled Award 1 mark for Downturn, labelled Award 1 mark for Recession/slump/depression, labelled 	(3)

Question Number	With reference to the data above and your knowledge of economics, assess the possible benefits to the environment of providing subsidies for solar-powered stoves in Rwanda. Indicative content	Mark
2(g)	AO2 (3 marks) / AO3 (3 marks) / AO4 (3 marks) AO2 and AO3 • With subsidies making solar-powered stoves affordable, more people might change the way they cook • Shifting from firewood or coal to solar-powered stoves decreases carbon emissions, contributing to cleaner air and combating climate change • Solar-powered stoves produce no harmful smoke, leading to better indoor air quality and reducing respiratory illnesses linked to smoke inhalation from firewood or coal • Promoting solar-powered stoves encourages the use of renewable energy and reduces reliance on fossil fuels • Subsidies can make the transition to solar-powered stoves more economically feasible for families, reducing long-term costs associated with buying fuel AO4 • However, the subsidies cost money, which could be used for other important things like schools or hospitals • If the subsidies end, the price of solar-powered stoves might increase reducing the number of people wanting to use them • Sometimes the people who need the help the most might not get it, or the subsidies might not support the best or most efficient stoves • Subsidies can interfere with normal market operations, potentially stopping firms from improving their stoves or reducing prices on their own • Some people might prefer their traditional way of cooking and not want to switch to solar-powered stoves, making the subsidies less effective • It can be hard to manage and keep track of the subsidy programme, leading to potential waste	(9)

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	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question Number	Which one of the following is a feature of being a member of a trading bloc?	Mark
	Answer	
3(a)	AO1 1 mark The only correct answer is: D Access to a larger market within the bloc A is not correct because there is generally the reduction or elimination of tariffs among member countries B is not correct because delivery times might be faster with more integration within the trading bloc C is not correct because members can trade with any country outside of the trading bloc	(1)

Question Number	What is the visible trade balance in \$bn for the country?	Mark
	Answer	
3(b)	AO2 1 mark The only correct answer is: B \$60bn A is not correct because this is \$80bn - \$50bn C is not correct because this is (\$300bn + \$80bn) - (\$240bn + \$50bn) D is not correct because this is \$300bn - \$50bn	(1)

Question Number	Explain one possible disadvantage of having a fiscal deficit for a country such as the US.	Mark
	Answer	
3(c)	AO2 3 marks Award 1 mark for identifying a relevant disadvantage Award 1 mark for developing the disadvantage Award 1 mark for the response being in context - One disadvantage is a fiscal deficit can lead to a higher national debt. (1) The US Government will have to pay more in interest on the debt (1) therefore leaving less available for public services such as education/healthcare (1) - One disadvantage is that taxes might increase to cover the debt. (1) Increasing taxes can reduce disposable income for households and firms. (1) This reduction in spending and investment can slow down economic growth (1) Accept any other appropriate response	(3)

Question Number	With reference to the data above and your knowledge of economics, analyse the possible impact of rising inflation on shoe leather costs for consumers in the UK.	Mark
	Indicative content	
3(d)	AO2 (3 marks) / AO3 (3 marks) AO2 and AO3 - Rising inflation reduces the purchasing power of consumers - As prices increase, consumers are likely to spend more time shopping around for better deals and discounts to stretch their budgets - This involves visiting multiple stores or browsing various online retailers thereby increasing shoe leather costs - With inflation rising to 4% in December 2023, consumers may find themselves making more frequent trips to banks - The effect of rising inflation on shoe leather costs is particularly significant for low-income consumers - These individuals may not have easy access to banking services - This makes them more vulnerable to the negative impacts of inflation and significantly increases shoe leather costs for consumers	(6)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question Number	With reference to the data above and your knowledge of economics, assess how effective monetary policy might be in decreasing unemployment for a country such as France. Indicative content	Mark
3(e)	AO2 (3 marks) / AO3 (3 marks) / AO4 (3 marks) AO2 and AO3 • With GDP growth expected to remain low, reducing interest rates could further stimulate economic activity, leading to business expansion and job creation, thereby potentially reducing the high level of unemployment • As consumer spending is expected to improve in the coming years, lower interest rates would increase this effect by making borrowing cheaper, stimulating demand for goods and services, and hence encouraging firms to hire more employees • Reducing interest rates from 4.5% would make loans cheaper for firms to invest in expansion and job creation leading to further economic growth • Despite a weak outlook for China, lowering interest rates could weaken the currency, making French exports more competitive, supporting industries reliant on exports and their employment rates AO4 • However, France's significant trade relations with Germany and reliance on global markets like China mean external economic slowdowns could dampen the effectiveness of monetary policy in reducing unemployment • The high level of unemployment suggests there may be deeper structural issues in the labour market that monetary policy alone cannot address • With the current rate at 4.5%, there might be limited room for the ECB to lower rates further, especially if they need to balance other economic objectives such as inflation, limiting the impact on employment • Monetary policy changes often have a lagged effect on the economy, meaning any potential benefits in reducing unemployment might not materialise quickly • Lower interest rates might result in capital flowing out of France seeking higher returns elsewhere, which could reduce domestic investment and job creation	(9)

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	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question Number	Calculate, to two decimal places, the percentage of the population employed on small cocoa farms in Ghana in 2024. You are advised to show your working. Answer	Mark
4(a)	AO2 2 marks Award 2 marks for calculating the percentage of the population employed on small cocoa farms $\frac{867,000}{34,532,935} \times 100 \text{ (1)}$ = 2.51% (1) Award 2 marks if the correct answer is 2.51% even if no calculations are shown Award 1 mark if the answer given is 2.51 even if no calculations are shown No marks for formula	(2)

Question Number	With reference to the data above and your knowledge of economics, analyse how spending on road infrastructure could benefit a country such as Ghana. Indicative content	Mark
4(b)	AO2 (3 marks) / AO3 (3 marks) AO2 and AO3 • The new 67km highway improves trade by making it cheaper and quicker to move goods around Ghana and to neighbouring countries • Building the 31.2km section of the highway creates jobs for people directly in construction and indirectly in other areas like road maintenance and services • The highway helps bring different parts of Ghana closer together, making it easier for people and firms in different regions to work together • Better roads mean people and firms can travel more easily, saving time and money and leading to a better standard of living • Local firms in areas connected by the highway can reach more customers and grow, boosting the local economy • Investing in roads is good for the country's long-term growth, making it easier for businesses to operate and helping Ghana's economy be more competitive	(6)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question Number	With reference to the data above and your knowledge of economics, evaluate the possible benefits of globalisation for cocoa farmers in Ghana. Indicative content	Mark
4(c)	AO2 (4 marks) / AO3 (4 marks) / AO4 (4 marks) AO2 and AO3 • Globalisation allows cocoa farmers to sell to a broader market, potentially getting better prices for their cocoa • Higher demand from international markets can lead to increased revenues for farmers and a higher standard of living • Exposure to global markets can lead to better farming techniques and tools, improving output and quality • Globalisation can attract investment in cocoa farming infrastructure and processing facilities in Ghana • Cocoa farmers can learn new farming methods and business practices from international partners • Access to global markets might encourage farmers to grow different crops or invest in different areas, reducing the risk of having just one crop AO4 • However, prices in global markets can fluctuate wildly based on international demand which can make income unpredictable for cocoa farmers • With a focus on exporting cocoa due to global demand, the country might become too dependent on one crop, risking economic instability if cocoa prices fall or if the crop fails • Cocoa farmers might be exploited by large corporations, receiving only a tiny fraction of the final product's value • This leads to the situation highlighted by Oxfam, where the majority of cocoa farmers live in poverty despite their hard work • Global markets often demand high-quality products, which might be challenging for some farmers to meet consistently without adequate support or investment • Cocoa farmers must compete not just with local but international cocoa producers, which can be challenging, especially for smaller or less technologically advanced farms • Benefits of globalisation might not be evenly distributed, leading to greater economic differences within communities	(12)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• Demonstrates isolated elements of relevant knowledge and understanding; may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).
Level 2	5–8	• Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).
Level 3	9–12	• Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).

