Please check the examination det	ails below	before ente	ring your cand	idate information
Candidate surname			Other names	
Pearson Edexcel International GCSE Monday 3 Jul		Number		Candidate Number
Afternoon (Time: 1 hour 30 minu		1		EC1/02R
Economics Level 1/2 Paper 2: Macroeconon	nics a	nd the	Global E	conomy
You do not need any other ma	terials.			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 \boxtimes . If you change your mind about an answer, put a line through the box \boxtimes and then mark your new answer with a cross \boxtimes .

1	(a) In a	recov	ery, a country's Gross Domestic Product (GDP)	(1)
	×	A	rises	
	×	В	falls	
	×	C	stays the same	
	×	D	fluctuates	
	(b) A ti	rade bl	oc is a group of countries that have	(1)
	×	A	the same interest rate	
	×	В	common borders between members	
	×	C	the same currency	
	×	D	a reduction in trade barriers between members	
	(c) Wh	at is m	eant by the term multinational corporation (MNC)?	(2)



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			(2)
Figure 1 shows	s the main components of Germany's curre	ent account in 2016.	
		€ billion	
	Trade in goods (visibles)	+271.7	
	Trade in services (invisibles)	-22.4	
	Trade in services (invisibles)	-22.4	
	Trade in services (invisibles) Figure 1		esbank)
(e) Using the c	Figure 1	(Source: Bunde	esbank)
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(3)

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(f) The UK exports goods to eurozone countries. Using the diagram below, draw the effects of an increase in exports from the UK to the eurozone on the exchange rate of the £. Label the new curve, the new equilibrium exchange rate and the new equilibrium quantity.

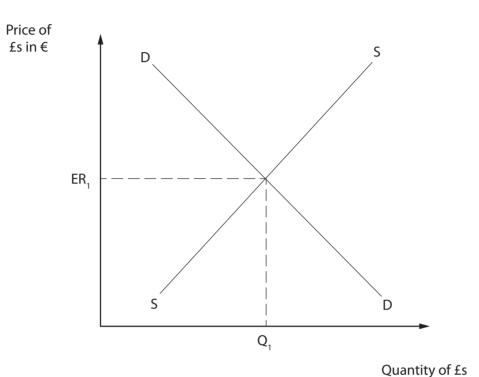


Figure 2

In September 2017, the growth rate of the gross domestic product (GDP) in the UK was 0.4%, a slight increase of 0.1% on the previous quarter.

country such as the UK.

(g) Explain one reason why economic growth is a key macroeconomic objective for a

(3)

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h) Analyse the impact of a fiscal surplus on a co	ountry such as Singapo	
		(6)
	(Total for Que	stion 1 = 20 marks)



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2	(a)	GDP p		capita is a measure of a country's economic output that accounts for	
		If Swe	den	has a population of 10 million and a GDP of \$511 bn 000 000 000), then its GDP per capita is	(4)
		×	A	\$511	(1)
		×	В	\$5 110	
		×	C	\$51 100	
		\times	D	\$511 000	
	(b)	What	is th	ne name of the policy that focuses on interest rate changes?	(1)
		×	A	Deregulation	
		×	В	Exchange rate	
		×	C	Monetary	
		×	D	Fiscal	
					(1)
	(d)	What	is m	neant by the term absolute poverty?	(2)

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 e) Explain one disadvantage of an appreciating currency for an economy su Thailand. 	
	(3)
lue to rising public concern over widespread environmental damage caused	
due to rising public concern over widespread environmental damage caused of uncontrolled economic growth. f) Explain one possible negative effect on the environment caused by the e	by years
President Xi Jinping of China has made environmental protection a priority. The due to rising public concern over widespread environmental damage caused of uncontrolled economic growth. f) Explain one possible negative effect on the environment caused by the egrowth of a country such as China.	by years
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A new UK report identified the urgent need to reduce pollution from vehicles and provide more open spaces and parks.

Researchers looked at the impact on health when participants walked for two hours on London's busy Oxford Street. This was then compared to those walking in the nearby large open space of Hyde Park.

The results showed that people walking in the park performed better. The air pollution from vehicle fumes largely removed the health benefit from the exercise in Oxford Street. The report suggests that people should avoid walking in busy streets and should instead walk in parks or open spaces.

(Source: adapted from http://edition.cnn.com/2017/12/05/health/exercise-polluted-urban-streets-intl/index.html)

(g) With reference to the data above and your knowledge of economics, assess whether the government should provide more parks and open spaces.	(9)

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(Total for Question 2 = 20 marks)



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3	(a)	Kenya accou		who holiday in South Africa would be shown on the Kenyan current	
		accou	iit a	3	(1)
		X	A	an invisible import	
		X	В	a visible export	
		X	C	a visible import	
		X	D	an invisible export	
	(b)	Which	on	e of the following is an example of an indirect tax?	(4)
		×	Δ.	Inheritance tax	(1)
		×			
		×	В	Income tax	
				Business tax	
	(-)	X		Value added tax	
	(C)	Expiai	n or	ne way a government could reduce inequality and poverty.	(3)

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d) Analyse the possible impact of high in	nflation on consun	ners in a country su	ich as
Argentina.			(6)



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(9)



Figure 3

In 2017, unemployment in South Africa reached its highest level in 13 years at 27.7%. Concerns have been expressed about the very high levels of youth unemployment and the social problems this might cause. Statistics show that 39% of all unemployed South Africans have never worked before and for young people this figure is even higher, at 60.3%.

(e)	With reference to the data above and your knowledge of economics, assess the
	impact of high rates of unemployment on a country such as South Africa.

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(Total for Question 3 = 20 marks)
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4	Figure 4 shows the	tariff on clothing	imported into	China in 2018.
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Product	Imported Price yuan (¥)	Tariff (%)
Clothing	225	8

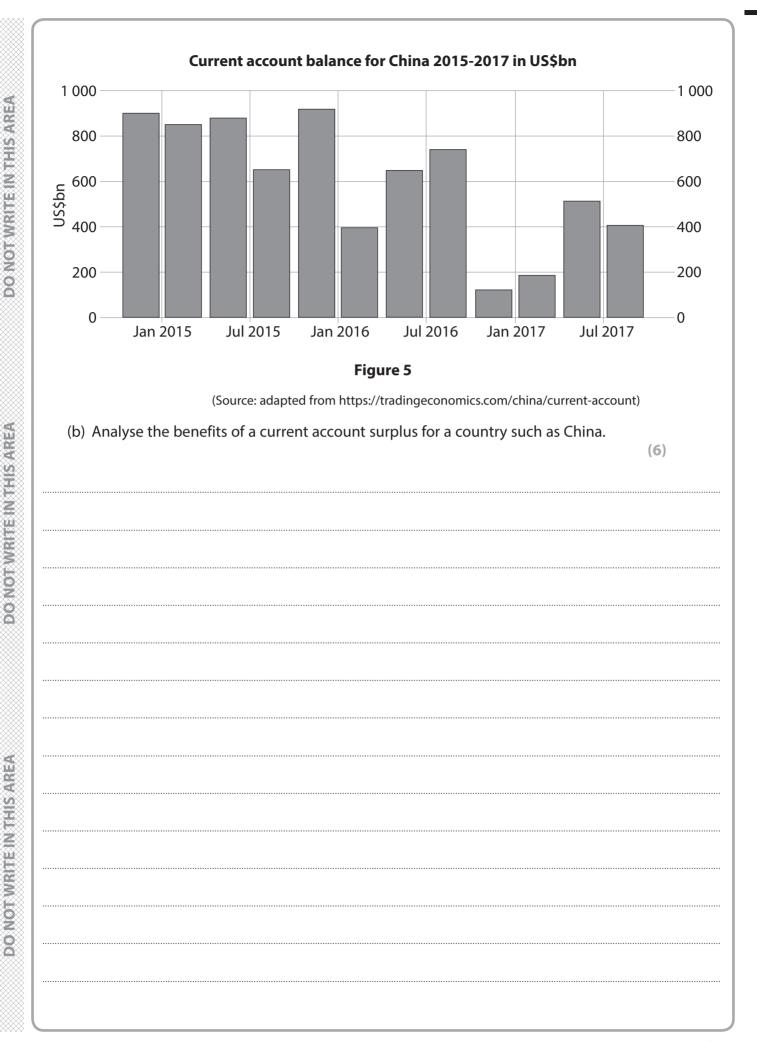
Figure 4

(a)	Calculate the final selling price of clothing in yuan (¥) after the tariff has been
	added. You are advised to show your working.

(2)	









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Following a trip to Asia in 2017 by US President Donald Trump, China has reduced tariffs from 17.3% to 7.7% on over 200 consumer products. These include pharmaceuticals, food, health supplements and clothing.

Many multinational corporations may have major financial gains. Nestle's sales could increase by 15% or \$18.7bn because of the reduction in tariffs. Procter & Gamble, will also benefit from tariff reductions on items ranging from shampoos to electronic toothbrushes.

(c) With reference to the data above and your knowledge of economics, evaluate the possible benefits of reducing the level of tariffs on imported goods and services to China.	
	(12)



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(Total for Question 4 = 20 marks)
TOTAL FOR PAPER = 80 MARKS



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