



Examiners' Report

Principal Examiner Feedback

January 2020

Pearson Edexcel International GCSE

In Economics (4EC1)

Paper 02R: Macroeconomics and the Global  
Economy

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## **Introduction**

This was the first opportunity to sit the paper in January and overall, candidates' performance showed a sound grasp of economic concepts. Answers suggested that candidates, on the whole, had been prepared for this paper. There appeared to be use of economic terminology throughout all sections of the paper.

The more able candidates demonstrated excellent application of their knowledge to the precise question set, whilst the less able candidates attempted questions from a 'common sense' approach rather than demonstrating any economic concepts.

The examination paper required candidates to apply their understanding; more able candidates performed strongly, with clear development of points. Examination timing skills appeared to be very good.

### **Question 1c:**

There were two parts to the explanation of boom and candidates should have made reference to that it is phase in the economic cycle and when GDP is growing at its fastest. Candidates had to provide both parts to gain 2 marks. Marks were also awarded for the use of a fully labelled diagram. Many candidates were able to gain both marks for this question.

### **Question 1d:**

Again, this question required candidates to two parts to their explanation of the term shoe leather costs. A reference to the time it took to get new supplies was awarded 1 mark and a second mark was awarded for references to inflation or rising prices. Unfortunately, this question was poorly answered and with many candidates not knowing what this term meant.

### **Question 1e:**

Many candidates were able to calculate the correct answer so achieved 2 marks. Marks were not awarded if INR was missing. The vast majority of candidates were able to achieve 1 or 2 marks for this question. It is essential that candidates show their workings to gain 1 mark if an incorrect answer is given or if units are missing otherwise marks cannot be awarded.

### **Question 1f:**

Marks were awarded for the correct shift of the demand curve, labelling of the new equilibrium price and new equilibrium quantity. If a candidate shifted both curves, 0 marks were awarded. On the whole, this question was well answered by candidates.

### **Question 1g:**

A mark was available for any suitable reason and many candidates referred to gaining market share, having excess stock barley and to increase profit. An additional mark was available for developing the stated reason in terms of how the lower prices might attract more demand from the Chinese market. The third mark was available for the response being in context such as referring the Chinese market or for the application of economic concepts in terms of why lower prices might attract consumers.

### **Question 1h:**

This question was marked using the new levels-based questions. The question focused on lowering direct taxation and the impact this would have on standards of living. Marks were awarded for how standards of living might increase in terms of employees having more disposable income from employment and therefore being able to purchase more/better quality goods and services. Application could have been references to taxation figures, the types of goods and services that might be purchased or the application of the economic theories or concepts. Some candidates gave a list rather than developing or analysing how lower direct taxation could improve the standard of living in Vietnam. Again, some candidates evaluated this and marks cannot be awarded for evaluation on a 6 mark question.

### **Question 2c:**

This is the only 'State' question on the examination paper. Candidates were asked to state a macroeconomic objective. The specification gives 6 examples such redistribution of incomes, protection of the environment and economic growth. Candidates did not have to explain their macroeconomic objective. Overall, this question was answered well by all candidates.

### **Question 2d:**

This question was poorly answered by many candidates. Marks were awarded for a reference to an increase in the value of a currency/exchange rate and a reference to the government fixing/ fixed exchange rate. Many confused this with appreciation in a floating exchange rate system so scored no marks even if there was a reference to an increase in the value of a currency.

### **Question 2e:**

This question looked for a possible reason why a fiscal deficit might result in economic growth in the Indian economy. Many candidates did not understand what was meant by a fiscal deficit so were unable to score any marks on this question. Better candidates were able to show how government spending on public services such as infrastructure could result in the creation of jobs and a reduction in unemployment, thereby increasing economic growth.

### **Question 2f:**

Many candidates were able to show a typical pattern of trade for Germany in terms of a shift away from the primary sector and an increase in the tertiary sector. Candidates performed well on this question and many were able to use the data in the question to help support their explanation. It is important to use the data and not just copy the data for the context mark to be awarded. Just stating the figures does not count as context and candidates must **use** the data to support their explanation. There were some very good explanations of how Germany imports raw materials to make finished goods and that much of its GDP comes from then exporting these finished goods and services.

### **Question 2g:**

This was the first 9 mark levels-based question on the examination paper. Many candidates were able to effectively use the information in the extract to help give benefits to Bangladesh of MNCs in terms of jobs, skills transfer, consumer choice and increased government revenue from taxation. The counter argument mainly focused on the exploitation of employees and the negative impact on the environment, particularly as the extract discussed steel manufacturers. Better responses were able to use the information in the extract to contextualise the benefits **and** disadvantages in a balanced way. A conclusion was not required for the 9 mark Assess questions.

### **Question 3c:**

This question required candidates to explain the impact of a change in the rate of inflation on the current account of the balance of payments for Egypt. This question was poorly done with many candidates just defining inflation and defining the current account. Marks are not awarded for definitions in any of the 3 mark Explain questions. Marks were awarded for references to the impact on imports or the impact on exports and how an increase in inflation might make exports less competitive or how imports might be more attractive to purchase thereby resulting in a negative impact on the current account. Context marks could be awarded for the **using** the inflation figures (and not just stating the inflation figures) or for the detailed application of economic concepts in terms of how inflation impacts the current account.

### **Question 3d:**

This question concerned the impact of currency speculators on supply and demand of a currency. This was very poorly done by the vast majority of candidates. Many candidates did not know who currency speculators do and how they affect the supply and demand of currency. There were blank responses with many candidates not even attempting this question.

### **Question 3e:**

This question was not answered as effectively as the previous 9 mark question on the examination paper. Some candidates were able to give the benefits of regulation to protect the environment and also consider the limitations of this method. Candidates were also able to suggest alternative methods which might be used in conjunction with regulation. Unfortunately many candidates just copied out the extract without evaluating the likely effectiveness of banning the use of plastic bags through regulation and ultimately fining businesses who continue to use them. Again, a conclusion was not required but many candidates did provide a conclusion which is unnecessary.

### **Question 4a:**

Many candidates correctly calculated the average rate of unemployment so gained 2 marks. Again, many candidates did not include percentage sign and therefore only received 1 mark. It is essential that workings are shown and the correct unit and decimal place is used to gain 2 marks.

#### **Question 4b:**

This question required a one-sided argument. Some candidates were able to show reasons why there are different rates of unemployment in the UK such as the types and numbers of firms in a particular area. Many candidates used the data from Question 4a to help contextualise their response and marks were awarded for any suitable reason. Some candidates evaluated how the UK Government could reduce unemployment rates in different parts of the country which was not required.

#### **Question 4c:**

This was the highest mark question on the paper. Many candidates were able to explain the benefits of increasing education and training to reduce unemployment in the UK in terms of skills and enabling people to get new jobs, particularly in the technology sectors. Some candidates used the information in the extract to show how older people could be retrained to adapt to new technologies and the change in the types of jobs which are available. The counter argument focused on the cost and time it takes to educate and train workers and whether this was the most effective method. Some candidates did mention that the effectiveness of education and training did depend upon the type of unemployment in the UK and that this would only be suitable if there was structural unemployment in the UK. A conclusion was required for this question and this was often lacking or was just a repeat of the points made previously.

#### **Summary**

There are several points which could raise performance in future sittings. Based on their performance on this paper candidates are offered the following advice:

- Read the questions carefully in terms of the command words. It was clear that some candidates were not aware of the demands of the question or how to structure their responses.
- 'What is meant questions' will always require two parts to the explanation and examples are not rewarded.
- Quantitative Skills will be tested throughout the paper and these may be in the form of calculations, diagrams or using the data from the Extracts.
- For calculation questions, it is essential that the answer has the correct units or is to two decimal places (if specified).
- The 'Explain' questions will always have one context mark so ensure that there is context in the response to gain all 3 marks.
- Analyse – this question only requires a one-sided argument and evaluation is not required for a 6 mark Analyse question.
- The command words 'Assess and 'Evaluate' are evaluative command words so candidates must provide both sides of an economic argument in order to achieve full marks.
- Use of relevant application is required throughout and this can be from the Extracts provided or using examples provided by the candidate themselves. The Extracts are there for a reason – so use them.
- Use economic concepts rather than generic 'common sense' answers.
- Examination timings – make sure there is enough time to answer the 12 mark question.