



# Examiners' Report

## Principal Examiner Feedback

June 2019

Pearson Edexcel International GCSE (4EC1)  
Paper 2R: Macroeconomics and the Global  
Economy

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June 2019

Publications Code 4EC1\_02R\_1906\_ER

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## **Introduction**

This was the first paper for the new specification and overall, candidates' performance showed a sound grasp of economic concepts. Answers suggested that candidates, on the whole, had been well prepared for this paper. There appeared to be use of precise 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 multinational corporation and candidates should have referenced either an enterprise or company or firm and that this firm produces or sells or operates in more than one country. Candidates had to provide both parts to gain 2 marks. Marks were not awarded marks for the use of an example. Many candidates were able to gain both marks for this question.

### **Question 1d:**

Again, this question required candidates to provide a possible impact for 1 mark and to develop this impact for an additional mark. A range of possible impacts was accepted. The most popular was that the productive potential will increase due to greater investment in the factors of production. References to the improvement in factors of production or efficiency in terms of being able to produce more capital or consumer goods was also credited.

### **Question 1e:**

Many candidates were able to calculate the correct answer of €249.3bn so achieved 2 marks. Marks were not awarded if the € sign was missing or if the answer was not given in billions. 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.

### **Question 1f:**

Marks were awarded for the correct shift of the demand curve to show the impact and labelling of the new equilibrium price and 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 improved standards of living, reduced unemployment, increased employment, reduced poverty and an increase the productive potential. An additional mark was available for developing the stated way. The third mark was available for the response being in context, such as referring to 0.4% or 0.1%. Many candidates gave a generic response and therefore only scored 2 marks, rather than 3 marks.

### **Question 1h:**

This was the first of the new levels-based questions. The question concerned the impact of a fiscal surplus on a country such as Singapore. Credit was given for how a fiscal surplus can be used to invest more in public services or lowering taxes. Any relevant benefits could be considered. Application could be referenced to 1.3% or 0.4%, the ways in which the government could spend money on public services or the application of economic concepts and theories.

Many candidates gave a list of ways rather than developing or analysing how a fiscal surplus could benefit the economy. Many candidates evaluated the use of fiscal surplus, which was not required for this type of question. This approach wasted time that could have been used instead to develop chains of reasoning.

### **Question 2c:**

This is the only 'State' question on the examination paper. Candidates were asked to state an impact of a current account deficit. The specification gives 4 examples of a consequence of a current account deficit and credit was also given for impacts such as unemployment, falling output/GDP as consequences of a leakage from the economy. Candidates did not have to explain their example. Overall, this question was answered well by all candidates.

### **Question 2d:**

References were required to income being low or not having enough resources for 1 mark and a reference to not being able to meet basic needs for another mark. Many candidates gained at least 1 mark for this question.

### **Question 2e:**

This question looked for a possible disadvantage of an appreciating currency for 1 mark. Many candidates were able to refer to a worsening in the current account or a decreased in demand for exports. Marks were then awarded for the response being in context such as the baht or dollar, and for the development of the disadvantage. Many candidates were able to gain at least 1 mark and many received 2 marks and above, for this question.

### **Question 2f:**

Many candidates were able to give a possible negative impact on the environment from economic growth. The specification does give examples (visual pollution, including litter, noise pollution, air pollution, water pollution) but credit was given for a suitable impact. The impact had to be developed to show how it negatively affected the environment. Often, context was lacking and the response had to be in context to gain all 3 marks.

### **Question 2g:**

This was the first 9-mark levels-based question on the examination paper. Many candidates were able to use the information effectively in the extract to help give benefits of the government providing parks and open spaces. Better responses were able to use the information in the extract to contextualise the benefits **and** disadvantages in a balanced way. A conclusion is not required for the 9-mark 'Assess' questions, although many candidates provided this.

### **Question 3c:**

This question required candidates to explain how a government could reduce inequality and poverty. The specification refers to progressive taxation, benefits, investment in healthcare and education but credit was given for any reasonable way. Many candidates were able to gain 1 mark for the way the government could reduce inequality and poverty and 1 mark for the explanation of the method. Often context was lacking for the third mark.

### **Question 3d:**

This question concerned the impact of high inflation in terms of reduced purchasing power, falling standards of living and the impact on wages. Many candidates gave a list of impacts rather than providing a developed chain of reasoning, which therefore restricted the mark awarded to Level 1. Developed chains of reasoning were required for the higher levels.

### **Question 3e:**

This question was not answered as effectively as the previous 9-mark question on the examination paper. Candidates were able to give the negative impact of high levels of unemployment in terms of reduced GDP, increased poverty and government spending. However, the counter-argument was often lacking or there was an evaluation of how the Turkish Government could reduce unemployment or the type of unemployment, which was not the question being assessed. Better responses were able to give a counter argument in terms of lower of wage rates, firms being able to access to large pool of workers and South Africa being able to attract FDI due to these factors.

### **Question 4a:**

Many candidates correctly calculated the final selling price after the tariff and so gained 2 marks. Again, many candidates did not include ¥ sign and therefore only received 1 mark. Some candidates only calculated the tariff and did not add this to the original price so it is essential to read the question carefully.

### **Question 4b:**

This question required a one-sided argument. Some candidates were able to show the benefits of a current account surplus in terms of employment levels, increased GDP and therefore a higher standard of living. Application could gained from the use of data in the chart or application of economic concepts and theories.

Unfortunately, some candidates did confuse a current account surplus with a fiscal surplus so did not achieve any marks on this question. Many candidates again evaluated which was not required for this type of question.

### **Question 4c:**

This was the highest mark question on the paper. Many candidates were able to explain the benefits of a reduction in tariffs. They commented on how Chinese consumers could have access to cheaper imports, better quality products and more choice with the lower tariffs. Other benefits included better trade relations with the US and that lower tariffs may attract FDI to China. The benefits had to focus on China and not the foreign MNCs such as Nestle. The counter-argument was not as well-developed and focused on increased competition for domestic firms or that the Chinese Government would lose revenue from the tariffs. Better

responses used the information in the extract to help contextualise the answer. A conclusion was required for this question and this was often lacking or was just a repeat of the points made previously.

## Summary

Because this was the first sitting of the new IGCSE paper, 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.