Mark Scheme (Results)

Summer 2026

Pearson Edexcel International Advanced Level in Economics
WEC14/01A
Unit 4: Developments in 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.

Section A

Question	Quantitative skills assessed	Answer	Mark
1	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** **A** is incorrect as the Gini coefficient measures the level of income inequality **C** is incorrect because an increase in the national debt is unlikely to have an impact on the balance of trade **D** is incorrect because an increase in the national debt is unlikely to have an impact on the terms of trade	**(1)**
2	**QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is D** **A** is incorrect because this is likely to cause a significant increase in the amount of trade **B** is incorrect because this will reduce the cost of trade therefore increasing trade significantly **C** is incorrect because this is likely to increase the demand for goods and services and therefore trade	**(1)**
3	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is A** **B** is incorrect as this will require a government intervening in the agricultural market **C** is incorrect as this will require an increase in government spending **D** is incorrect as this will require an increase in government spending	**(1)**
4	**QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes. **QS4:** Construct and interpret a range of standard graphical forms. **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is D** **A** is incorrect because this information cannot be deduced from the data **B** is incorrect because this information cannot be deduced from the data **C** is incorrect because this information cannot be deduced from the data	**(1)**

5	**QS5:** Calculate and interpret index numbers. **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** **A** is incorrect as this is dividing the index of import prices by the index of export prices **B** is incorrect as the terms of trade improved by 2.6 percentage points **D** is incorrect as this is the change in the terms of trade compared to a base year	**(1)**
6	**QS1:** Calculate, use, and understand ratios and fractions. **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** **A** is incorrect because comparative advantage refers to relative opportunity cost ratios **B** is incorrect because country B sacrifices more computers to produce one car **D** is incorrect because country A has a comparative advantage in car production	**(1)**

Section B

Question	In 2024 Türkiye's GDP was estimated to be $1.32 trillion. With reference to Extract A, line 16, calculate the amount of foreign direct investment in Türkiye in 2024. ($1 trillion = $1 000 000 000 000.) You are advised to show your workings. **Answer**	**Mark**
7(a)	**Application 2** **Quantitative skills assessed:** **QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Up to 2 marks for calculation: FDI in 2024: $1.32tn x 1%/ $1 320 000 000 000 x 1%/ $1 320 000 000 000 x 0.01 **(1)** = $13 200 000 000 **(1)** **NB: Award 2 marks for correct answer (13 200 000 000 / $13 200 000 000) regardless of working** **NB: Accept answer of $13.2 bn/13.2 bn/0.0132 tn** **NB: Award 1 mark for $13.2/13.2**	**(2)**

Question	With reference to the second paragraph of Extract A, explain what is meant by the real interest rate. **Answer**	Mark
7(b)	**Knowledge 2 Application 2** **Quantitative skills assessed:** **QS7**: Make calculations to convert from money to real terms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge:** Up to 2 marks for an understanding of the real interest rate e.g.: • Real interest rate is the nominal interest rate **(1)** adjusted for inflation **(1)** • Nominal interest rate – inflation **(1+1)** • The cost of borrowing/the reward for saving **(1)** removing the effects of inflation **(1)** **Application:** Up to 2 marks for application to Extract A (1+1), e.g.: • The rate of inflation increased significantly between 2021 and 2022 / remained very high in 2023 / was at its highest rate of 85.5% in October 2022 / falling to 47.3% in July 2023 **(1)** • In October 2022 the base rate of interest was 10.5% / in July 2023 it was 17.5% / this meant that real interest rates were negative over this period (October 2022 and July 2023) **(1)**	**(4)**

Question	With reference to the first paragraph of Extract A, analyse **two** reasons why Türkiye's rate of economic growth decreased between 2021 and 2024. **Answer**	
7(c)	**Knowledge 2 Application 2 Analysis 2** **Quantitative skills assessed:** **QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge and analysis** Up to 2 knowledge marks for identifying two effects and up to 2 analysis marks for linked explanations, e.g.: • High rate of inflation **(K)** will reduce consumption/AD due to lower real incomes/purchasing power/consumer confidence/ uncertainty **(AN)** • Currency depreciation **(K)** means that the price of imports rise, causing production costs to rise, shifting SRAS to the left **(AN)** • Current account deficit **(K)** means there are net withdrawals from the economy / net exports are negative **(AN)** • Decreasing foreign direct investment (FDI) **(K)** leads to falling productivity/injections into the economy **(AN)** **Application** Up to 2 marks for reference to Extract A: • The rate of economic growth fell from 11.4% in 2021 **(1)** to 3.2% in 2024 **(1)**	**(6)**

Question	With reference to Extract A, examine **two** measures that the Government of Türkiye could use to attract a higher level of foreign direct investment. **Answer**	Mark
7(d)	**Knowledge 2 Application 2 Analysis 2 Evaluation 2** **Quantitative skills assessed:** **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge and analysis** Up to 2 knowledge marks for identifying two measures and up to 2 analysis marks for linked explanations e.g.: • Macroeconomic policies reduce the rate of inflation **(K)** as this will build confidence in the Turkish economy, bringing stability/ reducing uncertainty/reducing cost of raw materials **(AN)** • Simplifying business regulations **(K)** to make it easier to set up/start a business/reduce administrative costs **(AN)** • Reduce the rate of corporation tax **(K)** to increase profitability of foreign firms **(AN)** • Deregulation of the labour market **(K)** which will reduce unit labour costs **(AN)** **Application** Up to 2 marks for reference to Extract A (1+1), e.g.: • Türkiye attracted foreign direct investment equivalent to only 1% of GDP **(1)** • Less than that achieved by Mexico and Romania **(1)** • Unit labour costs are currently above those of Bulgaria and Poland **(1)** • The rate of inflation was still very high/use of data **(1)** **Evaluation** Up to 2 marks for evaluative comments (1+1) or (2+0), e.g.: • If interest rates are increased to reduce inflation **(1)** it will cause economic growth to fall, which may reduce FDI **(1)** • Türkiye does have advantages such as a young workforce/ a diverse manufacturing base / a dynamic entrepreneurial sector **(1)** so these will be attractive to MNCs irrespective of government measures **(1)** • Lower corporation tax rates may be effective at attracting FDI in the short-run **(1)** and may lead to a loss of taxation revenue if they are not well-targeted/budget deficit **(1)** • Reducing labour costs may lead to dissatisfied workers and a consequent fall in their productivity; **(1)** this may cause a fall in	

	competitiveness and make it more unattractive for foreign businesses **(1)** • Impact depends on the magnitude of the change in policy **(1)** with linked development **(1)** • Combination of measures will have a bigger impact **(1)**	**(8)**

Question	With reference to the information provided and your own knowledge, discuss the likely causes of the current account deficit experienced by Türkiye since 2021. **Indictive content**
7(e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes. **QS4:** Construct and interpret a range of standard graphical forms. **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge, Application, Analysis (8 marks) – indicative content** • Türkiye had a current account deficit in 2021 of -$13.7bn and -$10.2bn in 2024 • The rate of inflation increased from 36.1% in 2021 to 64.8% in 2023 • The lira depreciated from 1TRY=$0.134 in January 2021 to 1TRY=$0.034 in January 2024 • Rising inflation means that exports are less competitive so demand for exports fall leading to a current account deficit • A depreciating currency makes imports more expensive so more is spent on importing goods and services • Low foreign direct investment reduces Türkiye's capacity to produce goods so they may be unable to export at a competitive price • Other countries have lower unit labour costs (e.g. due to higher levels of productivity) than Türkiye which means that their goods and services are more internationally competitive, reducing demand for Türkiye's exports • Negative real rates of interest may cause a disincentive to save which will encourage consumption and cause a rise in imports leading to a current account deficit

Level	**Mark**	**Descriptor**
	0	No rewardable material.

Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 3	7–8	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using relevant examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Evaluation (6 marks) – indicative content

- Magnitude of the current account deficit
- The rate of inflation fell in 2024 which may increase the relative price competitiveness of exports
- Inflation and exchange rate can change quickly: SR v LR considerations
- The base rate of interest rose from 10.5% in October 2022 to 17.5% in July 2023 which may cause consumption to fall, causing lower imports
- There was a relatively high rate of unemployment which may reduce consumption causing imports to fall
- A depreciating currency will make exports cheaper so, in the long-run, the current account will improve if the Marshall-Lerner condition holds
- The current account deficit started to fall in 2023 and 2024
- Likely to be a combination of causes as significance change over time
- The country has a diverse manufacturing base, a strong financial system and a dynamic entrepreneurial sector, so the current account deficit may fall if exports increase

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evidence of evaluation of alternative approaches Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.

Level 3	5–6	Evaluation recognises different viewpoints and/or is critical of the evidence. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Section C

Question	In July 2025, the Government of the USA announced that it intended to increase tariffs on selected imports from many countries. Evaluate the costs of an increase in tariffs on the global economy.
8	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited. **Quantitative skills assessed:** **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge, application and analysis (12 marks)- indicative content** Knowledge of tariffs: • Definition of tariff: an ad valorem/ specific tax on imported goods and services • A tariff is a protectionist measure (may be shown diagrammatically) Possible costs: • A reduction in efficiency/comparative advantage as tariffs distort world trade leading to a rise in trade diversion • In the short-run, producers subject to these tariffs will become less competitive in the US market as import prices will be higher. This will lead to higher inflation in the USA and therefore a rise in the price level in the global economy. • In the long-run, global trade is likely to reduce which will cause a reduction in global rates of economic growth • A reduction in global growth rates is likely to cause a rise in global unemployment • Uncertainty may reduce the amount of FDI in the world which will reduce long-term economic growth • Global supply chains are likely to be disrupted so there will a rise in production costs leading to reduced profits of TNCs • A trade war: countries may respond with reciprocal tariffs which may have the effect of furthering/increasing the negative impacts on the global economy **NB: Award a maximum of L3 (9 marks) for a response that does not refer to the global economy**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

	Evaluation (8 marks) – indicative content • Countries not affected by the tariffs may step in to fill any gaps in trade to the USA therefore reducing the impact on the global economy • The impact will vary from country to country • The impact depends on the actions of the WTO • The actual impact depends on the level of the tariffs and which goods and services the tariffs are imposed on • The effect of the tariff on the global economy depends on the elasticity of demand of the goods imported to the USA. If their demand is price inelastic, then US consumers will bear most of the costs • Large TNCs are often flexible in altering their operations, so they may be able to adapt quickly; this may not be the case with smaller businesses • Effects depends on whether it is temporary or a permanent • Infant/geriatric industries in the world may benefit • Global dumping of goods is likely to be prevented

Level	**Mark**	**Descriptor**
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Question	Over the past four decades income inequality has risen in most developed economies and large developing economies. The increase has been particularly significant in the USA, China, India and Russia. Evaluate possible causes of the rise in income inequality within an economy. Refer to a country of your choice in your answer.
9	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited. **Quantitative skills assessed:** **QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge, application and analysis (12 marks)- indicative content** Understanding of income inequality: • Reference to the Gini coefficient or the Lorenz curve (can be shown diagrammatically) Possible causes: • Technological change has increased demand for high-skilled workers whereas lower-skilled jobs have been automated or outsourced. This means that the wages of higher-skilled workers are likely to have risen faster than those with lower skills increasing income inequality • Globalisation has increased competitive pressure on manufacturing firms and workers in developed economies, leading to lower wages in many of these industries • Falling union membership has led to lower wage bargaining powers • There has been an increase in the income going to owners of capital and land, rather than labour. Asset price booms have meant that those who own shares and property have seen disproportionate gains • In many countries, tax cuts have been targeted at high earners and there has been an increase in regressive taxes (can be separate points) • In many developed countries, the rise in welfare payments has been lower than those who are in work. In many developing countries, there is no welfare state • Regional divide: urbanisation in many less developed countries has benefited coastal cities, leaving rural workers with lower wages • Access to education and training in many less developed countries is uneven which limits social mobility

	• Discrimination still exists in many countries, raising barriers to education and the labour market **NB: Award a maximum of L3 (9 marks) for a response that does not refer to a country in the answer**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

	Evaluation (8 marks) – indicative content • Whilst globalisation and technological change are the main driving forces of rising inequality, the extent of income inequality depends on domestic policy and institutions • A government may be committed to keeping the level of income inequality under control • Economic growth in many developing countries has meant that millions of people have been removed from poverty. Therefore, rising income inequality may still coincide with improved living standards and higher levels of economic development • A country which is more dependent on the service sector industries may be less exposed to global competition and therefore may not experience a significant rise in income inequality • Depends on the quality of education and training • Prioritisation of specific causes within a country • Short-run vs long-run causes • Significance of causes changes over time • Likely to be a combination of causes for income inequality	
Level	**Mark**	**Descriptor**
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

<table>
<tr><th>Question</th><th>In 2014 India had a ranking of 71 in the Global Competitiveness Report. However, in 2024, India’s ranking had risen to 39.

Evaluate measures that a government could take to increase its international competitiveness. Refer to a country of your choice in your answer.</th></tr>
<tr><td>10</td><td>Indicative content guidance
Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.

Quantitative skills assessed:
QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.

Knowledge, application and analysis (12 marks)- indicative content
Knowledge of international competitiveness:
The ability of a country to successfully sell its goods and services in international markets
Possible measures:
Education and training will increase the human capital of the workforce and therefore their productivity. This will reduce unit labour costs and export prices, improving the competitiveness of exports
Improve infrastructure so that a country is able to export their goods at a lower (unit/average) cost, leading to lower export prices
Incentives to increase investment in the economy. This means that export businesses are likely to use capital in their production process, reducing average cost of production, leading to lower export prices
Privatisation of public-owned industries is likely to increase the profit incentive. This will force businesses to become more accountable to their shareholders by cutting costs, improving efficiency - leading to lower export prices
Deregulation of an industry will reduce or remove barriers to entry into an industry, increasing the level of competition. This may cause many businesses to reduce prices, improve the quality of their exports
Labour market reforms such as reducing minimum wages and the power of trade unions are likely to reduce the cost of employing labour, leading to lower export prices
Measures to reduce the exchange rate of the currency. Monetary authorities may be able to manipulate the exchange rate to reduce the price of exports
Trade liberalisation is likely to reduce the cost of trade making exports more competitive</td></tr>
</table>

	NB: Award a maximum of L3 (9 marks) for a response that does not refer to a country in the answer **NB: Award a maximum of L3 (9 marks) for a response that does not refer to international competitiveness of its exports**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
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Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

	Evaluation (8 marks) – indicative content • Impact depends on the quality of education and training • Improvements in infrastructure may not always help rural areas which may specialise in agricultural output • Not all businesses may be able to take advantage of these measures to encourage investment especially if they are a small business. Investment in capital also needs to be maintained over the medium to long-run which may involve additional costs • On its own, privatisation will not always lead to a rise in international competitiveness. It does need competition or regulation for the benefits to occur. Many privatised businesses only cater for a domestic market so this measure may not be relevant • Not all industries can be deregulated; reducing barriers may therefore not always lead to higher competition. There may be a rise in collusion if the concentration ratio in the industry is high • A country may not be able to manage its exchange rate because of low levels of Central Bank reserves and high levels of capital flows. For example, a country in the eurozone is unable to manage its exchange rate as it is part of the single currency • The world is currently seeing a rise in protectionism which is likely to mean that reducing barriers to trade may be difficult • Opportunity costs of policy implementation: can the money be spent better used on other policy measures which may have a greater impact • Many supply-side policies have long time lags so benefits may not be seen for several years • Supply-side policies can increase budget deficit and national debt • Likely to be a combination of measures that will have a bigger impact on international competitiveness	
Level	**Mark**	**Descriptor**
	0	No evaluative comments.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.