

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Pearson Edexcel
International
Advanced Level

Centre Number

Candidate Number

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Time 2 hours

Paper
reference

WEC14/01

Economics

International Advanced Level

UNIT 4: Developments in the global economy

You must have:

Source Booklet (enclosed)

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 in Section A and Section B.
- Answer **TWO** questions in Section C.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

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.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Check your answers if you have time at the end.
- Good luck with your examination.

Turn over ►

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SECTION A

Answer ALL questions in this section.

Questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

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- 1 Between 2009 and 2018 Argentina's national debt increased from approximately \$186 billion to nearly \$447 billion.

Which **one** of the following is the most likely effect of an increase in national debt of a country?

- A A decrease in its comparative advantage
- B A decrease in its interest rates
- C An increase in its debt servicing costs
- D An increase in the external value of its currency

(Total for Question 1 = 1 mark)

- 2 Armenia's Gini coefficient increased from 0.28 in 2009 to 0.34 in 2017.

Which **one** of the following is most likely to reduce Armenia's income inequality?

- A A reduction in the national minimum wage
- B An improvement in education and training
- C A decrease in progressive tax rates
- D An increase in regressive tax rates

(Total for Question 2 = 1 mark)

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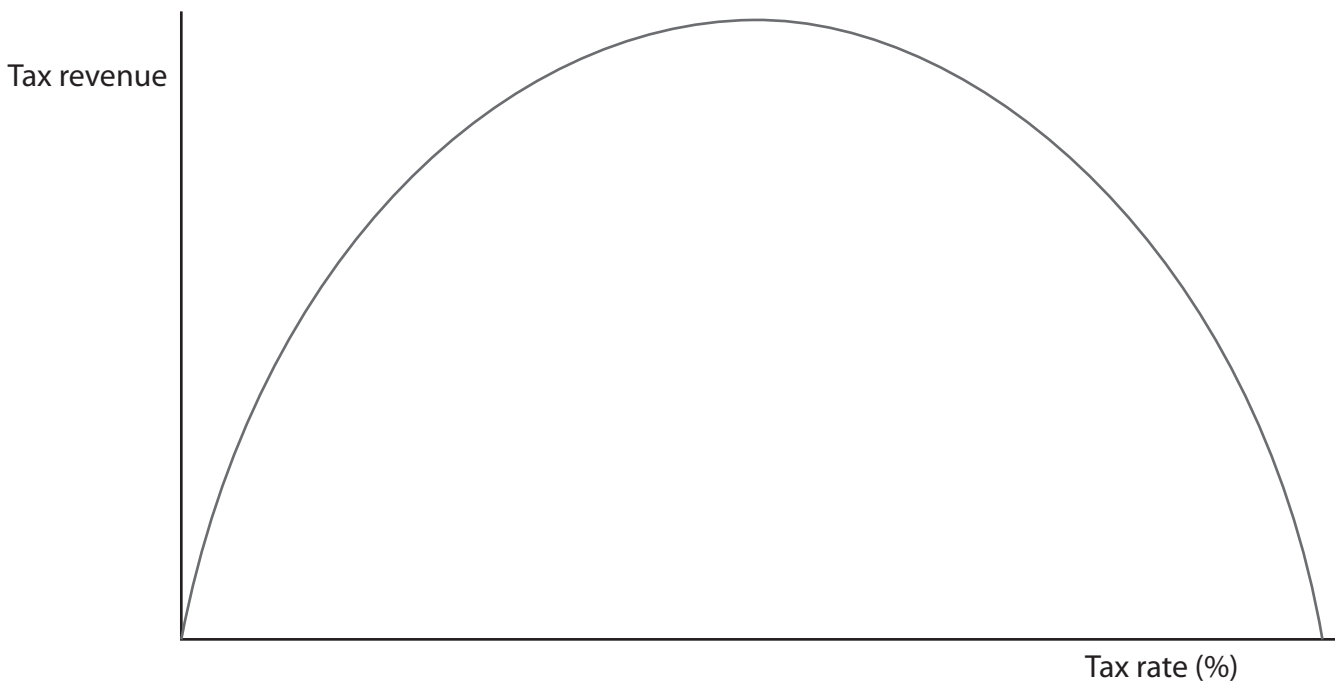
3 In 2018 the value of oil exports accounted for 85% of Nigeria's GDP.

Which **one** of the following is most likely to result from a fall in world oil prices?

- A A deterioration in Nigeria's current account deficit
- B An improvement in Nigeria's terms of trade
- C An increase in transportation costs in Nigeria
- D A reduction in Nigeria's budget deficit

(Total for Question 3 = 1 mark)

4 The diagram illustrates the relationship between tax rate (%) and government tax revenue.



Which **one** of the following models is represented by this relationship?

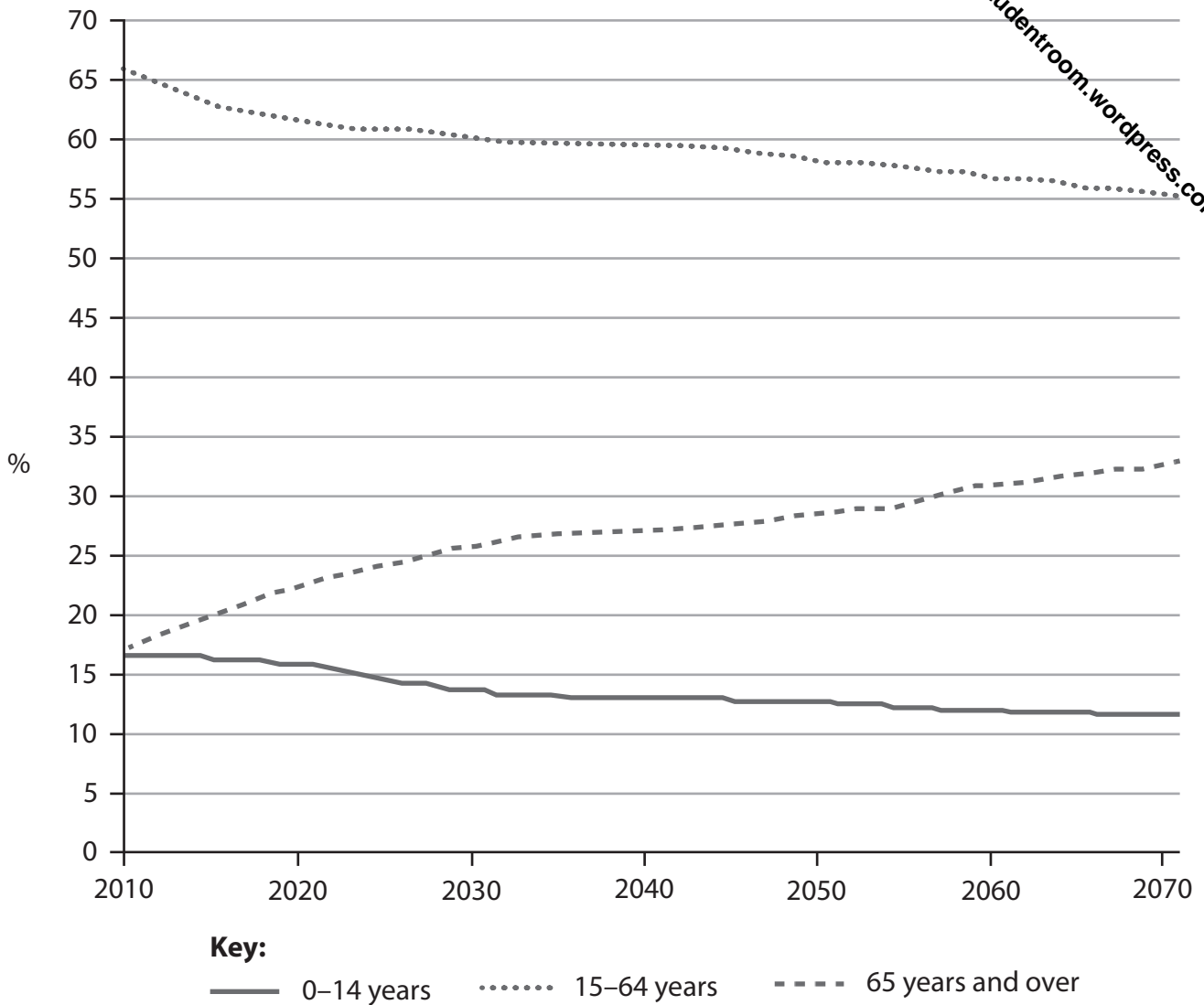
- A The J-curve
- B The Phillips curve
- C The Lorenz curve
- D The Laffer curve

(Total for Question 4 = 1 mark)



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5 The chart shows the age distribution of population in Finland between 2010 and 2070. The data is a forecast for 2020 to 2070.



Which **one** of the following can be deduced from the chart?

- A The tax burden on the working population is likely to decline by 2070
- B Finland is likely to experience labour shortages by 2070
- C The working population is forecast to rise by nearly 16%
- D Social welfare spending on the population aged 65 years and over is likely to decrease

(Total for Question 5 = 1 mark)



6 The table shows Afghanistan's terms of trade between 2015 and 2017 (2015=100).

Year	Terms of trade
2015	154.4
2016	163.8
2017	169.0

Ceteris paribus, which **one** of the following can be deduced from the data?

- A The value of Afghanistan's imports have risen relative to the value of its exports
- B The average price of Afghanistan's exports have fallen relative to the average price of its imports
- C Afghanistan is likely to experience an improvement in its living standards
- D Afghanistan is likely to experience a deterioration in the financial account of the balance of payments

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS

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SECTION B

Study Figures 1 and 2 and Extracts A and B in the Source Booklet before answering Question 7.

Write your answers in the space provided on the following pages.

- 7 In 2018, the EU's rate of inflation was 1.6%.
- (a) With reference to Figure 1, calculate the nominal GDP growth rate of the EU in 2018. You are advised to show your workings. (2)
- (b) Explain what is meant by 'quantitative easing' (Extract A, lines 8–9). (4)
- (c) With reference to Figure 1, Figure 2 and Extract A, analyse **two** reasons why 'Many EU countries experienced strong economic growth after 2012' (Extract A, lines 2–3). (6)
- (d) With reference to Figure 1, Figure 2 and Extract A, examine **two** reasons why 'there is concern that the future rate of economic growth in the EU might be much lower' (Extract A, lines 12–13). (8)
- (e) With reference to Extract B, discuss the likely economic benefits to the EU of forming a trade agreement with Mercosur. (14)

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In 2018, the EU's rate of inflation was 1.6%.

(a) With reference to Figure 1, calculate the nominal GDP growth rate of the EU in 2018. You are advised to show your workings.

(2)

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(b) Explain what is meant by 'quantitative easing' (Extract A, lines 8–9).

(4)



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(e) With reference to Extract B, discuss the likely economic benefits to the EU of forming a trade agreement with Mercosur.

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(14)

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(Total for Question 7 = 34 marks)

TOTAL FOR SECTION B = 34 MARKS



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SECTION C BEGINS ON THE NEXT PAGE.



SECTION C

Answer TWO questions from this section.

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- 8 According to the Global Competitiveness Index, Belgium's international competitiveness rank fell four places between 2015 and 2019.

Evaluate measures that a developed country might take to increase its international competitiveness. Refer to a developed country of your choice in your answer.

(Total for Question 8 = 20 marks)

- 9 Between 2014 and 2018 the average cost to developing countries of servicing and repaying their external debts increased by over 60%.

Evaluate the case for promoting *economic development* through debt relief. Refer to a developing country of your choice in your answer.

(Total for Question 9 = 20 marks)

- 10 Between January and August 2018, Turkey's currency, the lira, depreciated by nearly 40% against the US dollar.

Evaluate the economic effects of a depreciation of a country's currency. Refer to a country of your choice in your answer.

(Total for Question 10 = 20 marks)

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TOTAL FOR SECTION C = 40 MARKS
TOTAL FOR PAPER = 80 MARKS



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