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Examiners' Report October 2025

Pearson Edexcel International Advanced Level in Economics (WEC14/01)

Unit 4: Developments in the global economy

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General comments

This is the October series for assessment of WEC14 Developments in the global economy. The examination tests the learners' abilities to select and apply appropriate economic concepts, theories and techniques in a variety of contexts. As Unit 4 is a synoptic unit, the examination may draw on material from Units 1, 2 & 3.

Section A

In this multiple-choice section, learners performed best on the role of the role of the IMF (question 1). The question with the focus on foreign currency transactions was the least well answered question (question 4) and this specification part may need attention by the centres. On the remaining questions, learners performed reasonably better.

Section B

The data response section was based around the questions are based on information provided in the source booklet.

Q07a: Learners only access two marks for correctly calculating calculate the change in India's real GDP growth rate between 2020 and 2021 using the Figure given. Most learners scored only one mark for this question as they did not include 'pp'.

Q07b: This question required explanation of the term rate of inflation. Two relevant pieces of data were required from Figure 2 to attain the two application marks. Many simply defined inflation and did not get both knowledge marks.

Q07c: A large majority of learners were able to examine **two** external shocks that could constrain India's rate of economic growth. Two knowledge and application marks were often awarded for relevant use of the sources. However, some learners copied paragraphs from the extract and were not able obtain the analysis marks. This is an area which the centres are advised to address. Learners could attain both the evaluation marks for explaining them.

Q07d: Most learners could analyse two likely effects of a decrease in the base interest rate on the Indian economy. A large percentage of learners fully explained the effects to access both the analysis marks. Note: for data response question, the learners are required to explain the impacts that have been provided in the extracts and not from their own knowledge, unless specifically mentioned. Application marks were often awarded for appropriate references to Extract B.

Q07e: Most learners made effective use of the source given and were able to discuss the supply-side policies that the Government of India plans to introduce to increase the country' s rate of economic growth **and** economic development. A large proportion of learners developed their analysis with clear chains of reasoning to achieve at least Level 3 KAA marks. A key feature in this response was that some of the learners tried to cover as many policies as possible but without any development in their analysis. Many responses accessed evaluation marks as they directly answered the question by talking through the problems associated with each measure discussed.

Section C

Learners had the opportunity to choose two out of three questions. The section was more demanding than previously, and this is reflected in the mean scores on all three questions. Question 8 was most popular followed by question 10 and then 9.

In all three questions learners' knowledge of relevant economic concepts was sound but they often struggled to apply it to the context of the question. Another challenge was the level of analysis. As in question Q07e, answers often lacked a fully developed chain of reasoning. This is because they focussed their explanations on several points, and this meant they did not have enough time to develop them. Some learners drew appropriate and accurate diagram(s) and incorporated it with sound analysis points. This allowed them to consistently achieve the top levels.

Evaluative comments were often made and, whilst some offered supporting evidence and were linked to the context, many were unable to offer logical chain of reasoning. It should be stated that 8 marks are now awarded for evaluation in the essay section. A reference to a country will always form part of the questions in Section C. Learners are expected to have an awareness of countries to form a basis of their arguments and to achieve the highest levels.

The questions were accessible at all levels and offered opportunities for learners to differentiate by ability. Answering the exact question asked, integrating the data with analysis and strong evaluation continue to remain the essential ways that the A-grade learners achieve higher marks. It appears that learners were not able to complete the paper in the time available.

Moreover, learners are highly encouraged to have better structure to their answers. Many have written essay questions in few bullet points, and some have written in long blocks/paragraphs without making a clear distinction between analysis and evaluation. This was also seen in the higher mark question in Section B.

The performance on each of the individual questions is considered in the next section of the report.

Comments on individual questions
Section A

Question 1
This question required all learners to describe the role of the International Monetary Fund. This was a well answered question with many learners obtaining the one mark. The correct answer is B: provide loans to countries that experience temporary current account deficits on their balance of payments.

Question 2
For this question learners needed to identify the most likely measure to increase Latvia's international competitiveness. The correct answer is A: Privatisation of state- owned enterprises.

Question 3
The correct option is A. Many learners correctly identified that trade as a proportion of world GDP will rise when there is a decrease in global container shipping costs.

Question 4
The correct answer is C. Many learners were unable to correctly deduce from the data the combination of foreign currency transactions would Nigeria's central bank use if it wanted to raise the value of the naira against the US dollar.

Question 5
Learners performed reasonably well on this question, which asked them to identify the most likely reason for an increase in Finland's capital and financial account deficit. The correct answer is C: the decrease in inward foreign direct investment (FDI) and portfolio investment.

Question 6
For this question, learners had to identify the most likely to have caused the shift in the Lorenz curve inwards. The correct answer is D: An increase in public expenditure on transfer payments.

Section B

The source booklet focused on the economy of India. It comprised of two graphs and two extracts, one on External shocks in the global economy and the other on Economic growth and economic development.

Question 7a

Learners needed to calculate the change in India's real GDP growth rate between 2020 and 2021. Only 30% of total learners scored the maximum of 2 marks this still indicates that 70% were not able to calculate the change correctly. It is important to know the difference between percentage changes and percentage point changes.

Question 7b

Many learners were not able to successfully explain the term rate of inflation. Some were able to attain full marks. A common response was to explain it in terms of defining inflation but no reference to percentage. To access both application marks, learners had to include two pieces of data from Figure2. Some learners only offered one point from the graph. Given the nature of the question, it is key to cover all aspects of the answer in knowledge and application.

Question 7c

The question required learners to examine two external shocks that could constrain India's rate of economic growth in 2025. Most learners were able to identify the points from the given extract and were able to gain two application marks required. Many copied paragraphs from the extract and did not explain it. This did not enable them to gain the higher analysis marks.

Evaluation was good and well written with many identifying their point and explaining it well. There were some learners who did not try writing any points. For an 8-mark question and above, evaluation is a key requirement and should be included.

Question 7d

This question required the learners to analyse two likely effects of a decrease in the base interest rate on the Indian economy. Most responses included effects on C and I with chain of analysis. They were also able to access the two application marks by using relevant data from Extract B.

Question 7e

Learners need to use the source to discuss supply-side policies that the Government of India plans to introduce to increase the country's rate of economic growth and economic development. It is very important that learners select any two policies and develop their analysis by focusing on those points rather than trying to cover as many measures as possible. This will allow learners to access the higher levels of response.

A handful of learners were able to successfully identify and explain measures such as education and infrastructure. They were able to integrate this with the application given in the source from Extract A. This gave them access to Level 3. However, some learners just copied the source and did not explain their points fully. This gave them access to Level 1 only. Those who mentioned measures not given in the extract were also awarded marks.

Evaluation points were well written. Many learners included references to time lags and budget deficit. Many included other problems associated with policies identified as evaluative comments but were not able to successfully support it using a logical chain of reasoning. Learners should ensure that they do this as opposed to listing a number of separate undeveloped points.

Section C

Learners often make a number of valid separate points but do not usually develop a coherent chain of reasoning. In addition, a large number of learners do not include any form of contextual reference and consequently will not achieve the higher level marks. Context can be from the stem provided in the question and/or from any other examples effectively used by the learner. A reminder that writing a country name in the answer does not merit as application.

For evaluation, learners should provide a partially developed chain of reasoning to attain at least Level 2. Writing a list of points will only give learners access to Level 1. An informed judgement is needed in order to gain a Level 3 evaluation mark.

Learners are not expected to write four analysis and three evaluation points, like in the old specification. They can select two analysis points and develop them by focusing on those points rather than trying to cover as many points as possible.

Question 8

This question asked the learners to evaluate the possible causes of a current account deficit. In addition, to access high Level 4 for KAA, learners are required to refer to a developed country in their answer.

Many explained causes. They discussed productivity, exchange rate and marginal propensity to import due to higher incomes. Most of the answers only carried a two-stage chain of reasoning, and therefore, they were not able to access Level 3 KAA. Some only focussed on effects, and this meant that did not access any marks as their analysis was not accurate given they were not answering the question. Those who identified a range of causes without linked development were only able to access Level 1 KAA.

Evaluation included an attempt to discuss the short-run versus long-run considerations. Some learners explained solutions to solving a current account deficit and this was not credited. Many were only able to explain one point with the other points just identified. Those who listed evaluation points achieved Level 1.

Question 9

This question asked learners to evaluate the benefits to a country of joint ventures between local businesses and transnational companies as a means of promoting economic development. In addition, to access Level 4 for KAA, learners are required to refer to a country of their choice in their answer.

The most common costs mentioned were linked to access to new markets and sharing costs and risks. Most answers demonstrated some chains of reasoning, but they were not always fully developed or had some stages omitted. These learners were not able to access more than Level 3 KAA. Some learners were confused and did not answer the question directly.

Evaluative comments were not well written. Many offered some points that often went tangential and did not answer the question. Those who tried were not always able to explain their arguments in good depth. Rest of their points were again quite generic and did not have any chains of reasoning and did not achieve more than Level 1.

Question 10

This question had asked learners to evaluate the effects of a decrease in the top rate of income tax. To access Level 4 for KAA learners are required to refer to a developing country in their answer.

Most were able to identify the effects. The most common points focused on economic growth and government's tax revenue. Some answers carried only a two-stage chain of reasoning without application to terminology and concepts, and therefore, learners were not able to access Level 3 for KAA. Those who contextualised their arguments attained the higher-level marks.

Learners evaluated effectively. They mentioned about the size of the tax and time lags, and discussed it in great detail. Those who offered solutions to increasing tax got no credit. The other points were generic and not well developed; they did not achieve more than Level 1.

Paper Summary

The main implications for centres regarding future teaching, learning and examination preparation are:

Ensure that all parts of the specification are taught and internally assessed. This needs to include addressing all the quantitative skills (as found on page 69 of the specification).

Learners must read all questions carefully, and make sure that they have addressed all parts of a question in their response. In a few different questions on this paper, not understanding requirements of the questions, in terms of its depth and breadth, was the main reason for low scores.

Encourage learners to draw accurate, appropriate, legible and labelled diagrams to support their arguments, even if not required. This would help add depth to arguments.

Section B: Ensure that learners refer to the relevant extracts but do not copy from them. Brief quotations are acceptable but, in themselves, will not achieve higher level marks. Remember that the 4- and 6-mark questions do not require evaluation, so please use the time given effectively and avoid assessing the analysis points made.

Section B 14-mark question and Section C essays: Encourage learners to develop a chain of reasoning by analysing two salient points in depth. By contrast, covering a lot of points in a superficial way will limit the mark to a low Level 2 at best. In addition, analysis needs to be contextualised by using relevant source information (Section B), appropriate examples (Sections B and C) or context at the start of Section C questions.

In addition, ensure that learners are aware that evaluative comments should be linked to the context of the question being asked. These should have a chain of reasoning or sufficient development to be able to achieve at least Level 2. To achieve Level 3 for evaluation in Section C it is necessary to include an informed judgement.

Learners are encouraged to have a clear structure to their answers. They must avoid writing essays in bullet points or in long blocks/paragraphs without making a distinction between their analysis and evaluation points.

Encourage learners to make full use of the specimen papers, previous examination papers, mark schemes and principal examiner reports.