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Mark Scheme (Results)

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Pearson Edexcel International Advanced Level
In Economics (WEC14) Paper 01
Unit 4: Development 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 Number	Quantitative skills assessed	Answer	Mark
1	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	<p>The only correct answer is C</p> <p>A is not correct because this would reduce economic development</p> <p>B is not correct because this would reduce economic development</p> <p>D is not correct because this would reduce economic development</p>	(1)
2	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	<p>The only correct answer is B</p> <p>A is not correct because this is associated with a floating exchange rate</p> <p>C is not correct because this is associated with a floating exchange rate</p> <p>D is not correct because this is when the value of the currency increases in a fixed exchange rate system</p>	(1)
3	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	<p>The only correct answer is C</p> <p>A is not correct because specialisation and trade will lead to an increase in the volume of exports and imports</p> <p>B is not correct because specialisation and trade will lead to an increase in living standards</p> <p>D is not correct because specialisation and trade will reduce absolute poverty</p>	(1)
4	<p>QS5: Calculate and interpret index numbers.</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p>	<p>The only correct answer is A</p> <p>B is not correct because this is the index number for 2012 using 2022 as base year</p> <p>C is not correct because this is the index number for 2022 using 2012 as base year</p> <p>D is not correct because this is the index number for 2022 using 2002 as base year</p>	(1)

<p>5</p>	<p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p>	<p>The only correct answer is D</p> <p><i>A is not correct because the EAC is a customs union</i></p> <p><i>B is not correct because the EAC is a customs union</i></p> <p><i>C is not correct because the EAC is a customs union</i></p>	<p>(1)</p>
<p>6</p>	<p>QS4 Construct and interpret a range of standard graphical forms.</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p>	<p>The only correct answer is A</p> <p><i>B is incorrect because government tax revenue is area BCDE</i></p> <p><i>C is incorrect because producer surplus increased by the area P_1P_2BA</i></p> <p><i>D is incorrect because consumer surplus decreased by the area P_1P_2EF</i></p>	<p>(1)</p>

Section B

Question	With reference to Figure 1, calculate the value of Ghana's national debt. You are advised to show your working. 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 calculations: <ul style="list-style-type: none">• $88.8\% \times \\$72.84 \text{ billion}$ (1)• $\\$64.68 \text{ billion}$ (1) NB Award 2 marks for correct answer ($\$64.68 \text{ billion}$ / $\$64.7 \text{ billion}$ / $\$65 \text{ billion}$) NB Award only 1 mark for $\$64.68$ / 64.68%	(2)

Question	With reference to Figure 2 and the third paragraph of Extract A, explain what is meant by the 'rate of inflation'. Answer	Mark
7(b)	<p>Knowledge 2, Application 2</p> <p>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. QS10: Distinguish between changes in the level of a variable, and the rate of change.</p> <p>Knowledge Up to 2 marks for understanding rate of inflation, e.g.:</p> <ul style="list-style-type: none"> • Percentage (1) • increase/change in the <i>price level</i> of the economy / increase/change in the <i>average</i> prices of goods and services (1) <p>Application 1 mark for application to Figure 2, e.g.:</p> <ul style="list-style-type: none"> • Between Jan 2022 and Jan 2023, rate of inflation rose from around 14% to 54% / by around 40 percentage points (1) <p><i>AND</i></p> <p>1 mark for application to Extract A, e.g.:</p> <ul style="list-style-type: none"> • increasing rates of inflation as a result of rising global food and energy prices (commodity prices) / depreciation of Ghana's currency, the cedi, against the US dollar (1) 	(4)

Question	With reference to the fourth paragraph of Extract A and your own knowledge, analyse two roles of the IMF. Answer	Mark
7(c)	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Quantitative skills assessed: QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge and analysis Up to 2 marks for identifying two roles and one mark for each linked explanation, e.g.:</p> <ul style="list-style-type: none"> • Provides loans/temporary financial assistance to countries (1K) to help ease the balance of payments adjustment (1AN) • Promotes exchange rate stability/reduce exchange rate fluctuations (1K) to maintain confidence in financial markets (1AN) • Offers debt relief (1K) to help reduce absolute poverty/improve economic development/increase living standards (1AN) • Encourage economic growth/higher levels of employment (1K) by promoting trade/investment (1AN) • Fosters international monetary co-operation (1K) by ensuring orderly exchange rate arrangements to secure financial stability (1AN) • Provides capacity development such as technical assistance/policy advice/training of government officials (1K) to support developing countries in strengthening their economic institutions • Implements structural reforms (1K) to help countries improve the state of their economy (1AN) • To provide research and monitoring of member countries (1K) to support/inform policy decisions within those countries (1AN) <p>Application Up to 2 marks for application to Extract A (1+1):</p> <ul style="list-style-type: none"> • A bailout of \$3 billion from the IMF (1) • Ghana would take measures to reduce its debt (1) • This IMF deal could help restore business confidence in Ghana (1) 	(6)

Question	With reference to Figure 1 and Extract A, examine two disadvantages of an increase in Ghana's national debt.	Mark
7(d)	<p>Answer</p> <p>Knowledge 2, Application 2, Analysis 2, Evaluation 2</p> <p>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.</p> <p>Knowledge and analysis</p> <p>Up to 2 marks for identifying two disadvantages and 1 mark for each linked development, e.g.:</p> <ul style="list-style-type: none"> • Economic growth/living standards may fall in the long-run (1K) as government may cut spending on e.g. education (1AN) • Higher debt servicing costs/interest repayments on borrowing (1K) represent an opportunity cost to future generations (1AN) • Higher interest rates could lead to danger of financial crowding out (1K) restricting private sector investment (1AN) • Loss of business confidence in Ghana's financial markets (1K) resulting in a fall in foreign direct investment (FDI) (1AN) • Increase in taxation/reduction in government spending in the future (1K) resulting in a fall in disposable incomes/reduction in public services or welfare payments (1AN) • Loss of confidence in the currency/<i>cedi</i> (1K) leading to a fall in its value and causing cost-push inflationary pressures (1AN) • Decrease in Ghana's credit rating (1K) leading to higher future borrowing costs/increase in interest rates (1AN) • Increase in foreign currency gap (1K) as Ghana may have insufficient currency to meet interest repayments if any part of the national debt is held by foreigners (1AN) <p>Application</p> <p>1 mark for application to Figure 1, e.g.:</p> <ul style="list-style-type: none"> • Between 2010 and 2022, national debt increased from 34.6% of GDP to 88.8% of GDP/increased by 54.2 percentage points (1) <p><i>AND</i></p> <p>1 mark for application to Extract A, e.g.:</p> <ul style="list-style-type: none"> • Government borrowed significant sums of money to finance the country's transport infrastructure projects / • Government of Ghana increased its borrowing to prevent the economy from going into a recession as a result of the global health crisis / • In December 2022 Ghana defaulted on its debts / failed to generate enough income to pay back its debts / 70% of government revenue (1) 	(8)

Evaluation

Up to 2 marks for evaluative comments (2+0 or 1+1):

- 54.2 percentage point increase in national debt as a proportion of GDP **(1)** shows that it will be a major cause for concern **(1)**
- As national debt was as a result of an increase in government spending on education/infrastructure, **(1)** it is likely to increase GDP/income equality/reduce national debt as a % of GDP in the long-run **(1)**
- National debt will be less of a concern if the fiscal deficits are cyclical and short-term **(1)** rather than structural, long-term and unsustainable **(1)**
- Future generations will not be affected much as high inflationary pressures might erode the real value of debt **(1)** with reference to Figure 2 **(1)**
- If the interest rates start to decrease with a fall in the rate of inflation **(1)**, financial crowding out may not be a significant issue in the long-term **(1)**
- National debt may not be a significant issue for Ghana if it is financed internally **(1)** and not from external borrowing **(1)**
- National debt not a concern in the long-run as they may receive assistance from the IMF **(1)**
- The increase in highest rate of income tax will reduce Ghana's national debt in the long-run **(1)**

Question	<p>With reference to the information provided and your own knowledge, discuss the likely macroeconomic effects of the introduction of an additional marginal rate of income tax of 35% on the economy of Ghana.</p> <p>Indicative content</p>	
7(e)	<p>Indicative content guidance</p> <p>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.</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge, Application and Analysis (8 marks) – indicative content</p> <ul style="list-style-type: none"> • Definition/understanding of income tax • Tax revenues: these might be expected to increase (reference to the Laffer curve analysis); increase spending on public services e.g. human capital or infrastructure / improve Ghana’s public finances – “In 2023 Ghana’s tax-to-GDP ratio was 13.4%. This was below the average in Africa of 16% and below the Government of Ghana’s own target of 20%.” • Impact on incentives to work: it could act as a disincentive for Ghana’s citizens to take higher paid jobs; less overtime hours worked and/or fewer promotion opportunities sought by high-income earners • Could cause an increase in tax evasion (illegal) and tax avoidance (legal); could also lead to an increase in the number of tax exiles • Increased income equality: the tax system is more progressive; if taxes collected are used to redistribute incomes to the low-income households, then income distribution will become more equal • Impact on AD and economic growth, unemployment, and inflation: can be represented by AD/AS diagram; reference to the multiplier or/and Figure 2 • Improvement of trade balance: increase in top rate of income tax would cause a fall in disposable income for top earners and this reduces their consumption and imports • Fall in FDI flows: entrepreneurs and senior managers from TNCs would see a fall in their disposable income, assuming they would be based in the country for which the FDI was destined <p>N.B. Positive effects may be awarded as KAA and negative effects as evaluation (or vice versa)</p>	
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 that 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

- Tax revenues may fall if the tax rate is increased beyond the optimal rate; reference to the Laffer curve analysis; also depends on the overall impact on AD and on economic growth
- Depends on the extent of the disincentive effects of the higher marginal rate of income tax; high income earners in Ghana might continue to work hard to maintain their standard of living
- Depends on powers of Ghana’s tax authorities to collect taxes; extent of tax evasion and tax avoidance; income tax is not the only factor influencing a person’s decision on where to live
- Depends on how the tax revenues are used by Ghana’s Government and if other fiscal changes offset the impact of this increase in income tax rates
- Depends on the elasticity of the LRAS/level of spare capacity; impact could depend on the changes in other components of AD; if savings are reduced to pay for the higher income tax, then the effects will be minimal
- Depends on taxpayer’s marginal propensity to consume/marginal propensity to import; depends on the PED of Ghana’s imports
- Other factors also affect FDI flows and are not just dependent on changes in income tax, e.g. business confidence, rate of economic growth, interest rate
- Overall impact would depend on how many people in Ghana are affected by the top rate of income tax – “a very small proportion of the population ... informal sector makes up at least 80% of the economy”

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

<p>Question</p>	<p>Evaluate government policies, apart from changes in income tax rates, that could be used to reduce income inequality in a developed country of your choice.</p> <p>Indicative content</p>	
<p>8</p>	<p>Indicative content guidance</p> <p>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.</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge, Application, Analysis (12 marks) – indicative content</p> <p>Understanding of income inequality</p> <ul style="list-style-type: none"> • Increasing means-tested benefits (not universal benefits), for e.g. food stamps, unemployment benefit and housing benefit – provides income support to only those households that need it the most • Improvements in education and training for those without qualifications: increases human capital, productivity and therefore incomes • Introduction of/increasing the National Minimum Wage: higher incomes; wage differentials between the unskilled and skilled workers will decrease • Measures to reduce unemployment, e.g. a government can implement reflationary fiscal policy or supply-side policies to create more jobs • Impose restrictions on immigration of unskilled workers as this will reduce downward pressure on wages for those on low incomes • Reduction in taxes on expenditure and/or other regressive taxes: will take lower percentage of disposable income of the low-income households • Improvements in government provision of public services such as social housing, healthcare, education; provision of pension schemes • Measures that increase power of trade unions: more workers are likely to be employed permanently/full-time rather than part-time or on zero-hour contracts – stable incomes; can reduce monopsony power of employers • Cuts in incentives to have large families e.g. reduction in child benefits • Price caps/subsidies on essential goods and services e.g. energy, food • Measures to reduce discrimination e.g. age and gender <p>N.B. Award maximum of Level 3 (9 marks) if a candidate does not refer to a developed country in their answer</p>	
<p>Level</p>	<p>Mark</p>	<p>Descriptor</p>
	<p>0</p>	<p>No rewardable material.</p>

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.
<p>Evaluation (8 marks) – indicative content</p> <ul style="list-style-type: none"> • Administrative costs of means-testing may be high; inflation means that the benefits may not rise in real terms; can act as a disincentive to work • Depends on quality and relevance of improvements in education/training – what courses have been promoted: time lags before reduction in inequality • Introduction/increase in the NMW might result in higher unemployment and an increase in inequality; wages/unearned incomes of those in the highest income brackets might increase at a faster rate; this has no impact on the unemployed, students, pensioners, etc. • Even after reducing unemployment, wages may still be below benefits thus not creating an incentive to work; could have inflationary consequences • Restrictions on immigration can result in a decline in the working population and therefore productive potential could decrease in the long-run • Reduction in the rate of expenditure taxes might lead to a reduction in government revenues and hence less spending on measures that could reduce inequality • Increasing the trade union power will lead to inflexible and inefficient labour markets; unlikely to attract FDI and hence fewer jobs may be created • Different factors more or less important for different countries; prioritisation • One policy on its own is unlikely to be effective but a combination of policies needs to be implemented to reduce 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.

Question	Evaluate the likely effects of a decrease in productivity on a country of your choice. Indicative content	
9	<p>Indicative content guidance</p> <p>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.</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge, Application and Analysis (12 marks) – indicative content</p> <p>Understanding of productivity</p> <ul style="list-style-type: none"> • The trade in goods and services balance: a fall in productivity might result in loss in competitiveness of the country’s goods and services due to higher cost per unit and export prices; leading to a deterioration in trade balance • Economic growth: if net exports fall, AD may fall leading to a decrease in real output/increase in unemployment • Rate of inflation: a fall in productivity could cause a leftward shift in LRAS resulting in an increase in the average price level • Real wages: falling profits for firms and falling real wages for workers • FDI flows: may deter inward FDI which, in turn, can have adverse effects on growth and employment • Income distribution: it could become more unequal if workers’ wages are related to productivity while those of managers are not • Tax revenues: may increase too slowly to maintain the current level of public services • Tax burden: may have to be increased to finance/maintain government spending <p>N.B. Award maximum of Level 3 (9 marks) if a candidate does not refer to a country(s) in their answer</p>	
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	<p>Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer.</p> <p>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.</p>
Level 4	10-12	<p>Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question.</p> <p>Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.</p>
<p>Evaluation (8 marks) – indicative content</p> <ul style="list-style-type: none"> • Deterioration in the trade balances may be offset by an improvement in the other components of the balance of payments • Fall in economic growth may be offset by an increase in other components of AD / much will depend on changes in productivity in other countries • A decrease in AD could offset any inflationary pressures • Effects on real wages depends on the magnitude of the fall in productivity, e.g. 9% fall over 12 years is relatively small • Effects on FDI flows may vary because of the differences in the fall in productivity in different sectors • Effect on income distribution could be offset by other factors, for e.g. increases in means-tested benefits • Difficulty in measuring productivity e.g. especially for the service sector • Time period: the fall in productivity may only be in the short-run • Effect depends on the main cause of/reason for the fall in productivity • Effect depends on whether there has been a fall in absolute productivity or relative productivity 		
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	<p>Identification of generic evaluative comments.</p> <p>No supporting evidence/reference to context.</p> <p>No evidence of a logical chain of reasoning.</p>
Level 2	4-6	<p>Evidence of evaluation of alternative approaches.</p> <p>Some supporting evidence/reference to context.</p> <p>Evaluation is supported by a partially-developed chain of reasoning.</p>
Level 3	7-8	<p>Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement.</p> <p>Appropriate reference to evidence/context.</p> <p>Evaluation is supported by a logical chain of reasoning.</p>

Question	Evaluate the possible causes of the increase in global commodity prices. Refer to examples of commodities in your answer. Indicative content
10	<p>Indicative content guidance</p> <p>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.</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge, Application, Analysis (12 marks) – indicative content</p> <p>Understanding of commodities</p> <ul style="list-style-type: none"> • Candidates may separate causes into demand-side or supply-side factors and there may be evidence of a diagram(s) • Increasing growth rates of emerging economies/economic recovery in developed and developing countries since the global health crisis has increased demand for all commodities • Saudi Arabia/OPEC reduction in supply of oil/keeping oil supply low; may refer to overt collusion by oil exporting nations / a decrease in non-OPEC production for oil • Price inelasticity of supply and/or demand increasing global commodity prices e.g. oil • Slowdown in technological progress e.g. USA and shale oil production due to increased environmental concerns • Reduction in supply due to external shocks e.g. greater conflict/civil wars in countries • Significant decline in production and/or productivity in the agriculture sector, increasing unit costs and export prices of commodities/oil e.g. weather/climate change • Increase in price of fertilisers caused by a large reduction in supply of agricultural commodities • Lack of reliability of non-renewable sources of energy e.g. solar, wind, therefore increasing demand for oil • Stricter government regulations on pollution associated with commodity production in certain countries • Weaker external value of the US dollar (as most commodities are generally priced in dollar terms) • Increased sanctions against commodity/oil exporting countries; would reduce commodity/oil exports • Under-investment in commodity production e.g. metals and oil <p>N.B. Award maximum of Level 3 (9 marks) if a candidate does not refer to examples of commodities in their answer</p>

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.
		<p>Evaluation (8 marks) – indicative content</p> <ul style="list-style-type: none"> • Significance of causes change over time • Prioritisation of the most significant cause • Different causes will be important for different commodities • Combination of factors will have a greater impact on commodity prices • SR v LR/time period considerations, e.g. oil prices may fall in the future • Cyclical effects – economies could fall back into recession or experience low rates of economic growth, thus reducing demand • Increase in current investment into new mines etc. will eventually lead to a fall in price e.g. as a result of increase in global supply • Comment on why oil prices may have increased faster than commodity prices in general • Significance of PED and PES in explaining the extent of the rise in price • Some commodities may have fallen in price over the same period

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.

