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Examiners' Report
June 2025

Int GCSE Economics 4EC1 02R

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Introduction

Overall, candidates generally demonstrated a secure understanding of economic concepts, and responses indicated that they had been well prepared for this paper. Across all sections, there was frequent use of accurate economic terminology. More able candidates showed strong application of their knowledge to the specific demands of the questions, while weaker responses tended to rely on general reasoning rather than economic principles. The paper required candidates to apply their understanding, and the strongest responses showed clear development of arguments. Timing was handled well by the majority of candidates.

Guidance on how the levels-based questions (6, 9 and 12) are marked:

When marking levels-based questions, such as those worth 6, 9 or 12 marks, examiners apply a **holistic approach**. This means we do **not** award marks for individual points of Knowledge, Application, Analysis or Evaluation, as we do with the shorter 2-mark and 3-mark questions. Instead, we assess the **overall quality of the response** and place it in the level that best fits, using the **level descriptors** in the mark scheme.

Key Principles:

- Examiners always read the entire response first before making any judgement.
- Examiners use the **descriptor table** (not the AO grid at the top of the mark scheme) when deciding on a level and a mark.
- The **indicative content** in the mark scheme is not exhaustive; it offers examples of what candidates might include. Valid responses that are not listed are always credited if they fulfil the descriptors.
- Examiners do not cap marks for lack of balance, generic responses or the absence of context. A one-sided response may still reach a higher level if the quality of reasoning and explanation is strong.
- Similarly, the presence of a brief or simplistic evaluation does **not** automatically lift a response into Level 2 or above.

Marking within Levels:

For 6-mark questions (2 marks per level):

- If both bullet points in a level are clearly met, examiners award the higher of the two marks.
- If the response only partially meets one or both bullets, examiners award the lower mark.

For 9-mark questions (3 marks per level):

- Examiners will identify the most appropriate level and then begin at the **mid-point** (eg 2, 5 or 8 marks).
- Examiners will then move up or down within the level depending on how well the response matches the descriptors.

For 12-mark questions (4 marks per level):

- Examiners read the whole response and then begin by selecting the appropriate level.
- Although there is no 'true' mid-point, 3 marks would represent the mid-point of Level 1, 7 marks for Level 2, and 11 marks for Level 3.
- Examiners then adjust within the level according to the strength of reasoning, development, structure and application to context.

Additional Points:

- **Context** can be taken from the extract or drawn from wider economic understanding. Responses can still achieve high marks without referring directly to the stimulus material.
- While a **conclusion** is expected in 12-mark questions, it is not awarded a separate mark. However, strong concluding judgement may strengthen the overall impression of the response.
- Examiners do not reward formulaic writing or the number of points made. What matters is how well the candidate develops and supports their argument.

Question 1(c)

A wide range of definitions were accepted for full marks, provided they were accurate, even if they did not match the wording of the mark scheme precisely. Full marks were awarded for definitions that clearly referred to the ***value*** of imports exceeding the ***value*** of exports. This could also be expressed in reverse, for example, stating that the value of exports is less than the value of imports. Any terminology indicating a comparison such as 'greater than' or 'exceeds' was accepted, as long as it related to value. However, only one mark was awarded where definitions referred to the ***quantity*** or ***amount*** of imports exceeding that of exports, as this lacks the required level of precision. Similarly, responses that simply stated that 'imports are greater than exports' were only credited with one mark. A significant number of candidates were limited to one mark because they omitted the term ***'value'*** in their definition.

(c) What is meant by the term current account deficit?

(2)

When the value of imports is greater than the value of exports

ResultsPlus
Examiner Comments

Total marks: 2 marks. Included 'value' in the definition and is an accurate definition.

ResultsPlus
Examiner Tip

Learn the definitions and ensure that these are accurate and have 2 parts to them.

(c) What is meant by the term current account deficit?

(2)

when a countrys amount of import is greater than their amount of exports.

ResultsPlus
Examiner Comments

Total marks: 1 mark (partial definition). This is not an accurate definition and is missing 'value'. Only 1 mark was awarded if value was missing and examiners did not accept 'amount' or 'quantity' either.

Question 1(d)

To gain any credit for this question, candidates had to identify a valid benefit of using quotas. No marks were awarded where no benefit was stated. The benefit could appear anywhere in the response, including at the end, and did not need to be the first point made. A wide range of valid benefits were accepted, including reducing unemployment, protecting domestic or infant industries, improving the current account, reducing imports, encouraging local production, limiting unfair competition, preserving jobs, improving the balance of payments and contributing to economic growth. The benefit could relate to firms, the wider economy or the government. For the development mark, examiners looked for a clear explanation of **how** or **why** quotas would produce the benefit identified such as by restricting foreign competition, increasing demand for domestically produced goods or helping firms to survive and maintain profits. As this question was worth only 2 marks, a high level of development was not required, unlike higher tariff questions. A noticeable number of candidates left this question blank.

(d) Describe **one** benefit to a country of using quotas for imported goods.

(2)

It can protect infant indusiry in the country. Because quotas limited the amount of goods and services with high competitiveness from abroad, this way people in the country need to buy domestic goods as well and infant industry will gain profit and wont go bankcruptcy easily.

ResultsPlus Examiner Comments

Total marks: 2 marks. Benefit: protect infant industry. Development: explains why this would occur in terms of people buying domestic goods/infant industry gains profit. There is more than needed for the development mark.

ResultsPlus Examiner Tip

If there is no valid way then the development mark cannot be awarded.

Question 1(e)

Candidates were awarded full marks for correctly calculating the answer as €885. Some candidates placed the euro symbol after the number (eg 885€), which was accepted. There was no requirement to include a currency symbol in the working and no marks were awarded for stating a formula or giving a definition. One mark was given where the correct numerical answer of 885 was provided but the euro sign was omitted. Similarly, one mark was awarded for using the correct method (eg 750 × 1.18) even if the final answer was incorrect. If the response gave £885, one mark was awarded to reflect the correct value but incorrect currency. Most candidates answered this question correctly, and few inaccurate responses were seen.

(e) Calculate the **price in euros (€)** of a UK-manufactured smartphone priced at £750 when the exchange rate is £1 = €1.18. You are advised to show your working.

(2)

750 X 1.18 = 885 €

ResultsPlus
Examiner Comments

Total marks: 2 marks. Correct final answer. Examiners accepted the € sign after the figures.

ResultsPlus
Examiner Tip

Units are not required in the workings and are only required in the final answer.

(e) Calculate the **price in euros (€)** of a UK-manufactured smartphone priced at £750 when the exchange rate is £1 = €1.18. You are advised to show your working.

(2)

$750 \times 1.18 = 885$

ResultsPlus
Examiner Comments

Total marks: 1 mark. Missing € sign so award 1 mark only.

ResultsPlus
Examiner Tip

Always show your working, this is stated in the question. You can still be awarded 1 mark for correct working with an incorrect answer.

Question 1(f)

To gain full marks for this question, candidates were required to shift the supply curve to the left and label it appropriately such as S (tariff) or S1. Any reasonable label was accepted, including simply 'S'. One mark was awarded for this correct shift and labelling. Arrows on their own, without a clearly labelled new supply curve, were not credited. A further mark was awarded for labelling a higher price on the vertical axis and another for labelling a lower quantity on the horizontal axis. Again, any clear labels such as P, P1, Q or Q1 were accepted. However, these marks were only awarded if a correctly shifted supply curve was present; candidates could not gain the price or quantity marks in isolation. No marks were awarded where both curves were shifted, where the demand curve was shifted or where the supply curve was incorrectly shifted to the right. A high proportion of candidates answered this question correctly and were awarded all three marks.

In January 2024, China introduced a 6% tariff on coal from Russia, South Africa, Mongolia and the US.

(f) Using the diagram below, draw the effects of the introduction of the tariff on the equilibrium price and quantity of coal in China. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

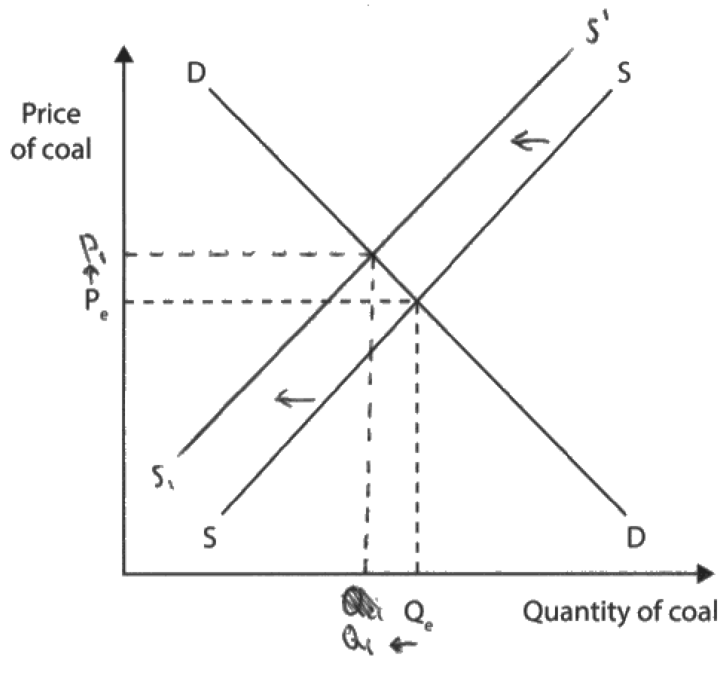

Figure 1

ResultsPlus Examiner Comments

Total marks: 3 marks. Correct diagram with labels.

ResultsPlus Examiner Tip

Use a ruler where possible for the diagram questions. Clearly label and remember that arrows are not to be used in place of labels.

In January 2024, China introduced a 6% tariff on coal from Russia, South Africa, Mongolia and the US.

(f) Using the diagram below, draw the effects of the introduction of the tariff on the equilibrium price and quantity of coal in China. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

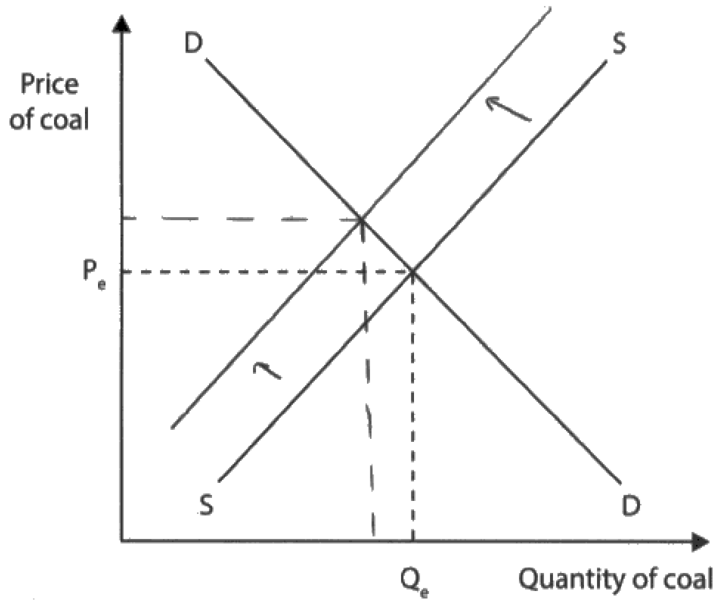

Figure 1

ResultsPlus
Examiner Comments

Total marks: 0 marks. This is missing the label on the new supply curve. Arrows are not a replacement for a label and the new curve must be labelled to be awarded the mark. The candidate has also not labelled the new equilibrium so cannot be awarded the marks for the higher equilibrium price and lower equilibrium quantity.

ResultsPlus
Examiner Tip

Make sure you label the new curve AND the new equilibrium on the axes.

Question 1(g)

No marks were awarded for defining pollution permits, as this was not required by the question. Responses that simply repeated phrases from the stem or question, such as ‘it protects the environment’, were not credited, unless they clearly developed why the environment would be protected. One mark was available for identifying a valid benefit. Examples included reduced air pollution, improved public health, lower carbon emissions or greater efficiency among airlines. The benefit could appear anywhere in the response, including at the end, but it had to be clearly stated in order for any development marks to be awarded. Without an identified benefit, no further marks could be given. Up to two additional marks were available for explaining the benefit or its cause or consequence. Common development points included references to firms investing in greener technology, pollution permits creating a cost for polluting, incentives to cut emissions or revenue raised for government. In many cases, the benefit and development points were interchangeable, depending on how the candidate had structured the response. For context, candidates needed to apply material from the extract meaningfully. Simply inserting airline names or copying phrases from the stem without further use was not rewarded. However, responses could still be awarded full marks even if they were generic and did not refer specifically to airlines. Stronger responses demonstrated clear use of economic reasoning, while many candidates were limited to 2 marks for identifying a valid benefit and offering a limited explanation of how pollution permits reduce pollution or protect the environment.

The UK Government allocates pollution permits to airlines such as easyJet and British Airways as part of its environmental strategy. The government reduces the total number of allocated pollution permits every year.

(g) Explain **one** possible benefit of using pollution permits to protect the environment for a country such as the UK.

(3)

Through pollution permits, ~~A~~ airlines will gain an incentive to reduce their emmisions and pollution levels, as they will then be able to sell the permit for profit. This will therefore decrease overall air pollution levels in the UK, improving the quality of the environment and human health.

ResultsPlus
Examiner Comments

Total marks: 3 marks. Benefit: decrease overall air pollution levels. Development: airlines will gain an incentive to reduce their emissions (consequence). Development/Context: they will then be able to sell the permit for profit (consequence). This response tells us why there would be a decrease in overall air pollution levels.

ResultsPlus
Examiner Tip

Try to fully explain your reason/impact/effect/advantage to gain all 3 marks rather than trying to 'shoehorn' in context from the information provided. Just inserting data or figures into your response is not classed as context and it must be used in the response for this to count as context. It is much easier to gain all 3 marks by using economic theory to explain a concept.

Question 1(h)

This question was marked using a levels-based approach, meaning individual points of Knowledge, Application or Analysis were not awarded in isolation. Examiners were instructed to take a holistic view, reading the entire response before assigning it to the most appropriate level based on the descriptor table. There were three levels available, with Level 3 requiring a contextualised argument that clearly showed causes or consequences and linked points effectively through analysis. No marks were awarded for simply providing a definition of GDP and responses that did only this were awarded 0 marks. The focus was on identifying and explaining the ***benefits of using GDP as a measure of economic growth*** for example, its ease of calculation, its value for international comparison or its usefulness to governments in informing policy. Candidates were not rewarded for the number of benefits mentioned; full marks could be achieved through a well-developed analysis of a single valid benefit. Application could take the form of references to India or the data in the stem, but candidates could still access the highest level through effective use of economic concepts alone, without specific contextual references. Responses that discussed ***how to increase GDP*** **or the** ***benefits of economic growth*** were not answering the question and were awarded no marks. Many weaker responses relied heavily on copying from the stem and lacked meaningful analysis, placing them in Level 1. Typically, Level 1 responses listed undeveloped benefits without explanation. To reach Level 2 or Level 3, candidates needed to show why GDP is a useful measure of growth, with at least some consequence or link in their reasoning. The presence of developed cause-and-effect analysis often indicated a Level 2 or above response. Although some candidates included evaluation, this was not required and was not rewarded. Overall, the majority of responses were placed in Level 1 or Level 2 and the question was not well-attempted by many candidates.

India was the fastest growing economy in the G20 group of nations with rapid economic growth of 7.2% in 2023. India's gross domestic product (GDP) growth rate in 2024 was forecast to be 6.9%.

(h) With reference to the data above and your knowledge of economics, analyse the benefits of using GDP as a measure of economic growth for a country such as India.

(6)

There are several useful aspects of GDP to help facilitate economic growth in a country like India. First, GDP is a universal and standardized metric, making it useful to measure and compare not only over time, but also between countries. For instance, India's GDP is projected to grow by 7.3% in 2023, which is meaningful information when positioning India's economic performance against the rest of the G20 nations, and a projected 6.9% for 2024 still reflects solid growth. GDP provides useful comparative information for policy-makers, investors and various organizations to analyses the overall state of the Indian economy.

Second, changes to GDP give clues to overall levels of economic activity, which assist governments in deciding on taxation, spending and monetary policies. Positive changes to GDP results in rising income levels, employment opportunities, and tax revenue, all of which the government can invest in public services, and etc. Lastly, GDP growth will spark interest in attracting foreign direct investment into India, as the root of computer brain trust is to if Indian economic growth was producing an economy that is growing and RoI will be realized as a result. However, whether or not it is valuable to have the GDP metric is that while it is useful, it does not measure wealth inequality, or environmental degradation or informal economic activities, which are particularly relevant in a diverse economy such as India. Nonetheless, as a general measure of value, GDP has established itself as an effective needle for measuring our economic progress.

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Examiner Comments

Total marks: 6 marks (Top Level 3). A very good response. The first paragraph does attempt to show the benefits. Second paragraph shows how the Indian Government can then target areas of the economy. Developed analysis but no marks have been awarded for the attempt at evaluation towards the end of the response. Matches everything in the level descriptor so award at the top of the level.

ResultsPlus
Examiner Tip

Do NOT evaluate on the 6-mark questions as these are looking for a one-sided response only.

Question 2(c)

Any suitable trade-off was accepted and responses did not need to match the mark scheme exactly. Many candidates correctly identified trade-offs listed in the specification such as unemployment or economic growth. A single word was sufficient. There was no requirement to explain the trade-off. Responses could refer to either a positive or negative trade-off, as the question did not specify whether inflation was high or low. It was not necessary to qualify the term with words like 'higher' or 'lower'; for example, simply stating 'unemployment' or 'economic growth' was acceptable. 'Higher employment' was also credited in place of 'unemployment'. However, a number of candidates gave consequences of inflation rather than identifying a trade-off, such as reduced spending, increased poverty or higher interest rates. These were not rewardable. There were many incorrect attempts and a significant number of candidates left this question blank.

(c) State **one** possible trade-off with inflation.

(1)

One trade off would be economic growth.

ResultsPlus
Examiner Comments

Total marks: 1 mark. Acceptable trade-off and does not need to explain it. Does not need to say higher/more/increased as only 1 mark.

ResultsPlus
Examiner Tip

The response does not need to be detailed and often a one-word answer is enough, such as unemployment or economic growth.

Question 2(d)

As is often the case with definition questions, a range of responses outside the mark scheme were seen and accepted, provided they were accurate. Candidates could be awarded full marks for any precise definition of a direct tax, even if it did not match the wording of the mark scheme. One mark was awarded for clearly identifying who is being taxed, for example, stating that the tax is imposed/charged/levied on individuals or firms. Simply referring to a tax being added or imposed without specifying the taxpayer was not sufficient. Either individuals or firms needed to be mentioned, but both were not required. The second mark was given for identifying what is being taxed such as income, wealth or profits. Partial definitions, such as "taxes on profits" (which lacks who is taxed) or "taxes imposed on firms" (which lacks what is taxed) could be credited with 1 mark. Full marks required both elements: who is taxed and what they are taxed on. Responses that defined an indirect tax were not credited. No marks were awarded for vague or incorrect statements, such as defining it as a tax paid directly to the government or describing it as progressive. A large number of responses lacked precision and could not be rewarded.

(d) What is meant by the term direct tax?

(2)

Direct tax is the charge imposed on individuals wage, a firm's profits, which is set by the government.

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Examiner Comments

Total marks: 2 marks. Award 1 mark for taxes imposed on individuals and firms (who). Award 1 mark for reference to wage and profits (what). Although different to the MS, it covers who and what is being taxed. Does not need to cover both individuals and firms.

ResultsPlus
Examiner Tip

Do not use examples in your definitions as these cannot be rewarded.

Question 2(e)

No marks were awarded for defining privatisation, as this was not the focus of the question. To access marks candidates had to identify a valid disadvantage of privatising school meals. Accepted disadvantages included lower pay or poorer working conditions for staff, job losses, increased prices, reduced quality, negative impacts on living standards or adverse effects on the wider economy or government. The disadvantage could relate to any stakeholder group such as employees, schoolchildren, the wider community or the government, and could appear anywhere in the response. Without a valid disadvantage clearly identified, no further marks could be awarded. Up to two additional marks were given for explaining the cause or consequence of the disadvantage. Many candidates linked their development to profit maximisation, with firms reducing costs at the expense of quality or employment. In such cases, a statement like "private firms aim to maximise profit by cutting costs" could be credited with one development mark. The disadvantage and its development were often interchangeable, depending on the structure of the response; for example, "lower quality food" could serve as either. Context marks were only awarded where the context from the stem such as school meals was used meaningfully within the explanation; simply copying out terms or inserting them without development did not meet the threshold. Responses could still be awarded full marks even if they were entirely generic. Stronger responses used appropriate economic terminology and reasoning, while many candidates were limited to 2 marks for identifying a valid disadvantage and offering a brief explanation of its cause or consequence.

In February 2024, North Tyneside Council in the UK said it will privatise the provision of school meals. Trade unions are concerned that this will affect pay and working conditions for the existing employees who currently provide the meals at schools.

(e) Explain **one** disadvantage of privatising the provision of school meals in North Tyneside.

(3)

Privatisation is the transfer of a good/service from the public sector to the private sector. As private firms aim to maximise profit, the seek to cut costs which can have an impact on labour. Privatised provision of school meals may affect workers due an increase in layoffs or a reduction in wages which may lead to poorer working conditions for employees.

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Examiner Comments

Total mark: 3 marks. Disadvantage: may affect workers – increase in layoffs or reduction in wages. Development: private firms aim to maximise profit, they seek to cut costs (cause). Development: may lead to poorer working conditions for employees (consequence).

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Examiner Tip

No marks are available for definitions on the Explain questions.

Question 2(f)

One mark was awarded for each correctly labelled stage of the economic cycle. The accepted answers were *Boom*, *Downturn* and *Recession* with *Slump* or *Depression* also accepted in place of *Recession*. No other terms were credited for these labels. Spelling errors were not penalised, provided it was clear that the intended word was correct, particularly in the case of 'recession'.

(f) Using the diagram below, label the remaining three stages of the economic cycle in the boxes on the diagram.

(3)

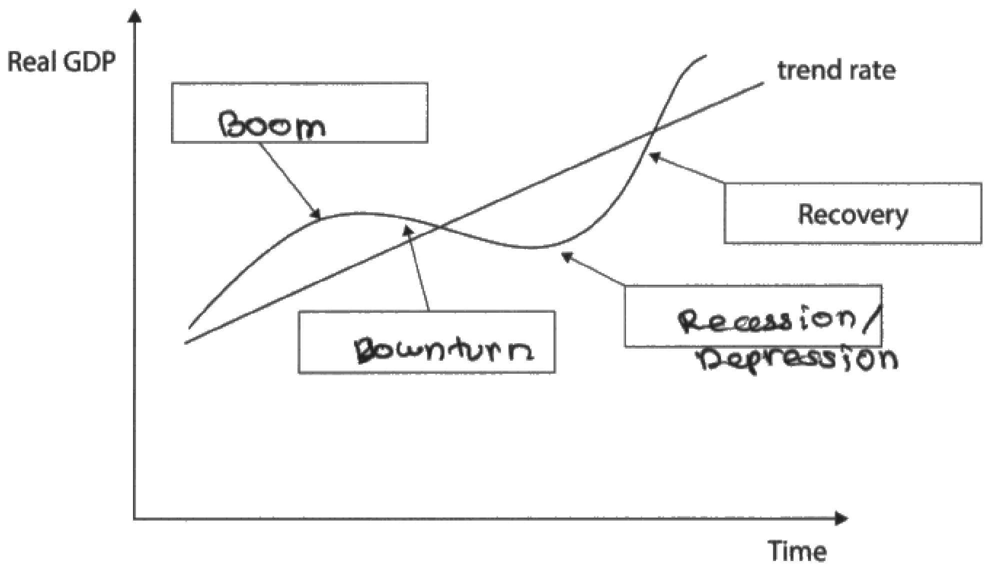

Figure 2

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Examiner Comments

Total marks: 3 marks. Correct labels. Examiners accepted recession, depression or slump for box 3.

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Examiner Tip

Please write clearly and if you do need to change your answer, cross it out and make sure it is very clear to the examiner what your final answer is.

Question 2(g)

This question was marked using a levels-based approach, meaning individual points of Knowledge, Application, Analysis or Evaluation were not credited in isolation. Examiners took a holistic view, reading the full response before placing it in the most appropriate level based on the descriptor table. There were three levels available, with Level 3 requiring a contextualised, two-sided argument that demonstrated clear analysis and understanding. Responses did not automatically achieve Level 2 or above simply by including a statement of evaluation, nor were they restricted to Level 1 if evaluation was absent. The level awarded depended entirely on how well the response matched the descriptors.

No marks were awarded for simply defining subsidies. A number of candidates drew directly from the extract to outline benefits such as improved air quality, reduced pollution or environmental protection. Others discussed how subsidies could encourage innovation in solar-powered stoves and further reduce environmental harm. These benefits were credited, though stronger responses developed the analysis independently, rather than relying solely on repetition of the information provided. In many cases, candidates just paraphrased the information given without adding any economic theory. In contrast, the counter argument often helped differentiate stronger responses, with better candidates exploring issues such as opportunity cost and concerns about the effectiveness of subsidies in reducing pollution.

Some responses offered alternative policies such as fines or regulation instead of subsidies; however, this was not accepted as evaluation unless there was first some consideration of the disadvantages of subsidies themselves. Alternative policies were not required for full marks. Simplistic or generic evaluation such as paraphrased points or brief commentary was characteristic of Level 1 or the bottom of Level 2. More developed evaluation that used economic concepts and theory more effectively could lift a response to Level 2 or Level 3.

Application could come from the extract or from the candidate's own understanding of economic concepts, and responses were not capped for being generic or one-sided. The focus of higher-level responses needed to remain on the ***benefits to the environment*** of using subsidies; broader evaluations of subsidy policy in general were not credited beyond their relevance to environmental impact. A conclusion was not required, but examiners were advised to read it in case it contributed something of merit. Most responses fell into Level 1 or low Level 2, with a significant number unable to move beyond the lowest level due to limited development or lack of balance.

Bboxx, a firm that makes solar-powered stoves, received a $17m subsidy to reduce the price of its products. This subsidy will be used to encourage the use of solar-powered stoves in Rwanda where many households currently use firewood or coal to cook their meals.

More than 500,000 households in Rwanda will benefit from this subsidy programme. They will no longer have to burn firewood and coal, which create harmful and dangerous pollutants.

The subsidy programme is designed to reduce the percentage of households that use firewood for cooking from 80% in 2017 to 42% by 2024. This will reduce carbon emissions in Rwanda.

(g) With reference to the data above and your knowledge of economics, assess the possible benefits to the environment of providing subsidies for solar-powered stoves in Rwanda.

(9)

Subsidies are financial support provided by the government. The subsidy provided will mean that Bboxx are able to make solar-powered stoves with a lower cost which means they are able to produce more. ~~That~~ With the $17m subsidy, Bboxx can charge stoves at a lower price with lower cost. This means that more people in Rwanda are attracted to buy the stoves as it is cheaper. This means that less people will have to burn firewood and coal. This will create less ~~ha~~ ~~the~~ harmful and dangerous polutants, this will create less carbon dioxide emissions which will make air quality better. ~~[illegible]~~ This can benefit the environment with cleaner air. As ~~[illegible]~~

From 80% in 2017 to 42% in 2024, the carbon emissions reduced a lot. The animals and plants are able to survive longer because they can breathe in fresher and healthy air. Plants will be able to use the carbon dioxide and make the environment greener as there are more trees when they reproduce. This can benefit the environment. However, subsidy puts Rwanda in a more financially difficult situation as this may lead to national debt. Rwanda may need to borrow money from other countries as they may not have enough, not a long term solution to help the environment. This means that they have to repay back the debt in future days which puts a burden on the economy. Opportunity cost is also created as Rwanda may not be able to spend on other things like healthcare, education which may be more important. The use of fines and tax may be more effective. On the balance of evidence, I think providing subsidies may not be the best idea to helping the environment.

(Total for Question 2 = 20 marks)

- Tax may be more helpful to environment and firms may become reliant on government,
- unable to produce greener goods as there is no support, no incentive to protect environment.

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Examiner Comments

Total marks: 9 marks (Top Level 3). A very good response that demonstrates clear knowledge and application of economic concepts. It has a two-sided argument which analyses the benefits of subsidies for protecting the environment. Provides a counter argument/balance with several strands and it makes good use of the evidence to support the argument. The counter argument not only gives the disadvantages of subsidies but considers alternative methods which might be more effective.

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Examiner Tip

The 9-mark questions do not need a conclusion so do not waste time writing one. Focus on the arguments for and against and try to use the information provided to support your assessment rather than just copying large chunks of it.

Question 3(c)

No marks were awarded for defining a fiscal deficit, although many responses began with this. Examiners were advised to watch for confusion between a fiscal deficit and a current account deficit. If the response referred to imports and exports, even if it included otherwise valid points, it was not credited and awarded 0 marks. Candidates also received no credit for simply repeating phrases from the question or stem.

One mark was awarded for identifying a valid disadvantage of a fiscal deficit. Acceptable examples included inflation, higher taxes, lower living standards, increased debt, opportunity cost or lower economic growth. The disadvantage could appear anywhere in the response, but it had to be clearly identified in order to access the remaining two marks. Without this, no further marks were awarded. Up to two additional marks were given for explaining the cause or consequence of the disadvantage. For example, many candidates linked a fiscal deficit to higher taxation and its effect on disposable income or public services. The disadvantage and its development were often closely related, for instance, ‘higher taxes’ and ‘lower living standards’ could be treated as either, depending on how the response was structured.

Contextual references such as figures from the stem (eg $1.6tn to $2.6tn) were only credited when integrated meaningfully into the response; simply inserting them without development was not sufficient. Candidates could still achieve full marks without referring to the US or the specific data, provided their response was generic but well-explained. Stronger responses used appropriate economic terminology and clear reasoning, whereas many candidates were limited to 2 marks for identifying a valid disadvantage with a brief or partial explanation.

The fiscal deficit of the US is expected to increase from $1.6tn to $2.6tn over the next 10 years.

(c) Explain **one** possible disadvantage of having a fiscal deficit for a country such as the US.

(3)

A fiscal deficit is a debt incurred by the state due to ~~national~~ government borrowing and spending exceeding budget. One disadvantage would be the opportunity costs of future government revenue profits that are used to repay ~~its~~ national debt. Earnings by the government in future generations could have been used to improve ~~quality~~ citizen living standards by improving public infrastructure, or ~~investing in promising~~ providing grants to domestic businesses, or FDI, but need to be used to repay ~~its~~ national debt instead, thus missing out on the potential benefits above.

ResultsPlus
Examiner Comments

Total mark: 3 marks. Disadvantage: opportunity costs. Development: earnings in future generations could have been used to improve citizen living standards (cause). Development: by improving public infrastructure or providing grants to... but need to be used to repay national debt instead (consequence).

ResultsPlus
Examiner Tip

To score highly on the 3-mark questions, try and explain WHY something might happen or WHY it might occur.

Question 3(d)

This question was marked using a levels-based approach, with no credit given for isolated points of Knowledge, Application, or Analysis. Examiners were instructed to take a holistic view of the response and place it in the most appropriate level based on the descriptor table. There were three levels, with Level 3 requiring a contextualised argument that clearly linked causes and consequences through developed analysis.

No marks were awarded for simply defining inflation or shoe leather costs, and responses that referred to literal shoes such as the cost of making or buying footwear were also given 0 marks, as this demonstrated a misunderstanding of the economic concept, which is clearly stated in the specification. To achieve credit, candidates needed to explore how and why shoe leather costs might increase, for example, by referring to the increased effort or time spent searching for better prices during periods of inflation. Any valid line of reasoning was accepted.

Candidates were not rewarded for the number of points made; full marks could be awarded for the clear development of a single valid impact. Application could come from the extract or from wider economic understanding and generic responses were not capped. Candidates could still access Level 3 without direct reference to the UK or the data provided. However, many responses relied heavily on copying from the stem without offering analysis, which generally placed them in Level 1.

To access Level 2 and above, the response needed to go beyond assertion and show some form of consequence or reasoning as to why shoe leather costs might increase. Evaluative comments were disregarded, as evaluation was not required for this question. Overall, most responses fell into Level 1 or low Level 2, and a high number of candidates left the question blank or showed significant confusion about the concept.

Consumers in the UK are very unhappy with another rise in inflation. The consumer price index (CPI) was 3.9% in November and increased to 4% in December 2023.

(d) With reference to the data above and your knowledge of economics, analyse the possible impact of rising inflation on shoe leather costs for consumers in the UK.

(6)

Rising inflation, such as the consumer price index (CPI) measure for inflation rising from 3.9% in November to 4% in December 2023, can contribute to increased shoe leather costs to UK consumers. Shoe leather costs refers to the exercise that consumers engage in to reduce any loss of purchasing power due to inflation. It is an increase in time and effort. If every price keeps rising then money disappears faster and people will try to reduce the amount of cash they hold by visiting the bank more frequently for withdrawal or for transferring money into interest-earning accounts.

The opportunity cost of time will rise with inflation and consumers will inevitably spend greater amounts of time seeking out the best deals or debating which shop or online retailer they will purchase from to return to a buying strategy, especially in times of high inflation. This exacerbates the shoe leather costs associated with inflation, and inefficiency has real costs in time, inconvenience, and possibly transport. UK consumers with 4% inflation may travel to multiple retailers to asses price differences, or purchase bulk goods before prices continue rising through their purchase. The US Bureau of Labor Statistics reported that US consumers were paying 8% more for good and services in February 2022 than a year prior. Although the ngame is figurative, it is proper to say that to protect oneself in an inflationary environment one may engage in shopping practices that could be classified as "shoe leather" practices.

Generally, rises in inflation increase money-related opportunity cost, therefore increasing shoe leather costs. Although each action has an insignificant individual impact on the economy, they can accumulate for millons of consumers in aggregate which then becomes much more impactful.

ResultsPlus
Examiner Comments

Total marks: 6 marks (Top Level 3). This is an excellent response. It does far more than is needed for Level 3. There is very clear understanding of shoe leather costs and the reasons for these to increase.

ResultsPlus
Examiner Tip

All the 6, 9 and 12-mark questions are marked holistically. This means that the quality of the response is more important than the number of impacts given. A response with one really detailed impact could score all 6 marks whereas a response that lists a series of impacts might only score 1 or 2 marks depending on the quality.

Question 3(e)

A number of candidates simply gave definitions of monetary policy or unemployment without any development. These responses were awarded 0 marks, as no marks were available for Knowledge alone. To be credited, responses needed to explain how monetary policy could reduce unemployment in France. Valid lines of reasoning included how lower interest rates might encourage consumer spending and business investment, potentially increasing demand for labour. Responses had to focus specifically on unemployment; many candidates failed to answer the question as set and instead discussed the role of monetary policy in reducing inflation or increasing economic growth. Such responses were not credited, even if they included accurate economic reasoning.

For the counter argument or balance, examiners accepted any valid points explaining why monetary policy might not reduce unemployment. These included issues such as time lags, the nature of the unemployment in question or the risk of inflationary pressure arising from expansionary monetary policy. Responses that simply suggested using fiscal or supply-side policy instead of monetary policy were not credited as evaluation unless they had first outlined a limitation of monetary policy itself. Evaluation had to be relevant and grounded in an assessment of monetary policy to score well.

Application could come from the data provided in the extract or through use of relevant economic theory. Many candidates used the data table effectively to support their arguments. One-sided responses were not capped and could still achieve the higher levels, provided the analysis was well-developed and contextualised. A conclusion was not required, but examiners were asked to read it in case it added anything of merit. A large number of responses copied heavily from the stem or misunderstood the focus of the question. Many were unable to move beyond Level 1, or only just reached Level 2. Confusion between monetary, fiscal and supply-side policy was common, and where responses focused entirely on the wrong policy area, 0 marks were awarded.

Gross domestic product (GDP) growth in France is forecast to remain low over the next two years. Consumer spending is expected to improve as inflation reduces. However, a weak outlook for the German economy, France's main trade partner, and low growth in China are expected to limit any increases in growth.

As a result, unemployment levels are expected to remain high. The interest rate in France (as set by the European Central Bank) was 4.5% in December 2023, but may change in the future.

France	December 2023
GDP growth rate	1%
Inflation	5.8%
Unemployment	7.2%

Figure 4

(e) With reference to the data above and your knowledge of economics, assess how effective monetary policy might be in ~~decreasing~~ unemployment for a country such as France.
~~less~~ reduce unemployment

(9)

Monetary policy is the use of money supply and interest rate to affect demand. When ~~increasing~~ decrease interest rate, more people are willing to spend more on goods and services as the cost of borrowing decreases. They have more money to buy goods and services. The interest rate is set 4.5% and reducing will attract more people to buy goods in France. This may stimulate growth as more people buy goods, aggregate demand increases which means more output. Firms need to hire more people ~~to~~ inorder to produce more goods. This can reduce unemployment. This can stimulate economic growth and change the forecast. Increasing money supply will also mean there are more money available in the market. Firms are able to invest and produce more goods, they will be willing to hire more people and reduce unemployment of 7.2%.

~~[illegible]~~ However, monetary policy has time lag and cause delay which may cause unemployment to happen later. People may not be able to respond to the change immediately. Monetary policy may not be able to reduce structural and frictional unemployment as they may not have the skill to work. This means that firms may choose not to hire them. These people ~~[illegible]~~ does not add value and productivity, so unemployment may remain the same. Interest rate cannot be lowered to an unlimited amount, so ~~[illegible]~~ it's a short term solution as it cannot be negative. This means that unemployment may rise quickly after interest rate

increases.
I think that monetary policy may not be the most effective, ~~to~~ education and training may be ~~more~~ better to reduce unemployment.

(Total for Question 3 = 20 marks)

ResultsPlus
Examiner Comments

Total marks: 9 marks (Top Level 3). A very good response. It demonstrates clear knowledge and application of economic concepts. It has a two-sided argument which analyses why monetary policy could reduce unemployment. Provides a counter argument/balance with several strands including referring to it depends on the type of unemployment in France. Makes good use of the evidence in terms of using the data to support the arguments. Matches the level descriptor so awarded at the top of the level.

ResultsPlus
Examiner Tip

A response does not automatically achieve Level 2 (or higher) merely by including some sort of weak assessment. Conversely, it can move beyond Level 1 without any assessment. The overall mark awarded depends on the overall quality of the response and how closely it matches with the descriptors for each level.

Question 4(a)

Candidates were awarded 2 marks for giving the correct answer of 2.51% with both the percentage sign and the value correctly rounded to two decimal places. Where the final answer was 2.51 without the percentage sign, 1 mark was awarded. If the correct answer was not given but the candidate had shown accurate working, including multiplication by 100, 1 mark was awarded. It was essential that any working included the multiplication by 100 to be credited; answers showing 2.5% without supporting working, or with working that lacked × 100, were awarded 0 marks. No marks were given for stating a formula or definition alone. Most candidates answered this correctly.

4 Figure 5 shows the population of Ghana and the number of people employed on small cocoa farms in Ghana in 2024.

	2024
Population	34,532,935
Employed on small cocoa farms	867,000

Figure 5

(a) Calculate, to two decimal places, the **percentage of the population employed** on small cocoa farms in Ghana in 2024. You are advised to show your working.

(2)

$$\frac{867{,}000}{34{,}532{,}935} \times 100 = 2.51$$

ResultsPlus Examiner Comments

Total marks: 1 mark. Missing % sign so award 1 mark as per the mark scheme.

ResultsPlus Examiner Tip

Always show your working and double check your answer is given to two decimal places and has the correct units.

4 Figure 5 shows the population of Ghana and the number of people employed on small cocoa farms in Ghana in 2024.

	2024
Population	34,532,935
Employed on small cocoa farms	867,000

Figure 5

(a) Calculate, to two decimal places, the **percentage of the population employed** on small cocoa farms in Ghana in 2024. You are advised to show your working.

(2)

$\frac{867,000}{34532935} \times 100 = 2,51\%$

ResultsPlus
Examiner Comments

Total marks: 2 marks. Correct answer with % sign and to two decimal places.

ResultsPlus
Examiner Tip

Always include x 100 in your working for the percentage questions.

Question 4(b)

This question was marked using a levels-based approach, with a focus on the quality of analysis rather than the number of points made. Examiners were looking for responses that explained how the new road would benefit Ghana, with credit given for analysis focused on any relevant stakeholder group, including consumers, firms, the government or the wider economy. Many candidates linked the road to potential benefits such as reduced unemployment, improved productivity or more efficient transportation of raw materials.

Candidates could access Level 3 with a well-developed explanation of just one benefit, provided the analysis was detailed and demonstrated a clear chain of reasoning. Application could come from the context in the stem or through the use of economic concepts and theory. Basic assertions, such as stating that unemployment would fall without explaining why, were characteristic of Level 1. To reach Level 2 or Level 3, responses needed to go beyond assertion and show cause-and-effect reasoning, for example, explaining how better infrastructure might attract investment or reduce business costs.

Evaluative comments were not required for this question and were disregarded. Responses that only defined infrastructure, with no further development, were awarded 0 marks. Overall, a better range of responses was seen on this question, with a number of candidates reaching Level 2 and some accessing Level 3 through strong analysis and appropriate use of economic concepts.

In June 2023, the Vice-President of Ghana, Dr Mahamudu Bawumia, agreed to the building of a 31.2 km highway costing $50m. The construction is part of a 67 km highway that would link central areas of Ghana to the northern regions and neighbouring countries.

(b) With reference to the data above and your knowledge of economics, analyse how spending on road infrastructure could benefit a country such as Ghana.

(6)

Investing in road infrastructure, like Ghana's proposed 31.2km highway, can have a number of positive economic effects. Better roads can make it more efficient to move goods - especially agricultural items like cocoa - from farms to ports or markets by cutting down on travel time and expenses. By improving farmers' access to buyers, this promotes trade and raises rural incomes.

Regional economic development can also be boosted by improved communication between the central and northern regions, as well as even neighboring countries. Because they offer dependable routes for distribution and logistics, new roads can boost industries, draw in investment, and promote tourism. Additionally, through the multiplier effect, the building phase itself boosts demand in the local economy and generates jobs.

Long-term, better infrastructure boosts competitiveness and productivity, promoting steady economic growth. The extent of the gain, however, is dependent on whether the road connects regions with significant economic potential and on appropriate upkeep. Such expenditures have the potential to significantly improve national growth and lessen regional disparities if they are properly handled.

ResultsPlus
Examiner Comments

Total mark: 6 marks (Low Level 3). A very good response. This response shows clear knowledge and understanding. Detailed analysis of how the new road will help to reduce unemployment and that materials can be transported. Very good use of economic concepts.

ResultsPlus
Examiner Tip

Try to use the data provided to support your analysis. It is there to help you with application and context and remember that there are no marks for evaluation on these types of questions.

Question 4(c)

This question was marked using a holistic, levels-based approach, with responses placed in one of three levels according to the descriptor table. Examiners were looking for a contextualised, two-sided argument focused specifically on cocoa farmers, culminating in a supported judgement or conclusion. A response did not automatically reach Level 2 or above simply by including a statement of evaluation, nor was evaluation required to move out of Level 1. The mark awarded was based entirely on the overall quality and coherence of the response, rather than the presence or absence of individual components.

No marks were awarded for definitions and responses that simply defined globalisation without further development were given 0 marks. Valid benefits of globalisation for cocoa farmers included increased market access, higher profits or greater investment from multinational companies. Valid disadvantages, most often drawn from the extract, included exploitation by large firms, poor living standards and intensified competition from other cocoa-producing countries. Whilst many candidates covered multiple benefits and drawbacks, the number of points made was not assessed; instead, credit was given for the depth of analysis and the clarity of reasoning.

Application was rewarded whether it came from the data provided in the extract or from accurate use of economic theory. Weaker responses tended to rely heavily on the wording of the stem or offered lists of advantages and disadvantages without development, typically placing them in Level 1 or low Level 2. Stronger responses offered more balanced reasoning and made clear links between cause and consequence, often moving into mid-Level 2 or higher. Although a conclusion was required for the 12-mark question, many conclusions simply repeated earlier points. Whilst a few candidates demonstrated the depth and balance required for Level 3, the majority of responses remained in Level 1 or Level 2.

Cocoa is a major ingredient in the manufacture of chocolate products. Ghana is the world's second-largest producer of cocoa, which accounts for 3.5% of gross domestic product (GDP).

Almost all the cocoa is exported, generating more than $2bn annually through foreign exchange. Many people are employed directly in the production of cocoa, with most cocoa grown on small farms.

Oxfam said that 90% of cocoa farmers in Ghana do not earn enough income and cannot afford enough food or other basics such as clothing, housing and medical care. Many of the 867,000 farmers in the country survive on just $2 a day.

Meanwhile, the world's four biggest chocolate producers are enjoying large profits. Hershey, Lindt, Mondelēz and Nestlé have seen their profits increase by 16% in recent years as demand for chocolate products has risen.

(c) With reference to the data above and your knowledge of economics, evaluate the possible benefits of globalisation for cocoa farmers in Ghana.

(12)

Globalization denotes the growing interdependence of economies through trade, investment, and the movement of information as well as people. It spells both potential profits to cocoa-farmers in Ghana alongside serious constraints simultaneously. Being the world's second largest producer of cocoa, Ghana is automatically integrated into the world market. This is because cocoa farmers earn over $2 billion per annum through the exporting of cocoa and earning foreign exchange.

One of the many merits that comes with globalization is international market access. Cocoa farmers have access to global markets because of the presence of multinational chocolate manufactures like Nestle, Mondelez, Lindt and even Hershey's. There has also been rising demand for chocolate products in the global market which has led to an increase of 16% profit for these companies. In addition, this export led demand ensures that the 867,000 people employed in cocoa farming in Ghana are able to sustain themselves in rural areas where employment opportunities are few. Globalisation also has the potential of causing the transfer of knowledge and skills. Some farmers get trained on better cocoa processing, sustainable farming techniques, and even a few crop yield boosters. In the long run, some farmers stand the chance of increasing their productivity and income through these techniques.

Overall, globalisation is opening up doors for the cocoa farmers in Ghana to access various markets, come up with foreign earnings as well as be potential for the training to achieve the target, but an uneven distribution of benefits is a case in point. It is a sad story that most of the farmers are in poverty while the chocolate tycoons benefit from the rising profits. The only way that they will receive support from globalisation is through fair trade policies, proper farm prices, and partnerships which support both local producers and the host country through value-adding production.

Moreover, the revenue that comes from cocoa export worths $2 billion not only adds to the foreign reserves of the country but also helps in the balance of payments of Ghana and also enable the government to invest in infrastructure, education, and healthcare - some services that indirectly may benefit the rural farming communities.

However, the evidence indicates that the advantages of globalization get to the poor only in a small portion. According to Oxfam, nearly 90 percent of cocoa farmers in Ghana are living on wages too low to cover the cost of even the most basic needs of a family such as food, housing, and healthcare. Most of them have a daily income of $2 at most which signifies extreme poverty even through they are engaged in world trade. The result is that only a handful of agro-companies, and not the farmers are the ones who take the larger share of the profit in the chocolate supply chain. The powerful position of some key firms in the market can get the prices paid to the farmers down and that way the local producers will not benefit from the exposure to the market through the trend.

Furthermore, can be paying to those farmers whose expertise is growing cocoa beans which is often related to a dramatic loss of cocoa farmers income which can reflect the situation where farmers have no authority over price and output decision information which may be identified with a situation of price uncertainty which......? Applying the strategy which is appropriate in the case of production costs falling with the rise in production which will still be dependent on the social overhead capital?

Overall, globalisation is opening up doors for the cocoa farmers in Ghana to access various market, come up with foreign earnings as well as be potential for the training to achieve the target, but an uneven distribution of benefits is a case in point. It is a sad story that most of the farmers are in poverty while the chocolate tycoons benefit from the rising profits. The only way that they will receive support from globalisation is through fair trade policies,

(Total for Question 4 = 20 marks)

proper farm prices, and partnerships which support both local producers and the host country through value-adding production.

TOTAL FOR PAPER = 80 MARKS

ResultsPlus
Examiner Comments

Total mark: 12 marks (Top Level 3). This is an excellent response with a two-sided evaluation. There is excellent use of economic concepts throughout. Developed chains of reasoning on both sides. Gives a conclusion that lifts the response even more. This goes above what we would expect for 12 marks.

ResultsPlus
Examiner Tip

For evaluation, always evaluate the economic concept in the question first BEFORE considering alternative methods, otherwise you are not really evaluating and will not be able to access the full range of marks available.

Paper Summary

Based on their performance on this paper, candidates are offered the following advice:

- Read each question carefully, paying close attention to the command words. Some responses suggested a lack of understanding of what the question required and how to structure an appropriate answer.
- 'What is meant by' questions always require two distinct parts in the explanation; examples are not credited.
- Quantitative skills will be assessed throughout the paper, including calculations, diagrams and the use of data from the Extracts.
- For calculation questions, correct units must be included and answers should be given to two decimal places where specified.
- Diagrams must be accurately labelled, and any shifts should be clearly indicated with new labels; diagrams without this cannot be rewarded.
- ‘Explain’ questions do not require a definition of the key term, so candidates should avoid spending time including one.
- ‘Analyse’ questions are worth 6 marks and require a one-sided argument only; evaluation is not necessary.
- ‘Assess’ and ‘Evaluate’ are evaluative command words, and candidates must present both sides of an argument to access full marks.
- Application is essential throughout the paper and can be drawn from the Extracts or from relevant examples chosen by the candidate.
- The Extracts are there to support answers, but copying large sections from them will not be rewarded.
- Candidates should aim to use economic theory and terminology rather than relying on generic or common-sense responses.
- Time management is important – ensure sufficient time is allocated to the 12-mark question at the end of the paper.

Grade boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link: https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html

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