



Mark Scheme (Results)

November 2025

Pearson Edexcel International GCSE In Economics
4EC1/02

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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.

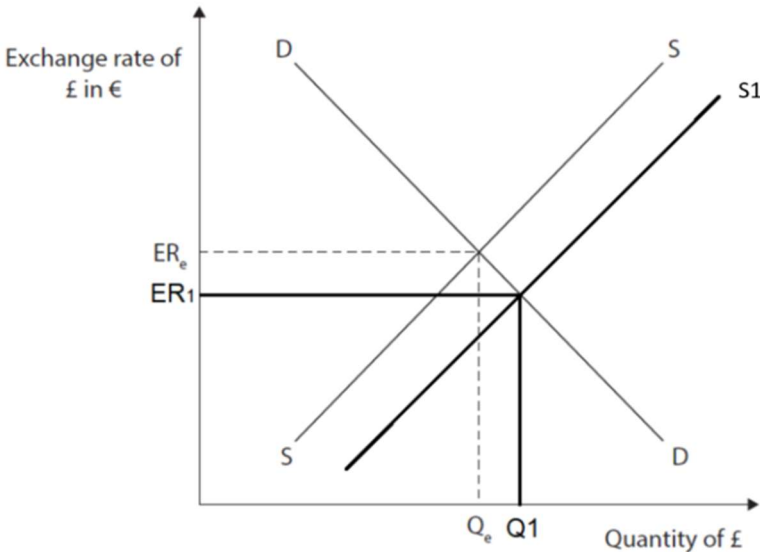
Question Number	Which one of the following best defines deflation?	Mark
	Answer	
1(a)	AO11 mark The only correct answer is: C A decrease in the general price level of goods and services over time A is not correct because this describes inflation B is not correct because rapid economic growth is associated with economic expansion, not deflation D is not correct because this describes a recession	(1)

Question Number	Which one of the following is an example of a supply-side policy?	Mark
	Answer	
1(b)	AO11 mark The only correct answer is: A Investing in education and training B is not correct because this is an example of monetary policy C is not correct because this is an example of fiscal policy D is not correct because this is an example of a monetary policy	(1)

Question Number	What is meant by the term demand-pull inflation?	Mark
	Answer	
1(c)	AO1 2 marks Award 2 marks for a correct definition Inflation caused by too much demand in the economy (1) relative to supply (1) OR Inflation caused by too much demand in the economy (1) causing a rise in the general price level (1) Accept any other appropriate response	(2)

Question Number	Describe one advantage of privatisation for a consumer.	Mark
	Answer	
1(d)	AO1 2 marks Award 1 mark for reference to an advantage for a consumer and 1 mark for development of an advantage for a consumer One advantage is better-quality goods/services (1). Private companies often work harder to improve what they offer because they want to attract more consumers (1) Accept any other appropriate response	(2)

Question Number	Calculate, to two decimal places, the country's percentage rate of unemployment . You are advised to show your working. Answer	Mark
1(e)	A02 2 marks Award 1 mark for showing the calculation $\frac{550,000}{4,300,000} \times 100 \text{ (1)}$ Award 1 mark for the correct answer = 12.79% (1) Award 2 marks if the correct answer 12.79% is shown even if no calculations are shown Award 1 mark if the answer given is 12.79 even if no calculations are shown Do not award marks for the formula	(2)

Question Number	Using the diagram below, draw the likely effect of an increase in imports from Europe on the equilibrium exchange rate of the UK pound (£) against the euro (€). Label the new curve, the new equilibrium exchange rate and the new equilibrium quantity.	Mark
Answer		
1(f)	AO2 3 marks Award 1 mark for a rightward shift of supply curve, labelled Award 1 mark for lower equilibrium exchange rate, labelled Award 1 mark for higher equilibrium quantity, labelled 	(3)

Question Number	Explain one advantage of free trade for a business in a country such as Iceland.	Mark
	Answer	
1(g)	AO2 3 marks Award 1 mark for identifying a relevant advantage Award 1 mark for developing the advantage Award 1 mark for the response being in context • One advantage is lower input costs (1). Without tariffs or trade barriers, a business can source raw materials/components more cheaply from other countries (1) reducing production costs/increasing profitability (1) • One advantage is wider markets for a business (1). By removing trade barriers, a business can sell their products and services to more consumers (1) increasing their sales/potential for growth (1) Accept any other appropriate response	(3)

Question Number	With reference to the data above and your knowledge of economics, analyse the advantages of deregulation for a country such as South Korea. Indicative content
1(h)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Deregulation encourages an environment where firms can experiment and innovate without being hindered by strict rules • Deregulation can lead to increased economic activity, as industries like AI and biotechnology expand • The creation of a regulation-free zone in South Korea can attract investment from AI and biotechnology firms which can lead to the creation of new jobs and economic expansion • By supporting AI and biotechnology firms, South Korea can diversify its economy and increase employment opportunities across various skill levels • South Korea can benefit from reduced unemployment rates and improved living standards for its citizens • This growth can contribute to a higher GDP, boosting the overall economic performance of South Korea

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

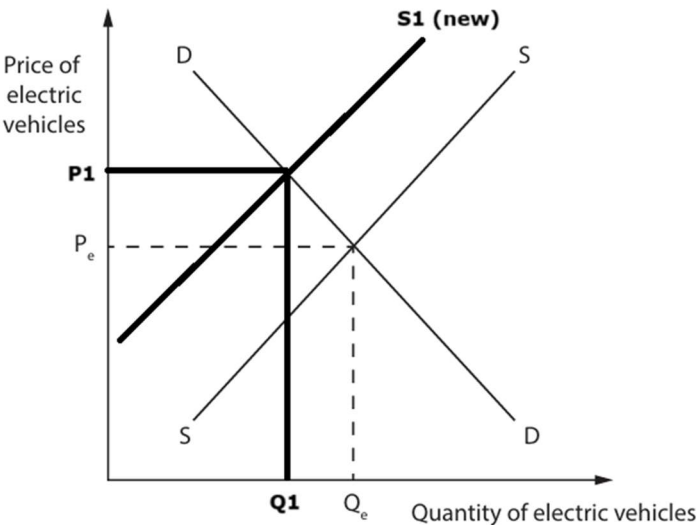
Question Number	Which one of the following describes a trade bloc?	Mark
	Answer	
2(a)	AO11 mark The only correct answer is: D A group of countries that reduce trade barriers between themselves A is not correct because a trade bloc does not require member countries to use the same currency B is not correct because a trade bloc does not necessitate that member countries have the same tax rates C is not correct because often countries have different languages	(1)

Question Number	Which one of the following best describes the role of currency speculators?	Mark
	Answer	
2(b)	AO11 marks The only correct answer is: B They trade currencies to profit from changes in exchange rates A is not correct because they invest in currencies and not bonds C is not correct because they cannot lend money to countries D is not correct because only governments can fix currencies	(1)

Question Number	State one possible role of the World Trade Organization (WTO).	Mark
	Answer	
2(c)	AO1 1 mark Award 1 mark for one possible role • Trade negotiations • Settling trade disputes • Building membership of the WTO • Monitoring WTO rules are being followed • Persuading countries to reduce tariffs/quotas/trade barriers • To promote free trade Accept any other appropriate responses	(1)

Question Number	What is meant by the term economic growth?	Mark
	Answer	
2(d)	AO1 2 marks Award up to 2 marks for a correct definition A rise in the total value of output/GDP (1) over a period of time (1) OR An increase in the level of output (1) by a nation (1) Accept any other appropriate response	(2)

Question Number	Explain one impact of rising unemployment on government spending on benefits in a country such as Sweden.	Mark
	Answer AO2 3 marks Award 1 mark for identifying a relevant impact Award 1 mark for developing the impact Award 1 mark for the response being in context One impact is an increase in government spending on benefit payments. (1) The government will need to allocate more funds to unemployment benefits (1) to support the increasing number of those without work/no income (1) Accept any other appropriate response	(3)

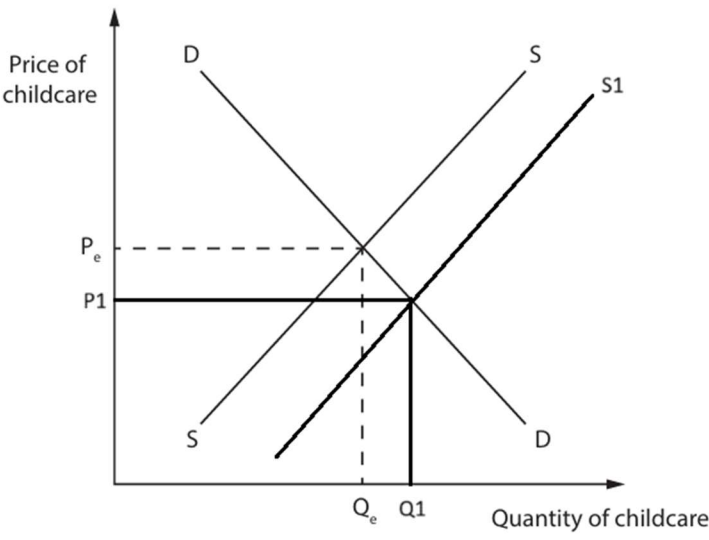
Question Number	Using the diagram below, draw the effects of the new tariff on the equilibrium price and quantity of electric vehicles imported into the EU from China. Label the new curve, the new equilibrium price and new equilibrium quantity.	Mark
Answer		
2(f)	AO2 3 marks Award 1 mark for a left shift of supply, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled 	(3)

Question Number	With reference to the data above and your knowledge of economics, assess how effective monetary policy is likely to be in increasing output for a country such as New Zealand. Indicative content
2(g)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • The central bank of New Zealand's recent reduction in the base rate to 5.25% could encourage businesses to borrow and invest, potentially boosting output in a difficult economic environment • The reduction makes loans more affordable for households, which can directly lead to increased spending and sales for firms • Lower interest rates may stimulate consumer spending, which has been weak, thereby increasing demand for goods and services and driving up production • Expansionary monetary policy can weaken the New Zealand currency, making exports more competitive and increasing output in export-driven industries • Monetary policy adjustments can be quickly implemented, providing a timely boost to economic output which is struggling with rising unemployment and low consumer confidence AO4 • However, given the ongoing economic difficulties, including weak consumer confidence, the reduction in the base rate from 5.5% to 5.25% may not be sufficient to significantly boost spending and output • The small size of the rate cut may have only a minimal impact on boosting economic activity and increasing output • Firms in New Zealand may remain hesitant to invest despite the rate cut due to uncertainties like rising unemployment and reduced investment activity • Expansionary monetary policy can lead to inflationary pressures, which might offset gains in output by reducing purchasing power • Monetary policy may be less effective if the economy is already at or near full capacity, leading to limited increases in output

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	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question Number	In times of inflation, which one of the following is a shoe leather cost when purchasing a mobile phone online?	Mark
	Answer	
3(a)	AO2 1 mark The only correct answer is: D The cost to consumers of looking for the lowest price of mobile phones A is not correct because this describes menu costs B is not correct because this is a cost of production C is not correct because this is a cost of shopping online	(1)

Question Number	Calculate the trade balance between the UK and Spain in 2023.	Mark
	Answer	
3(b)	AO2 1 mark The only correct answer is: C A trade deficit of £24.3bn A is not correct because this is imports – exports B is not correct because this is exports + imports and assumes a surplus D is not correct because this is exports + imports and assumes a deficit	(1)

Question Number	Using the diagram below, draw the effects of the introduction of a subsidy on the equilibrium price and quantity of childcare in Northern Ireland. Label the new curve, the new equilibrium price and new equilibrium quantity.	Mark
	Answer	
3(c)	AO2 3 marks Award 1 mark for a rightward shift of supply, labelled Award 1 mark for a lower equilibrium price, labelled Award 1 mark for a higher equilibrium quantity, labelled  The diagram is a supply and demand graph for childcare. The vertical axis is labeled 'Price of childcare' and the horizontal axis is labeled 'Quantity of childcare'. A downward-sloping demand curve is labeled 'D'. Two upward-sloping supply curves are shown: the original supply curve 'S' and a new supply curve 'S1' shifted to the right. The initial equilibrium is at the intersection of 'S' and 'D', with equilibrium price P_e and equilibrium quantity Q_e. A horizontal line at price P_1 (where $P_1 < P_e$) intersects the new supply curve 'S1' at quantity Q_1. Dashed lines indicate the initial equilibrium point (Q_e, P_e) and the new equilibrium point (Q_1, P_1).	(3)

Question Number	With reference to the data above and your knowledge of economics, analyse why fewer tariffs and quotas have resulted in an increase in globalisation. Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Fewer tariffs and quotas reduce the cost of importing and exporting goods, making international trade more accessible and widespread • Lower trade barriers encourage countries to specialise in producing goods where they have an advantage, increasing global trade efficiency • The reduction in tariffs and quotas encourage competition among businesses, leading to innovation and the spread of new technologies across different countries • Consumers benefit from a wider variety of goods and services at lower prices, enhancing global interconnectedness • Easier access to international markets allows businesses to expand globally, creating stronger economic ties between countries

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question Number	With reference to the data above and your knowledge of economics, assess the advantages of multinational corporations (MNCs) for the countries in which they operate.
	Indicative content
3(e)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • MNCs such as Levi Strauss & Co can create employment opportunities, improving the standard of living for workers in countries where they operate • Worker well-being programmes can enhance the health, education and financial stability of employees, leading to a more productive workforce • MNCs often bring advanced technology and management practices to host countries, contributing to economic development and skill enhancement • Many MNCs invest in infrastructure such as roads in the countries in which they operate in order to get goods to market • The presence of MNCs can increase tax revenues for the host country's governments, which can be used for public services and infrastructure development • MNCs may engage in sustainable practices, such as water conservation and reducing greenhouse gas emissions, benefiting the local environment AO4 • However, MNCs might prioritise profits over the welfare of local workers, potentially leading to poor working conditions despite well-being programmes • Local businesses may struggle to compete with large MNCs, which can limit the growth of domestic industries • MNCs could exploit natural resources or contribute to environmental degradation, despite some efforts at sustainability • The economic benefits of MNCs might be unevenly distributed, with most profits flowing back to the MNC's home country rather than staying in the host country • MNCs might influence local governments and policies in ways that favour their interests over those of the local population • Some MNCs might move profits abroad rather than invest in the countries in which they operate

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	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question Number	Calculate, to two decimal places, the total value of UK exports to France in euros (€bn) in 2023. You are advised to show your working. Answer	Mark
4(a)	AO2 2 marks Award 2 marks for calculating the total value of UK exports in euros £45bn x €1.15 (1) = €51.75bn (1) Award 2 marks if the total value of exports is accurately calculated as €51.75bn even if no calculations are shown Award 1 mark if € or bn is missing i.e. 51.75 with or without calculations shown No marks for formula	(2)

Question Number	With reference to the data above and your knowledge of economics, analyse why an improvement in the quality of UK goods may result in a positive impact on the UK's current account. Indicative content
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • UK firms exporting to France must prioritise delivering high-quality goods to stand out in a very competitive market where consumers have many luxury options • An improvement in the quality of UK goods enhances their competitiveness in the French market • This could result in increased exports as French consumers opt for superior UK products over others • Increased exports of higher-quality UK goods to France can contribute to a positive impact on the UK's current account by boosting export revenues and potentially narrowing the trade deficit • Improvements in quality can lead to higher prices for UK goods in France, increasing the value of exports and further positively impacting the UK's trade balance and current account position

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question Number	With reference to the data above and your knowledge of economics, evaluate the possible economic benefits of increasing government expenditure on healthcare for a country such as the UK. Indicative content
4(c)	AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks) AO2 and AO3 - Increased healthcare spending injects money directly into the economy creating demand for medical services, pharmaceuticals and healthcare-related goods. This boost in demand can lead to increased economic activity - This increase in job creation not only tackles the challenge of understaffing in hospitals but also contributes to lowering unemployment rates across the economy - Allocating more resources to the UK's struggling healthcare system may result in lower waiting times - This allows people to engage more actively in the workforce/get back to work more quickly - Healthy people are better equipped to learn, work and contribute to economic growth - By ensuring timely medical treatment and reducing absenteeism due to illness, an increase in healthcare spending can lead to increased productivity, benefiting the economy as a whole AO4 - Increased expenditure on healthcare may lead to fiscal deficits if not matched with sufficient revenue or could divert funds from other essential sectors like education - To fund the increased healthcare expenditure the government might need to borrow or increase direct and indirect taxes as health services in the UK are funded out of taxation - Higher taxes can reduce the amount of money people have to spend on goods and services, leading to lower consumer spending and slow down economic growth - It can create an overreliance on the UK Government for healthcare discouraging investment in private healthcare alternatives and reduce individual responsibility for personal health decisions - The overall long term economic benefits will depend on how effective the additional expenditure is used within the healthcare system

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• Demonstrates isolated elements of relevant knowledge and understanding; may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).
Level 2	5–8	• Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).
Level 3	9–12	• Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).