Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number ☐☐☐☐☐

Candidate Number ☐☐☐☐

Pearson Edexcel International Advanced Level

Time 2 hours

Paper reference **WEC14/01**

Economics

International Advanced Level
UNIT 4: Developments in the global economy

You must have:
Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **ALL** questions in Section A and Section B.
- Answer **TWO** questions in Section C.
- Answer the questions in the spaces provided – *there may be more space than you need*.

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

Advice

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

Turn over ▶

©2022 Pearson Education Ltd.

Pearson

SECTION A

Answer ALL questions in this section.

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

1 Which **one** of the following factors has contributed to increased globalisation in the last 50 years?

☒ **A** An increase in the cost of transport

☒ **B** An increase in the cost of communications

☒ **C** A reduction in tariffs and quotas

☒ **D** A reduction in the number of trading blocs

(Total for Question 1 = 1 mark)

2 In 2021 the Reserve Bank of India decided to extend its quantitative easing programme.

Ceteris paribus, which **one** of the following is the most likely effect of this decision?

☒ **A** An increase in the rate of inflation

☒ **B** An increase in the rate of unemployment

☒ **C** A decrease in the money supply

☒ **D** A decrease in the rate of economic growth

(Total for Question 2 = 1 mark)

3 In 2021 the governments of 136 countries agreed to set a global minimum corporation tax rate of 15%. The aim of this agreement was to make it more difficult for transnational companies (TNCs) to avoid paying corporation tax.

Which **one** of the following is also a measure that governments may use to control TNCs?

☒ **A** Cutting costs of bureaucracy

☒ **B** Improving access to banking

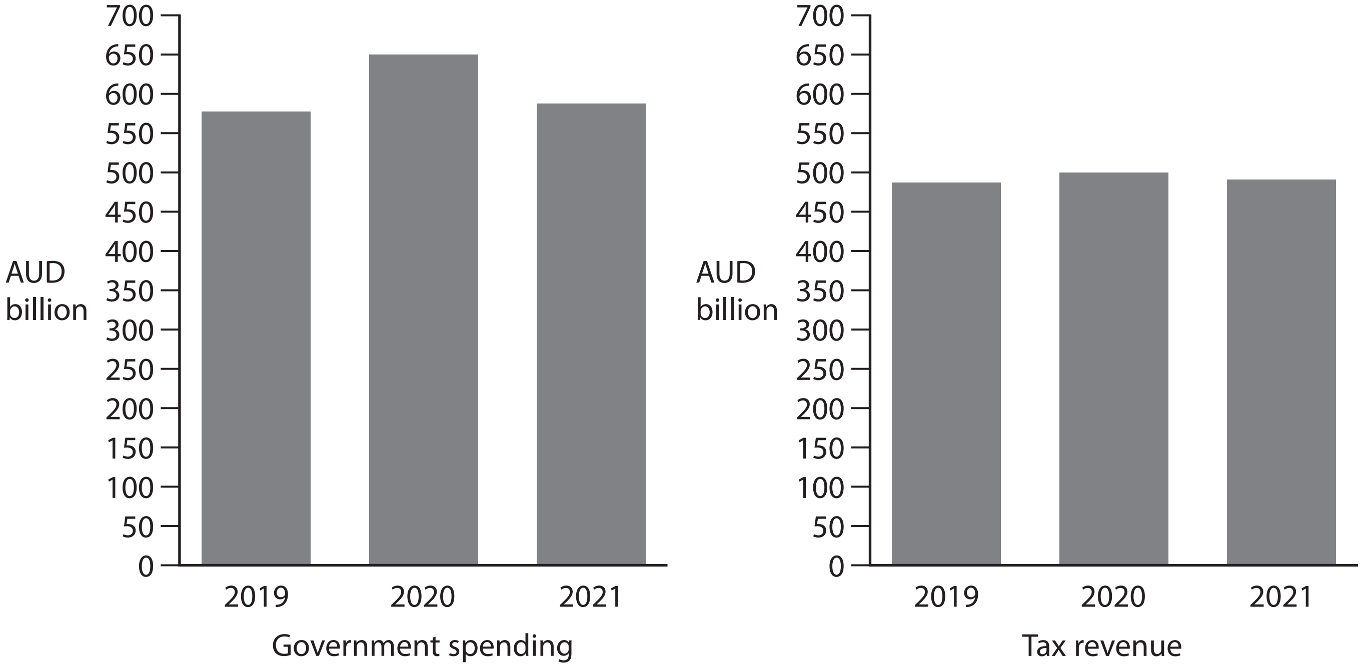
☒ **C** Increasing indirect taxes

☒ **D** Regulation of transfer pricing

(Total for Question 3 = 1 mark)

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

4 The charts show government spending and tax revenue in Australia, AUD billion, 2019–2021.



(Source: adapted from https://www.theguardian.com/australia-news/2021/may/11/australia-federal-budget-2021-josh-frydenberg-back-in-black-how-started-going)

Which **one** of the following can be deduced from these charts?

☒ **A** In 2021 Australia's current account surplus was approximately AUD 100 billion

☒ **B** In 2020 Australia's fiscal deficit was approximately AUD 150 billion

☒ **C** Australia experienced a fiscal surplus throughout the given period

☒ **D** Australia experienced a current account deficit throughout the given period

(Total for Question 4 = 1 mark)

5 The table shows the UK's Gross National Income (GNI) between 2018 and 2020.

Year	GNI (£ millions)
2018	2 113 914
2019	2 203 701
2020	2 073 880

(Source: https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/abmz/ukea)

If 2019 is the base year, what is the index number for 2020?

☒ **A** 94.1

☒ **B** 98.1

☒ **C** 104.2

☒ **D** 106.3

(Total for Question 5 = 1 mark)

---

6 Between 2000 and 2019 Afghanistan's terms of trade increased by 65%.

Ceteris paribus, which **one** of the following is most likely to have caused an increase in Afghanistan's terms of trade?

☒ **A** Lower relative inflation rates

☒ **B** A decrease in the price of exports

☒ **C** Depreciation of its exchange rate

☒ **D** A decrease in the price of imports

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS

BLANK PAGE

SECTION B BEGINS ON THE NEXT PAGE

SECTION B

Study Figures 1, 2 and 3 and Extracts A and B in the Source Booklet before answering Question 7. Write your answers in the space provided on the following pages.

7 (a) In 2020 Iran's GDP was $635.72 billion.

With reference to Figure 3, calculate Iran's national debt in 2020. You are advised to show your workings.

(2)

(b) With reference to Figure 3, analyse **two** disadvantages of an increase in Iran's national debt.

(6)

(c) With reference to the second paragraph of Extract A, explain what is meant by 'trade restrictions'.

(4)

(d) With reference to Figure 1, Figure 2 and the last paragraph of Extract A, examine **two** likely economic effects of trade restrictions reimposed by the US Government on Iran.

(8)

(e) With reference to Extract B, discuss the strategies introduced by the Iranian Government to promote economic development.

(14)

(a) In 2020 Iran's GDP was $635.72 billion.

With reference to Figure 3, calculate Iran's national debt in 2020. You are advised to show your workings.

(2)

(b) With reference to Figure 3, analyse **two** disadvantages of an increase in Iran's national debt.

(6)

(c) With reference to the second paragraph of Extract A, explain what is meant by ‘trade restrictions’.

(4)

(d) With reference to Figure 1, Figure 2 and the last paragraph of Extract A, examine **two** likely economic effects of trade restrictions reimposed by the US Government on Iran.

(8)

(e) With reference to Extract B, discuss the strategies introduced by the Iranian Government to promote economic development.

(14)

(Total for Question 7 = 34 marks)

TOTAL FOR SECTION B = 34 MARKS

SECTION C

Answer TWO questions from this section.

8 In 2020 the Government of Chile increased the top rate of income tax from 35% to 40%.

Evaluate the likely macroeconomic effects of an increase in the top rate of income tax on a country of your choice.

(Total for Question 8 = 20 marks)

9 In 2020 New Zealand's productivity rate was 40% lower than the average productivity of many other advanced economies.

Evaluate factors that influence a country's international competitiveness. Refer to a developed country of your choice in your answer.

(Total for Question 9 = 20 marks)

10 Between 2008 and 2018, income inequality, as measured by the Gini coefficient, increased from 0.43 to 0.51 in Angola and from 0.34 to 0.41 in Bulgaria.

Evaluate government policies that could be used to reduce income inequality in a developing country of your choice.

(Total for Question 10 = 20 marks)

DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA DO NOT WRITE IN THIS AREA

Write the answer to your FIRST chosen question here.

Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.

Write the answer to your SECOND chosen question on page 22.

Chosen question number: **Question 8** ☐ **Question 9** ☐ **Question 10** ☐

Write the answer to your SECOND chosen question here.

Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.

Chosen question number: **Question 8** ☒ **Question 9** ☒ **Question 10** ☒

TOTAL FOR SECTION C = 40 MARKS

TOTAL FOR PAPER = 80 MARKS

BLANK PAGE

BLANK PAGE

Pearson Edexcel International Advanced Level

Time 2 hours

Paper reference **WEC14/01**

Economics

International Advanced Level
UNIT 4: Developments in the global economy

Source Booklet

Do not return this Booklet with the question paper.

Turn over ▶

P73971A

©2022 Pearson Education Ltd.

1/1/1/

P 7 3 9 7 1 A

Pearson

Sources for use with Section B

The economy of Iran

Figure 1 Annual real GDP growth rate, Q1 2010 – Q4 2020

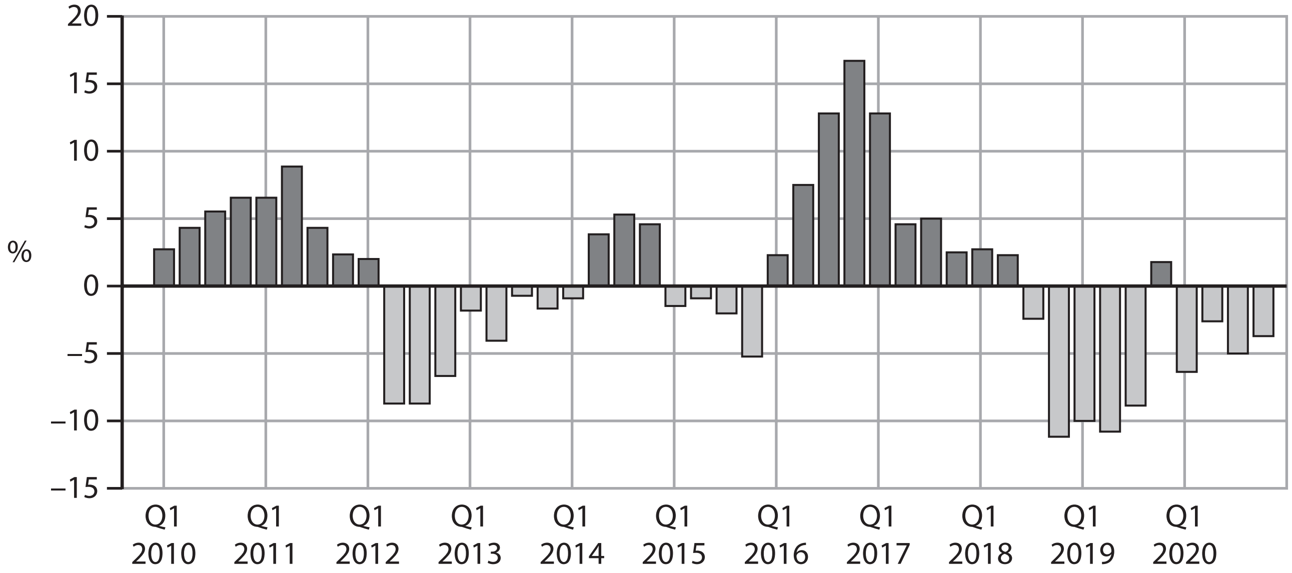


Figure 2 Monthly inflation rate, as measured by the Consumer Price Index (CPI), January 2010 – December 2020

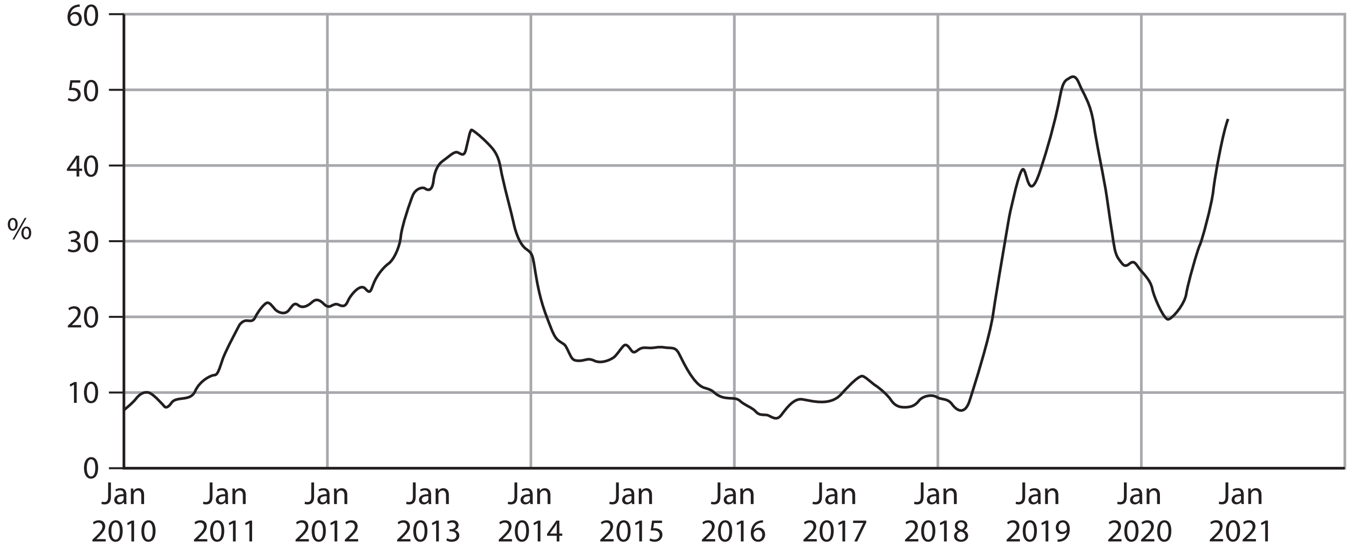
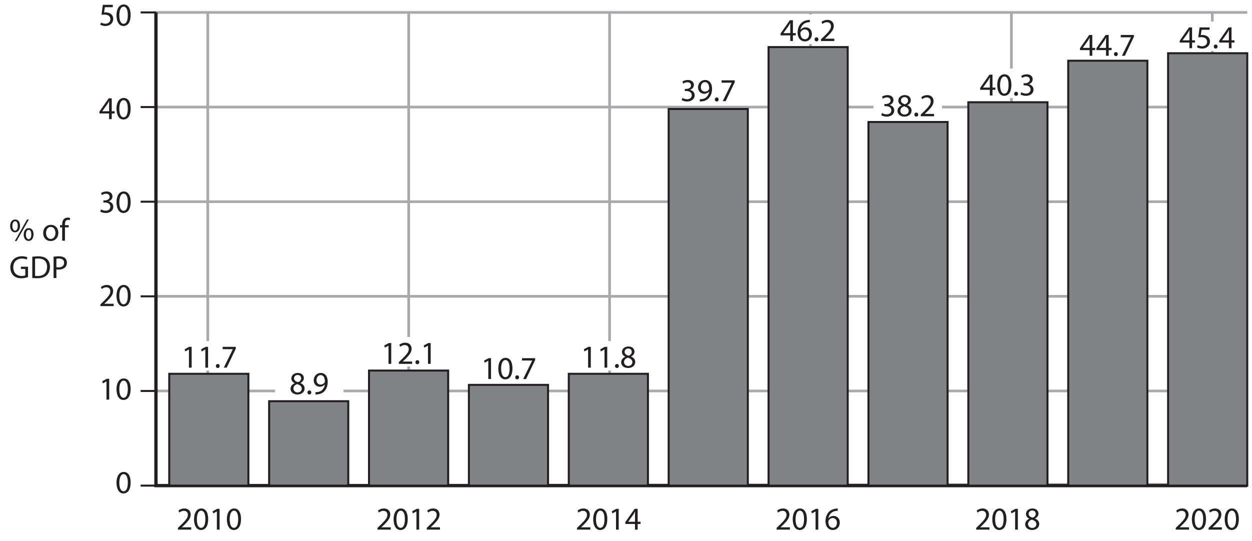


Figure 3 National debt, % of GDP, 2010 – 2020



Extract A Trade restrictions

When Iran's President, Mr Hassan Rouhani, was elected in 2013, he promised that his Government would solve Iran's economic crisis. He said that he would save the country's economy from collapsing and create positive relationships with the rest of the world. However, when Mr Rouhani resigned as President in June 2021 many economists claimed that his Government had not kept its promises.

During 2013 Mr Rouhani started discussions with the USA and other advanced economies to remove the trade restrictions imposed on Iran's exports and imports. These restrictions had been imposed in response to Iran's production of nuclear energy that was above the permitted international limit. After two years of negotiations, Mr Rouhani came to an agreement with these countries and the trade restrictions were gradually reduced. This resulted in an increase in oil exports, Iran's main source of export revenue.

However, the US Government accused Iran of breaking the agreement and reimposed trade restrictions in 2018. As a result, Iran suffered a significant decline in oil exports and foreign direct investment. This led to a 75% fall in the external value of the country's currency, the *Rial*, against the US dollar. Subsequently, there was a fall in Iran's GDP, an increase in its unemployment rate and an increase in its inflation rate. In 2020 Iran experienced a trade deficit of $11.68 billion, having had trade surpluses between 2005 and 2018.

Extract B Economic development

Since 2018 the Iranian Government has implemented a strategy of diversification into non-oil exports in order to promote economic development. It has focused on a strategy of industrialisation and infrastructure development, particularly by investing in Iran's telecommunications industries. As a result, the number of people with access to broadband increased from 590 000 in 2014 to 95 million in 2021. The number of people with access to mobile phones also increased from 59.4 million in 2013 to 131 million in 2021. However, the Iranian Government restricts the content that its citizens can access.

In addition, the Government has privatised many state-run companies. Consequently, many Iranians have invested a substantial amount of their savings in the country's volatile stock market.

Acknowledgements

Figure 1 based on data taken from tradingeconomics, https://tradingeconomics.com/iran/gdp-growth-annual

Figure 2 based on data taken from tradingeconomics, https://tradingeconomics.com/iran/inflation-cpi

Figure 3 based on data taken from tradingeconomics, https://tradingeconomics.com/iran/government-debt-to-gdp

Extracts A and B adapted from FT, https://www.ft.com/content/6a2a7e0f-523b-4e79-852d-1bacba7dce70