



Mark Scheme (Results)

January 2026

Pearson Edexcel in International A Level in Economics
WEC14/01A

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Section A

Question	Quantitative skills assessed	Answer	Mark
1	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	The only correct answer is A B is not correct because this is an example of day-to-day expenditure C is not correct because progressive taxation is not a form of government expenditure D is not correct because transfer payments relate to payments made by a government to individuals in the form of benefits	(1)
2	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	The only correct answer is B A is not correct because this is represented by the Harrod-Domar model C is not correct because this is represented by the Phillips curve D is not correct because these are instruments of monetary policy not represented by the Laffer curve	(1)
3	QS5: Calculate and interpret index numbers. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	The only correct answer is A B is not correct because Maldives had to export less goods to purchase a given quantity of imports C is not correct because index of export prices exceeds the index of import prices throughout the given period D is not correct because Maldives' terms of trade improved throughout the given period	(1)
4	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	The only correct answer is C A is not correct because this relates to the trade deficit of Italy B is not correct because there is likely to be greater crowding out in France than in the UK D is not correct because in France public expenditure as a percentage of GDP must have been lower than in Italy	(1)
5	QS1: Calculate, use and understand ratios and fractions. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	The only correct answer is D A is not correct as there is an opportunity cost for producing shoes and bags for both countries B is not correct because the opportunity cost for producing shoes and bags for both countries is the same C is not correct because country X has an absolute advantage over country Y in both bags and shoes	(1)

6	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	The only correct answer is C A is not correct because this will reduce Portugal's international competitiveness B is not correct because this will reduce Portugal's international competitiveness D is not correct because this will reduce Portugal's international competitiveness	(1)
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Section B

Question	With reference to the second paragraph of Extract A, calculate the share of global wealth of high-income advanced countries and middle-income developing countries in 2000. You are advised to show your working.	Mark
7(a)	<p>Application 2</p> <p>Quantitative skills assessed:</p> <p>QS2: Calculate, use and understand percentages, percentage changes and percentage point changes.</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <ul style="list-style-type: none"> • 1 mark for correct calculation of high-income: 71% + 12% = 83% (1) • 1 mark for correct calculation of middle-income: 24% - 9% = 15% (1) <p>N.B. Award 1 mark for each correct answer regardless of working N.B. Award 1 mark for each correct answer without the percentage sign (83 and 15)</p>	(2)

Question	Explain what is meant by 'relative poverty' (Extract A, line 15)	Mark
7(b)	<p>Knowledge 2, Application 2</p> <p>Quantitative skills assessed:</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge</p> <p>Up to 2 marks for understanding of relative poverty, e.g.:</p> <ul style="list-style-type: none"> • When an individual earns less than 60% (accept 50%) (1) of the median income of the country they live in (1) • Situation where individuals lack minimum amount of income needed in order to maintain the average standard of living (1) in the country in which they live (1) <p>Application</p> <p>Up to 2 marks for application to relative poverty, e.g.:</p> <ul style="list-style-type: none"> • Relative poverty rates have also increased in many advanced economies (1) • Japan, Canada, Germany and USA had an increase of three percentage points / France had an increase of two percentage points (1) • One in seven people living in relative poverty (1) 	(4)

Question	With reference to Figure 1, analyse the likely effect on global income inequality of the change in the global Gini coefficient from 2000 to 2020. Illustrate your answer with a Lorenz curve diagram.	Mark
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7(c)	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Quantitative skills assessed: QS4: Construct and interpret a range of standard graphical forms QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge and analysis Up to 2 marks for knowledge of the Lorenz curve:</p> <ul style="list-style-type: none"> • Correctly-labelled axes (1) • Correctly-labelled original Lorenz curve (1) <p>Application Up to 2 marks for application:</p> <ul style="list-style-type: none"> • Gini coefficient was 0.72 in 2000 (1) and 0.67 in 2020 (1) <p>Analysis Up to 2 marks for, e.g.</p> <div data-bbox="411 1021 1197 1668" data-label="Figure"> </div> <ul style="list-style-type: none"> • Correct drawing of the new Lorenz curve to the left of the original Lorenz curve (1) • Fall in income inequality/more equal income distribution (1) • The new Lorenz curve shows a higher proportion of total income is earned by a given percentage of the population at the lower income levels (1) / or a lower proportion of total income is earned by a given percentage of the population at higher income level (1) 	(6)
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Question	With reference to Extract A, examine two reasons why income inequality has increased within advanced economies.	Mark
7(d)	<p>Knowledge 2, Application 2, Analysis 2, Evaluation 2</p> <p>Quantitative skills assessed: QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge and analysis Up to 2 marks knowledge marks for identifying two causes and 2 analysis marks for linked explanation, e.g.:</p> <ul style="list-style-type: none"> • Gender (1K) could lead to a lack of opportunities and may result in lower wages for certain groups of the society (1AN) • Age (1K) due to wages linked to experience/skills/productivity /education (1AN) • Place of residence (1K) as residents of urban areas are usually associated with having greater incomes and can access higher quality educational institutions than those in rural areas (1AN) • Household debt (1K) reallocates money from the highly indebted middle-income households to the financial sector, where it is circulated to the highest-earning employees/ managers/shareholders (1AN) • Globalisation (1K) has led to a fall in the demand for unskilled workers relative to those of highly skilled workers in advanced economies (1AN) • Automation/technological change (1K) has made skills of workers in certain industries obsolete leading to structural unemployment (1AN) <p>Application Up to 2 marks for application to sources, e.g.:</p> <ul style="list-style-type: none"> • The top 1% of income earners increased their share of total pre-tax income from 9% in 2000 to 16% in 2020 (1) • Even though women are now more likely to have a degree, their income and wealth are still lower than those of men / Women still earn only \$0.89 for every \$1 men earn (1) • Young people’s earnings and wealth are lower than those of older people (1) • Urban residents are more likely to have higher level of education than rural residents (1) • Since 2005 real disposable incomes have fallen / the costs of housing, healthcare and education have risen faster than the average price level (1) • Household debt has also risen from 50% of disposable income in 2000 to 120% in 2020 (1) • Long-term global trends are affecting incomes and may raise income inequality in the future / there has been a decrease in wages as a share of global GDP (1) 	(8)

	<p>Evaluation</p> <p>Up to 2 marks for evaluative comments (1+1 or 2+0), e.g.:</p> <ul style="list-style-type: none">• Significance will be different in different advanced economies (1), but wages appear to be the most significant factor (1)• Data might be inaccurate/unreliable (1) as level of income inequality changes quickly over time (1)• Unemployment in the urban areas is higher and rising (1); income inequality may decrease in the long term (1)• Deglobalisation may be slowing down the rate of increase of income inequality (1)• Likely to be a combination of reasons why income inequality has increased (1)• Significance of reasons changes over time (1)	
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Question	With reference to Extract A and your own knowledge, discuss policies that a government could implement to reduce income inequality within its economy. Indicative content	Mark
7(e)	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Quantitative skills assessed:</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge, Application, Analysis (8 marks) – indicative content</p> <p>Policies include:</p> <ul style="list-style-type: none"> • Increasing means-tested benefits (not universal benefits), e.g. income support, housing benefit – helps those families in greatest need • Improvements in education and training for those without qualifications help increase skills and human capital, raises productivity and employability • Improvements in state provision of public services such as healthcare and social housing will assist lower-income households • Reducing discrimination will allow for equal opportunities in employment and lead to higher wages/living standards for those underrepresented groups • Increasing minimum wages – higher wages for the lowest-paid workers have the potential to help people out of poverty and increase real incomes • Increase in progressiveness of tax system, e.g. introducing more tax bands; increasing tax-free allowance – this will provide more economic support for the working poor: ‘a reconsideration of how economic gains are shared.’ 	(8)

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach, which has no chains of reasoning.
Level 2	4-6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 3	7-8	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using relevant examples that are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Evaluation (6 marks) – indicative content

- Increased complexity and cost of running welfare, risk of poverty trap from withdrawal of income-related benefits; this does not address main causes of inequality such as low pay or skills gaps
- Depends on the quality of education and training programmes in place; workers may not take up jobs in which they are educated and trained and productivity is likely to remain low
- State provision might have a relatively insignificant effect in the advanced economies, as this provision is already extensive
- Increase in the NMW might result in higher unemployment and increase in inequality; wages and unearned incomes of those in the highest income bracket might increase at a faster rate; has no impact on the unemployed or students
- Progressive tax increases may cause increase in number of tax exiles and/or increase in tax evasion and avoidance: fall in tax revenue (using Laffer curve analysis). It could also reduce incentive to work
- Some of the gender/age gap may reflect cultural norms
- Time lag and implementation lag issues

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3-4	Evidence of evaluation of alternative approaches Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	5-6	Evaluation recognises different viewpoints and/or is critical of the evidence. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Section C

<p>Question</p>	<p>Between 2000 and 2020, developing countries experienced a significant increase in the cost of servicing and repaying their external debts.</p> <p>Evaluate the advantages of debt relief as a means of promoting economic development. Refer to a developing country of your choice in your answer.</p> <p>Indicative content</p>
<p>8</p>	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Quantitative skills assessed:</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge, Application, Analysis (12 marks) – indicative content</p> <ul style="list-style-type: none"> • Understanding of economic development • Understanding of debt relief • Countries could use saved interest repayments to reduce absolute poverty. This will help reduce child and maternal mortality • Helps increase the level of human capital through resources provided for education, healthcare that would increase productivity and FDI inflows • Could help conserve the environment/promote environmental sustainability, e.g. debt for nature swaps • Can fill in the savings gap that can be used to invest in capital, which would not be possible due to low levels of savings to finance investment, e.g. investment in hospitals will help improve life expectancy/investment in schools would help improve the mean years of schooling/literacy • Can fill in the foreign currency gap which may be used to import necessary capital equipment. This will increase prospects for higher economic growth and employment in the future. Higher GDP will result in higher tax revenues and could be spent on e.g. housing, healthcare • Can use funds for investment in infrastructure; essential for industrialisation as investment is as an injection into the circular flow of income. Would also increase the mobility of labour – allowing access to employment, education and healthcare • Promote entrepreneurship which will help establish new businesses and lead to higher development through higher incomes <p>N.B. A candidate can achieve a maximum of Level 3 (9 marks) if there is no reference to a developing country in their answer</p> <p>N.B. A candidate can achieve a maximum of Level 3 (9 marks) if there is no reference to economic development in their answer</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4-6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7-9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident, but they may not be developed fully or some stages are omitted.
Level 4	10-12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Evaluation (8 marks) – indicative content

- Dependency culture could arise as developing countries are likely to become dependent on debt relief
- It could lead to moral hazard: countries may not pursue sound macroeconomic policies if they expect future debts to be written off
- Dependency theory reinforces the dominance of debt-relieving countries over developing countries
- Corruption in developing countries means that funds may not reach those for whom they are intended/may be diverted to government officials
- IMF and World Bank have conditions attached to debt relief. This may include cuts in food subsidies to reduce government spending, or removal of import controls which could harm the country's development
- Many developing countries cannot have their debts written off if their income per capita is too high (to meet the IMF and World Bank criteria). Benefits of debt relief not realised by all developing countries
- Some developing countries do not qualify for debt relief, if their debts were seen as sustainable
- Proportion of debt relief could be relatively small and might not have a significant impact on the country's economic development
- Takes a long time to qualify for debt relief programmes
- Poor governance may mean that debt relief is not used efficiently

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4-6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7-8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

<p>Question</p>	<p>In 2023 the current account deficit on the balance of payments in South Africa was \$6.14bn and in Argentina it was \$21.5bn.</p> <p>Evaluate the disadvantages of a current account deficit. Refer to a country of your choice.</p> <p>Indicative content</p>
<p>9</p>	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Quantitative skills assessed:</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge, Application and Analysis (12 marks) – indicative content</p> <ul style="list-style-type: none"> • Understanding of current account deficit • Current account deficit might be quite difficult to finance; it may require higher interest rates or sale of assets • Might cause a depreciation in the country's exchange rate, with possible inflationary pressures and higher debt burden if held in foreign currency • Net leakage from circular flow of income could cause a fall in AD, leading to fall in output, employment and income via the multiplier effect • Deficit may imply more reliance on consumer spending and becoming uncompetitive: structural weakness and uncompetitive manufacturing sector • Danger of increased use of protectionist policies by countries with trade deficits, which could distort comparative advantage • All current account deficits need to be financed and if they are substantial this can become a significant problem; it may cause reduction in reserves and need to borrow from IMF • The lack of international competitiveness may indicate lower economic growth and increasing unemployment <p>N.B. A candidate can achieve a maximum of Level 3 (9 marks) if there is no reference to a country in their answer</p>

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Level 4	10-12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

	Evaluation (8 marks) – indicative content	
	<ul style="list-style-type: none"> • Current account deficit may be easily financed by the inflows in the capital and financial account of the balance of payments so there is no disadvantage • The deficit may be a relatively small percentage of GDP and therefore is likely to be manageable • May be desirable if trade imbalances are caused by the imports of capital goods which would increase the country's productive capacity/potential output in the long run • Exchange rate might change to bring about a correction of the balance of payment deficit on the current account • Might only be a short-term problem; SR vs LR considerations • May not be a problem if the country holds reserves of foreign currency 	
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Level 1	1-3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4-6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
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Question	<p>Between 2022 and 2024 Egypt's currency, the pound, fell by 106% against the US dollar. However, over the same period, Australia's currency, the Australian dollar, rose by 10% against the US dollar.</p> <p>Evaluate factors that influence the exchange rate of a currency. Refer to a country of your choice in your answer.</p> <p>Indicative content</p>
10	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Quantitative skills assessed:</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Knowledge, Application, Analysis (12 marks) – indicative content</p> <ul style="list-style-type: none"> • Understanding of exchangerates <p>Factors include:</p> <ul style="list-style-type: none"> • Relative inflation rates: reference to purchasing power parity theory – e.g. if inflation in country A is relatively higher than country B, then country A's exports will become less competitive, and there will be a fall in demand for currency A. Therefore, higher inflation rates will lead to a depreciation of the currency A • Relative interest rates – e.g. if country A's interest rate falls relative to other countries, it will become less attractive to deposit money in country A. There will be less hot money flows and the demand for currency A will fall. The currency would depreciate • Speculation – e.g. if speculators believe that currency A will fall in the future, they will demand less of the currency now. This fall in demand will cause its value to fall. Therefore, the currency would depreciate • Current account balance – if there is a persistent current account deficit of country A, it would lead to a greater supply of currency relative to demand leading to fall in exchange rate of currency A • Debt crisis – e.g. if markets fear that country A may default on its debt, then investors would sell their bonds causing a fall in value of currency A • Macroeconomic management – e.g. quantitative easing/asset purchases will tend to cause a fall in the value of some currencies as the supply of that currency is rising • Some countries tend to rely on exports of primary products that are often volatile in price, and this can have an impact on the exchange rate • Allow analysis based on government/central bank manipulation of exchange rate through the buying and selling of the currency <p>N.B. A candidate can achieve a maximum of Level 3 (9 marks) if there is no reference to a country in their answer</p>

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	Evaluation (8 marks) – indicative content	
	<ul style="list-style-type: none"> • Small inflation rate differences might be offset by other factors, for e.g. stability of the economy • Discussion of the most significant factor, e.g. speculation; confidence about future state of economy • Current account is relatively minor because other capital flows are much more significant – discussion of financial account position • The underlying strength of the economy is more important than short term macroeconomic management • Significance of factors in short run and long run / changes over time • Different factors will be important for different countries • Likely to be a combination of factors 	
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