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Centre number

Candidate number

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Forename(s) _____

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I declare this is my own work.

INTERNATIONAL A-LEVEL ECONOMICS

Unit 4 Economic Development and the Global Economy

Monday 16 June 2025

07:00 GMT

Time allowed: 2 hours

Materials

For this paper you must have:

- the Source Booklet, provided as an insert (enclosed)
- a calculator, which you are expected to use where appropriate.

Instructions

- Use black ink or black ball-point pen. Pencil should only be used for drawing.
- Fill in the boxes at the top of this page.
- Answer **all** questions in **Sections A, B and C**.
- Answer **EITHER** Question 15 **OR** Question 16 in **Section D**.
- You must answer the questions in the spaces provided. Do **not** write outside the box around each page or on blank pages.
- Do **not** write in the Source Booklet.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 90.
- You may use a bilingual dictionary for this exam.
- You may **not** use an English dictionary.

For Examiner's Use	
Question	Mark
1–10	
11	
12	
13	
14	
15	
16	
TOTAL	



Section A

Answer **all** questions in the spaces provided.

Only **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD 

WRONG METHODS 

If you want to change your answer you must cross out your original answer as shown. 

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown. 

0 1

A country has a comparative advantage in the production of a good. This means that

[1 mark]

A it can produce more of the good with fewer resources than another country. 

B it can produce more of the good with more resources than another country. 

C the opportunity cost of producing the good is less than in another country. 

D the opportunity cost of producing the good is more than in another country. 

0 2

Which one of the following is usually a function of a country's central bank?

[1 mark]

A Carrying out fiscal policy for the government 

B Issuing shares to finance the government's budget deficit 

C Managing the country's foreign exchange reserves 

D Providing long-term loans to business 



0 3

The Global Multidimensional Poverty Index Report for 2023 stated that 534 million people in Sub-Saharan Africa were living in poverty, which was 47.8% of the world's poor. In South Asia, 389 million people were living in poverty.

It can be concluded that, in 2023, approximately

[1 mark]

- A** 42.1% of the world's poor were living in South Asia.
- B** 57.9% of Sub-Saharan Africa's population were living in poverty.
- C** 923 million people in the world were living in poverty.
- D** 1117 million people in the world were living in poverty.

0 4

A transnational corporation (TNC) uses components made in Country A to produce its final product in Country B.

The total cost of producing the components in Country A is \$100m and the transfer price for these components is \$150m. The total cost of producing the final product in Country B is \$360m. The TNC's total revenue from selling its final product is \$500 million.

The tax rate on the TNC's profits in Country A is 12% and the tax rate on the TNC's profits in Country B is 20%.

What is the total amount of tax the TNC has to pay?

[1 mark]

- A** \$8m
- B** \$28m
- C** \$34m
- D** \$46m

Turn over for the next question

Turn over ►



0 5

Which one of the following is most likely to help explain why there are significant fluctuations in the prices of primary products?

[1 mark]

- A** The cross elasticity of demand for primary products is inelastic.
- B** The income elasticity of demand for primary products is inelastic.
- C** The price elasticity of demand for primary products is inelastic.
- D** The price elasticity of supply of primary products is elastic.

0 6

Table 1 shows the birth rates and death rates (per thousand) for a selection of countries in 2000 and 2020.

Table 1

	2000		2020	
	Birth rate	Death rate	Birth rate	Death rate
Algeria	19.5	5.0	22.4	5.4
China	14.0	6.5	7.1	7.2
Italy	9.5	9.8	6.8	12.5
Thailand	13.5	6.0	9.2	7.3

The data in **Table 1** show that

[1 mark]

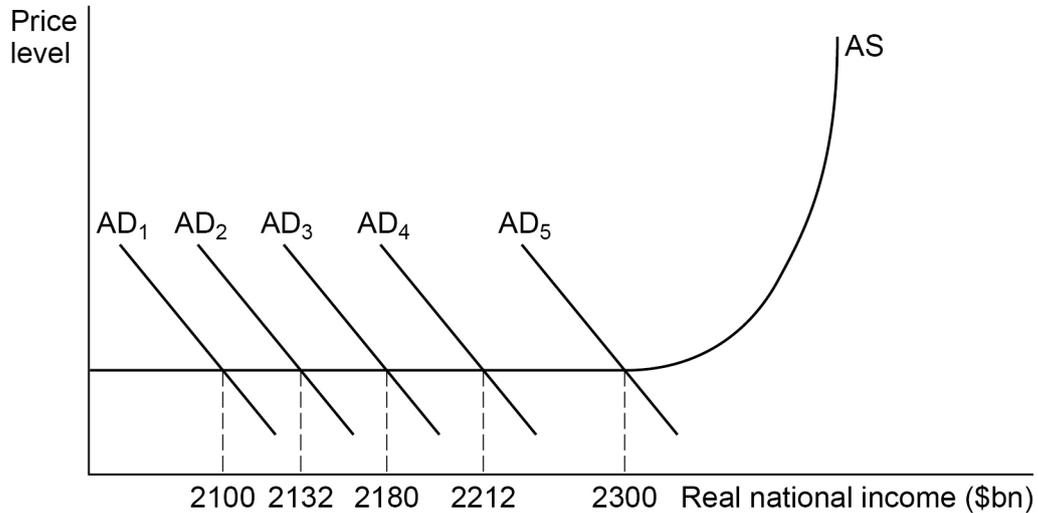
- A** the natural increase in the population of Algeria was higher in 2000 than 2020.
- B** the natural increase in the population of China was 0.1% in 2020.
- C** the natural increase in the population of Italy was higher in 2020 than 2000.
- D** the natural increase in the population of Thailand was 0.75% in 2000.



0 7

Figure 1 shows the aggregate supply (AS) and aggregate demand (AD) curves for an economy. The economy has high unemployment and its initial equilibrium level of real national income is \$2100bn.

Figure 1



To reduce unemployment, the government increases its spending by \$80bn. The marginal propensity to consume for the economy is 0.6.

As a result of this increase in government spending, the level of real national income is expected to rise to

[1 mark]

- A \$2132bn.
- B \$2180bn.
- C \$2212bn.
- D \$2300bn.

Turn over for the next question

Turn over ►



0 8

Which one of the following is a function of forward markets for commodities?

[1 mark]

A Allow the purchase of commodities now for delivery in the future

B Make it less likely that moral hazard will lead to market failure

C Provide funds for firms that wish to invest in producing commodities

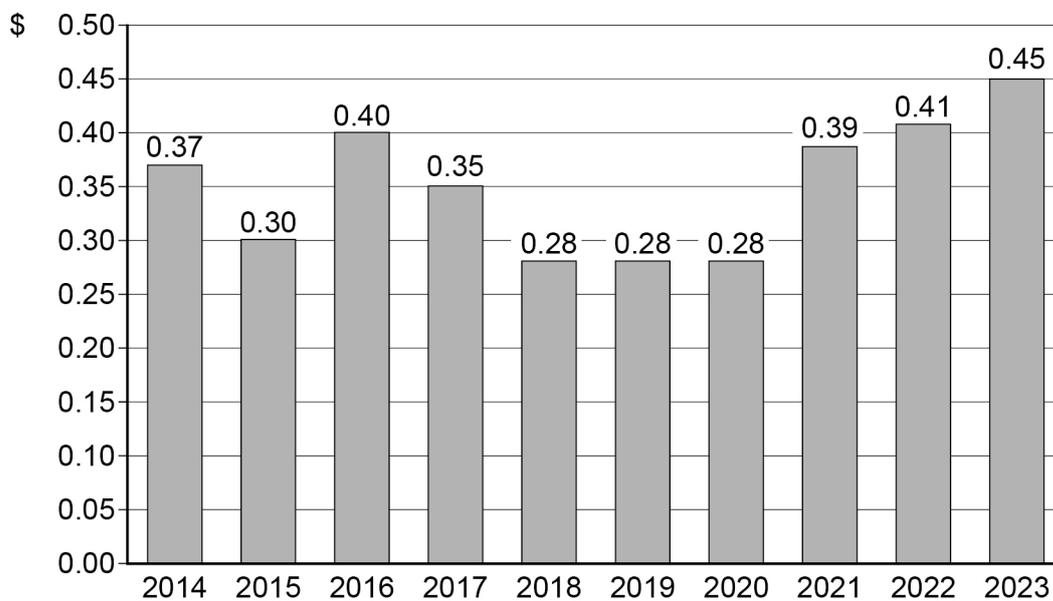
D Reduce the risk of speculation and market bubbles

0 9

Figure 2 shows the price of sugar from 2014 to 2023.

Figure 2

Price of sugar (US\$ per kg), 2014 to 2023



According to the data in **Figure 2**, what was the median price of sugar between 2014 and 2023?

[1 mark]

A \$0.28 per kg

B \$0.35 per kg

C \$0.36 per kg

D \$0.38 per kg

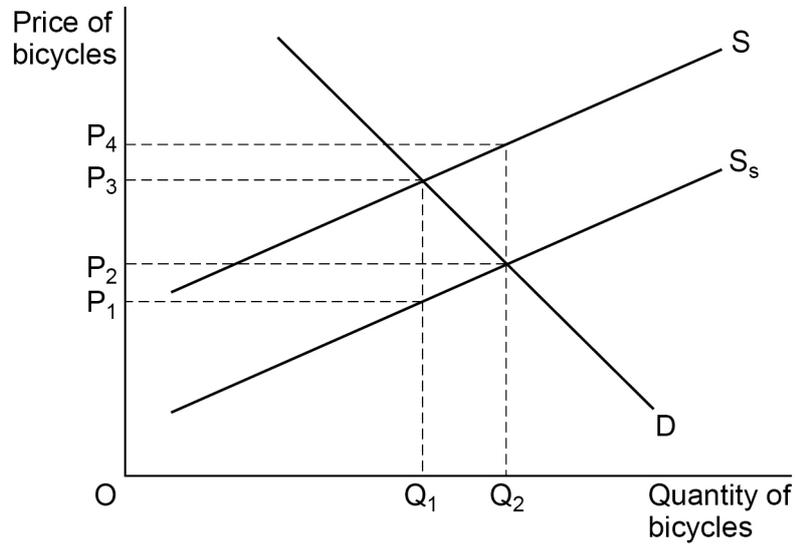


1 0

The government of an African country decides to subsidise the production of bicycles to support domestic manufacturers and the development of its economy.

Figure 3 shows the initial demand (D) and supply (S) curves for bicycles, and the supply curve after the subsidy has been introduced (S_s).

Figure 3



How much will the government spend to subsidise the manufacturers of bicycles?

[1 mark]

- A** $(OP_3 - OP_1) \times OQ_1$
- B** $(OP_3 - OP_2) \times OQ_2$
- C** $(OP_3 - OP_2) \times (OQ_2 - OQ_1)$
- D** $(OP_4 - OP_2) \times OQ_2$

10

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Section B

Answer **all** questions in the spaces provided.

1 1

Economic growth is an important macroeconomic indicator, measured by the percentage change in real national income. Some countries have imposed tariffs on imports to try to increase economic growth.

1 1 . 1

Explain what is meant by 'change in real national income'.

[2 marks]



1 1 . 2

Table 2 shows the change in a country's nominal (money) GDP and an index of the price level in Year 1 and Year 2.

Table 2

	Year 1	Year 2
Nominal GDP (\$bn)	2576	2894
Index of the price level	122	134

Calculate the percentage change in the country's real GDP between Year 1 and Year 2.

Give your answer to **two** decimal places.

You are advised to show your working.

[4 marks]

Question 11 continues on the next page

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