



Mark Scheme (Results)

Summer 2026

Pearson Edexcel International GCSE In Economics
4EC102R

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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.

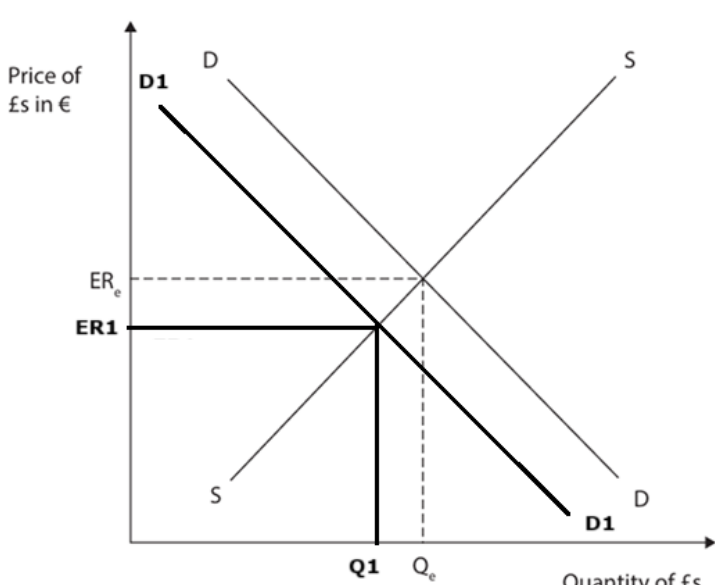
Question Number	Which one of the following is likely to result from a decrease in free trade?	Mark
	Answer	
1(a)	<p style="text-align: center;">AO11 mark</p> <p>The only correct answer is: D Higher input costs</p> <p>A is not correct because this results from an increase in free trade B is not correct because this results from an increase in free trade C is not correct because this results from an increase in free trade</p>	(1)

Question Number	What does CPI stand for?	Mark
	Answer	
1(b)	<p style="text-align: center;">AO11 mark</p> <p>The only correct answer is: D Consumer price index</p> <p>A is not correct because it is not what CPI stands for B is not correct because it is not what CPI stands for C is not correct because it is not what CPI stands for</p>	(1)

Question Number	What is meant by the term progressive taxation?	Mark
	Answer	
1(c)	<p style="text-align: center;">AO12 marks</p> <p>Award 2 marks for a correct definition</p> <p>Where the proportion/percentage/rate of income paid in tax rises (1) as the income of the taxpayer rises (1)</p> <p>Accept any other appropriate response</p>	(2)

Question Number	Describe one reason why a central bank might increase interest rates.	Mark
	Answer	
1(d)	<p style="text-align: center;">AO1 2 marks</p> <p>Award 1 mark for reference to a reason and 1 mark for development of the reason</p> <p>One reason is to reduce inflation (1). Higher interest rates make borrowing more expensive, so people spend less (1)</p> <p>Accept any other appropriate response</p>	(2)

Question Number	<p>Amara has \$15 000 in a savings account that pays an annual interest rate of 3%. Calculate how much interest in US dollars (\$), Amara received in one year. You are advised to show your working.</p> <p>Answer</p>	Mark
1(e)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 1 mark for showing the calculation</p> <p>$\\$15\,000 \times 0.03$ (1)</p> <p>OR</p> <p>$\\$15\,000 \div 100 = \\150 $\\$150 \times 3$ (1)</p> <p>OR</p> <p>$\\$15\,000 \times 3\%$ (1)</p> <p>Award 1 mark for the correct answer</p> <p>$= \\$450$ (1)</p> <p>Award 2 marks if the correct answer \$450 is shown, with dollar sign, even if no calculations are shown</p> <p>Award 1 mark if the answer given is 450, but with no dollar sign, with or without calculations shown</p> <p>Do not award marks for the formula</p>	(2)

Question Number	<p>Using the diagram below, draw the likely effect of this decrease in UK interest rates 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.</p> <p>Answer</p>	Mark
1(f)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for a leftward shift of the demand curve, labelled Award 1 mark for a lower equilibrium exchange rate, labelled Award 1 mark for a lower equilibrium quantity, labelled</p> 	(3)

Question Number	Explain one reason why UK consumers may need protection from some imported goods. Answer	Mark
1(g)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in context</p> <ul style="list-style-type: none"> One reason is some products may not be safe (1). These products contain toxic ingredients. (1) This ensures only safe products are sold in the UK/ reducing the cost to the NHS (1) <p>Accept any other appropriate response</p>	(3)

Question Number	<p>With reference to the data above and your knowledge of economics, analyse how economic growth can impact the standard of living of people in a developing country such as Bangladesh.</p> <p>Indicative content</p>
1(h)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • Economic growth of 4.1% can lead to more jobs, especially in industries like textiles and garments • These industries are important in Bangladesh and when firms grow, they often hire more workers to meet higher demand • More employment means people have higher incomes • With a regular wage, families can spend more on essential goods and services • With more income, people can afford better food, housing, healthcare and education • This means families in Bangladesh can improve their health, learn new skills and enjoy a better standard of living overall • Standards of living can also be improved because the government can collect more tax and can spend it on services like schools and hospitals, improving the quality of life for its citizens

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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).

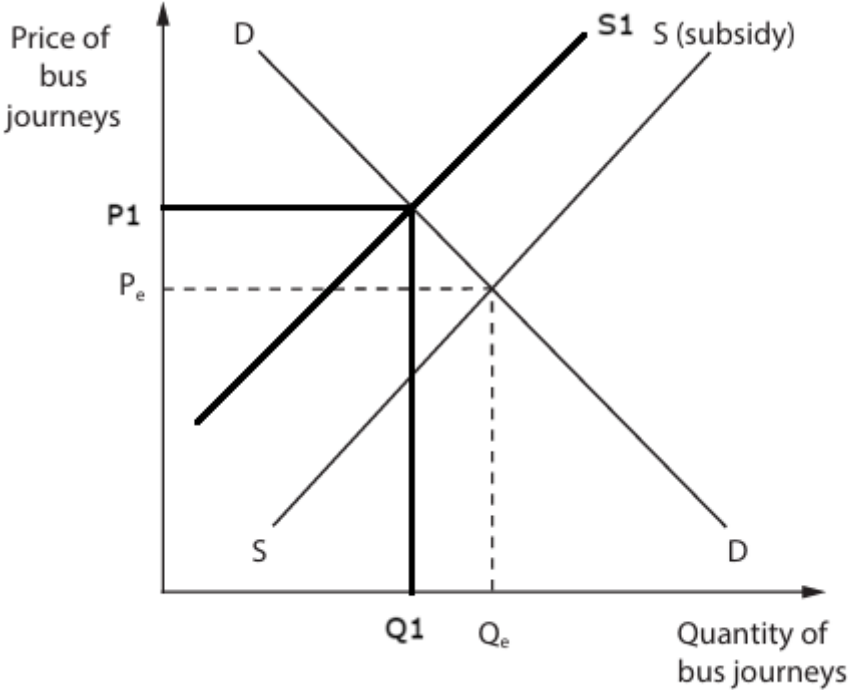
Question Number	What type of unemployment is caused by the decline in an industry? Answer	Mark
2(a)	<p style="text-align: center;">AO11 mark</p> <p>The only correct answer is: A Structural</p> <p>B is not correct because this is caused by recession C is not correct because this is caused when workers are between jobs D is not correct because this is caused when the demand for a product is only at certain times of the year</p>	(1)

Question Number	Which one of the following is an impact of a current account deficit? Answer	Mark
2(b)	<p style="text-align: center;">AO11 mark</p> <p>The only correct answer is: C A leakage from the economy</p> <p>A is not correct because a current account deficit usually means there is low demand for exports rather than high demand B is not correct because a country might use up its foreign reserves to pay for imports so access becomes more difficult D is not correct because a current account deficit means money is leaving the country rather than coming in</p>	(1)

Question Number	State one possible reason for globalisation. Answer	Mark
2(c)	<p style="text-align: center;">AO1 1 mark</p> <p>Award 1 mark for one reason</p> <ul style="list-style-type: none"> • Fewer tariffs • Fewer quotas • Reduced cost of transport/improved transport • Reduced cost of communication/improved communications • Increased significance of multinational corporations (MNCs) • The internet <p>Accept any other appropriate response</p>	(1)

Question Number	What is meant by the term trade-off? Answer	Mark
2(d)	<p style="text-align: center;">AO1 2 marks</p> <p>Award up to 2 marks for a correct definition</p> <p>When having more of one thing (1) means there is less of another thing (1)</p> <p>Accept any other appropriate response</p>	(2)

Question Number	Explain one impact of high rates of inflation on unemployment in a country such as Argentina. Answer	Mark
2(e)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for identifying a relevant impact Award 1 mark for developing the impact Award 1 mark for the response being in context</p> <ul style="list-style-type: none"> • One impact is higher rates of unemployment (1). This is because rising prices increase business costs (1). Some businesses reduce hiring or cut jobs to manage their expenses (1) • One impact is higher rates of unemployment (1). This is because rising prices reduces consumer spending (1). Businesses reduce the size of the workforce due to lower demand (1) <p>Accept any other appropriate response</p>	(3)

Question Number	<p>Using the diagram below, draw the effects of the removal of the subsidy on the equilibrium price and quantity of bus journeys for these hospital workers using the bus to travel to the hospital. Label the new curve, the new equilibrium price and new equilibrium quantity.</p> <p>Answer</p>	Mark
2(f)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for a left shift of supply, labelled Award 1 mark for a higher equilibrium price, labelled Award 1 mark for a lower equilibrium quantity, labelled</p> 	(3)

Question Number	<p>With reference to the data above and your knowledge of economics, assess the possible disadvantages of having MNCs located within a country such as the US.</p> <p>Indicative content</p>
2(g)	<p>AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • The US Government may lose large amounts of revenue that could have been used for public services like healthcare or education • MNCs paying less tax than local firms may create an unfair advantage, making it harder for smaller domestic businesses to compete • Countries like the US and UK may miss out on billions in corporate tax, as seen with the Silicon Six paying only 18.8% in some years • Reduced tax income can limit investment in infrastructure, slowing down development in both developed and developing countries • Tax avoidance by large companies may force governments to raise taxes elsewhere, affecting consumers or smaller firms • MNCs may cause environmental damage through pollution or resource use but not pay enough tax to help fix or reduce it <p>AO4</p> <ul style="list-style-type: none"> • However, MNCs still contribute to the economy by creating thousands of jobs in the countries where they operate • MNCs increase consumer choice and due to economies of scale, can reduce prices of goods and services • Many invest heavily in infrastructure such as office buildings, transport links and technology hubs • They often provide training and develop the skills of local workers, especially in sectors like tech and logistics • MNCs bring capital into a country through investment in factories, warehouses and technology • Even if they avoid some tax, they still contribute to tax revenue through VAT, income tax from employees and other indirect taxes • Their presence can boost overall economic growth and help integrate developing countries into global trade networks

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	Which one of the following is how a business can cause noise pollution? Answer	Mark
3(a)	<p style="text-align: center;">AO2 1 mark</p> <p>The only correct answer is: C Using machinery that disturbs nearby residents</p> <p>A is not correct because this describes air pollution B is not correct because this describes visual pollution D is not correct because this describes water pollution</p>	(1)

Question Number	What is the exchange rate of £1 in euros (€)? Answer	Mark
3(b)	<p style="text-align: center;">AO2 1 mark</p> <p>The only correct answer is: D €1.20</p> <p>A is not correct because this is $(3\,600 - 3\,000)/3\,600$ B is not correct because this is $3\,000/3\,600$ (This gives the exchange rate in £ per €1, not € per £1) C is not correct because this is $(3\,600 - 3\,000)/600$</p>	(1)

Question Number	Using the diagram below, draw the effects of the new import quota on the equilibrium price and quantity of rice in Indonesia. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
3(c)	<p style="text-align: center;">AO2 3 marks</p> <p>Award 1 mark for a rightward shift of a perfectly inelastic supply, labelled Award 1 mark for a lower equilibrium price, labelled Award 1 mark for a higher equilibrium quantity, labelled</p> <div data-bbox="411 745 1139 1285"></div> <p style="text-align: center;">Figure 3</p>	(3)

Question Number	<p>With reference to the data above and your knowledge of economics, analyse how lowering income tax rates can encourage people in India to work.</p> <p>Indicative content</p>
3(d)	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • Lowering income tax means workers keep more of their income, which increases the reward for working • This can make work more attractive than being unemployed or working in the informal economy • People may be more willing to enter the workforce, helping to reduce the unemployment rate, which was 8.1% in 2025 • Existing workers might choose to work longer hours or take on second jobs, knowing they will keep more of their earnings • It can increase the overall labour supply, helping firms grow and increase output in the economy • More people working can also mean more consumer spending, which helps other sectors of the economy grow

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<p>With reference to the data above and your knowledge of economics, assess the potential disadvantages of having a fiscal deficit for a country such as Japan.</p> <p>Indicative content</p>
3(e)	<p>AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • A rising deficit means the Japanese Government must borrow more, adding to Japan's large national debt • More borrowing leads to higher interest payments, leaving less money for public services like healthcare and transport • Future governments may have fewer options for dealing with economic problems if debt is already high • Borrowing too much money now means future generations may have to pay it back • If the government spends more than it earns, it might need to raise taxes in the future • A bigger deficit could make the country seem less stable to other countries and investors <p>AO4</p> <ul style="list-style-type: none"> • A fiscal deficit can help boost economic growth by increasing demand in the economy • If the money is spent on things like infrastructure, it could help the economy grow in the future • A deficit can help protect jobs if the government is spending to support the economy • If people have more money to spend because of tax cuts, shops and firms may do better due to increased consumer spending • The deficit is not extremely large at 3.6% of GDP, and could fall again if the economy recovers • Some countries run deficits for years without serious problems, especially if their economies are strong

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<p>Calculate, to two decimal places, the percentage change in the contribution of the tertiary sector to the UK's GDP between 1800 and 2024. You are advised to show your working.</p> <p>Answer</p>	Mark
4(a)	<p style="text-align: center;">AO2 2 marks</p> <p>Award 2 marks for calculating the percentage change</p> $\frac{81.8\% - 28\%}{28\%} \times 100 \text{ (1)}$ <p>OR</p> $\frac{53.8\%}{28\%} \times 100 \text{ (1)}$ $= 192.14\% \text{ (1)}$ <p>Award 2 marks if the percentage change is accurately calculated as 192.14% even if no calculations are shown</p> <p>Award 1 mark if % sign is missing i.e. 192.14 with or without calculations shown</p> <p>No marks for formula</p>	(2)

Question Number	<p>With reference to the data above and your knowledge of economics, analyse why the UK imports manufactured goods from developing countries.</p> <p>Indicative content</p>
4(b)	<p>AO2 (3 marks)/AO3 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • This is part of a trade pattern where developed countries often import manufactured goods from developing countries • Many of these goods such as electronics are produced more cheaply in developing countries due to lower wages and production costs • This makes imports from developing countries cheaper than producing them in the UK • Developing countries may specialise in manufacturing because they have a large supply of low-skilled labour • As a result, UK firms and consumers benefit from lower prices and more choice • This leads to increased trade between the UK and developing countries • This pattern of trade helps both sides and encourages more global trade in manufactured products

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<p>With reference to the data above and your knowledge of economics, evaluate the possible benefits of reducing tariffs on goods and services imported into the UK.</p> <p>Indicative content</p>
4(c)	<p>AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • The removal of tariffs on 89 products reduces input costs for firms, especially those reliant on imported raw materials or components like plastics and plywood • If businesses pass on cost savings, this may lead to lower prices for everyday items such as food and furniture, improving consumer welfare • Reducing tariffs encourages more imports, increasing the availability and variety of products for both firms and consumers • Cutting tariffs could signal the UK's openness to trade, potentially strengthening diplomatic and trade relations with non-US countries • Imports at lower prices could encourage domestic firms to become more efficient and innovative in order to remain competitive • This policy helps reduce the negative impact of US protectionism by making inputs cheaper for UK exporters who face paying higher tariffs to enter US markets <p>AO4</p> <ul style="list-style-type: none"> • However, UK firms competing with foreign imports such as pasta or furniture producers may suffer from increased competition, possibly leading to job losses • Reducing tariffs to zero eliminates a source of government income, which could be used for public services or investment • An increase in imports without a corresponding rise in exports may worsen the UK's trade deficit • The tariff cut is for two years only, which may create uncertainty for businesses planning long-term investments • Firms may choose to keep the cost savings as profit rather than pass them on to consumers, limiting the intended effect • It may not have a huge impact as only 89 products are involved • The overall impact on the UK economy may be limited as it also depends on whether UK consumers do switch to imported goods rather than buy UK products

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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).