OXFORD AQA

INTERNATIONAL QUALIFICATIONS

Please write clearly in block capitals.

Centre number | | | | | | Candidate number | | | | |

Surname _____

Forename(s) _____

Candidate signature _____

I declare this is my own work.

INTERNATIONAL A-LEVEL
ECONOMICS

Unit 4 Economic Development and the Global Economy

Tuesday 13 January 2026 07:00 UK Time 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.

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

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.

Do not write outside the box

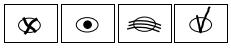
Section A

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 Which one of the following combinations of policies might form part of a market-based strategy to promote economic development?

[1 mark]

A Deregulation and public ownership ⬭

B Privatisation and a managed exchange rate ⬭

C Privatisation and deregulation ⬭

D Public ownership and a managed exchange rate ⬭

Do not write outside the box

0 2 **Table 1** shows a country's terms of trade index between January 2025 and April 2025.

Table 1

	Terms of trade
January 2025	109
February 2025	113
March 2025	107
April 2025	98

Which one of the following statements is correct?

[1 mark]

A Between January 2025 and February 2025, the average price of the country's exports rose relative to the average price of its imports. ⬭

B Between March 2025 and April 2025, the value of the country's imports rose by more than the value of its exports. ⬭

C In April 2025, the value of the country's imports was more than the value of its exports. ⬭

D In January 2025, the average price of the country's exports was higher than the average price of its imports. ⬭

0 3 Which one of the following is the main reason why the money supply of a country usually includes bank deposits but does not include shares?

[1 mark]

A Bank deposits are a store of value but shares are not a store of value. ⬭

B Bank deposits can be used to pay for goods and services but shares cannot. ⬭

C Interest is paid to people who have bank deposits but shareholders are paid dividends. ⬭

D The value of bank deposits is not affected by inflation but the value of shares fluctuates with inflation. ⬭

Do not write outside the box

0 4 The price elasticity of demand for a country's exports is –1.2 and the price elasticity of demand for its imports is –1.4.

All other things being equal, which one of the following will happen if the country's exchange rate depreciates by 20%?

[1 mark]

	Value of exports	Value of imports	
A	Decrease	Decrease	⬭
B	Decrease	Increase	⬭
C	Increase	Decrease	⬭
D	Increase	Increase	⬭

Do not write outside the box

0 5 **Table 2** shows the nominal GDP and a price index for four countries in 2023 and 2024.

Table 2

	Nominal GDP ($ billion)		Price index	
	2023	**2024**	**2023**	**2024**
Country A	100	110	110	121
Country B	300	420	200	275
Country C	800	840	150	152
Country D	1400	2000	90	135

Which country had the highest rate of economic growth in 2024?

[1 mark]

A Country A ⬭

B Country B ⬭

C Country C ⬭

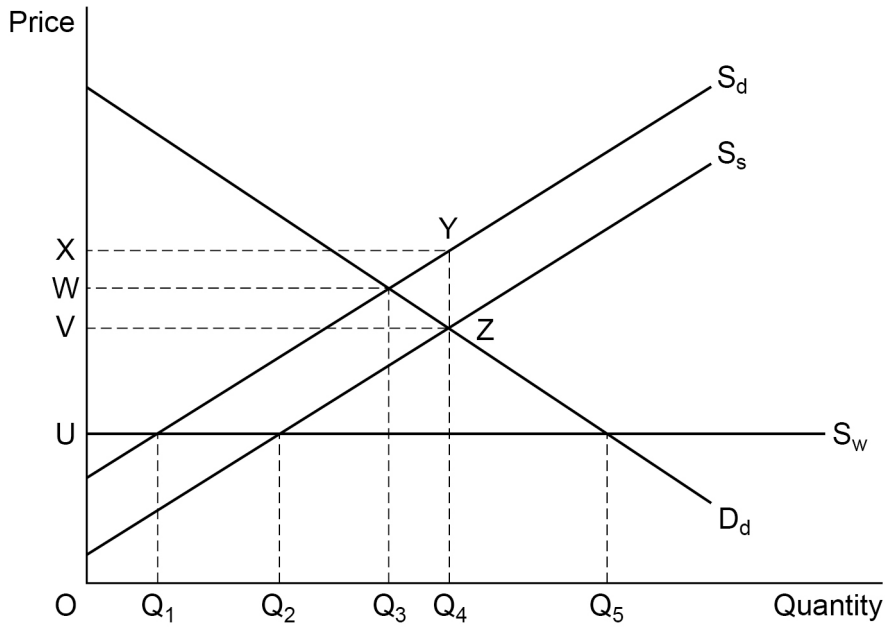
D Country D ⬭

Turn over for the next question

Do not write outside the box

0 6 **Figure 1** shows the domestic demand (D_d), domestic supply (S_d) and the world market supply (S_w) curves for a product.

Figure 1



The government gives domestic firms a subsidy of VX for each product supplied, shifting the domestic supply curve from S_d to S_s. Before the subsidy was introduced, there were no restrictions on international trade. The subsidy will

[1 mark]

A increase government spending by VXYZ. ⬭

B increase the quantity sold by domestic firms from OQ_1 to OQ_2. ⬭

C reduce the price of the product from OW to OV. ⬭

D reduce the quantity of imports by ($OQ_4 - OQ_3$). ⬭

Do not write outside the box

0 7 Which one of the following is a weakness of using real GDP per head to measure changes in a country's living standards over time?

Real GDP per head does not take into account changes in the

[1 mark]

A distribution of income. ⬭

B price level. ⬭

C size of the population. ⬭

D volume of goods and services produced. ⬭

Turn over for the next question

Do not write outside the box

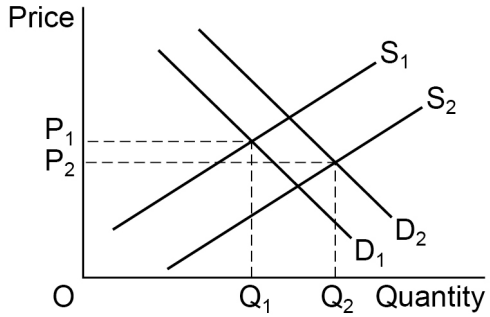
0 8 The diagrams below show the demand (D) and supply (S) curves for a country's currency on the foreign exchange market. The initial price of the currency is P_1.

Firms in the country experience a fall in the profits they receive from the assets they own abroad. At the same time, the government buys planes from a foreign firm.

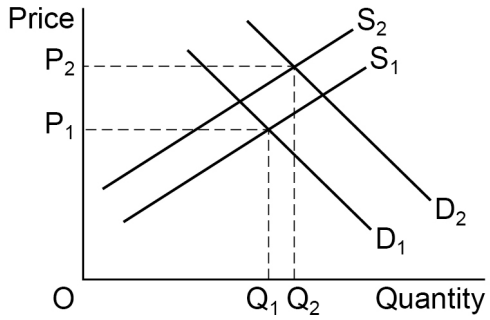
All other things being equal, which one of the following diagrams shows the effect on the country's exchange rate of these two events?

[1 mark]

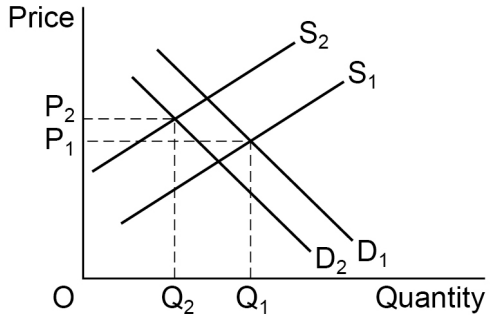
A



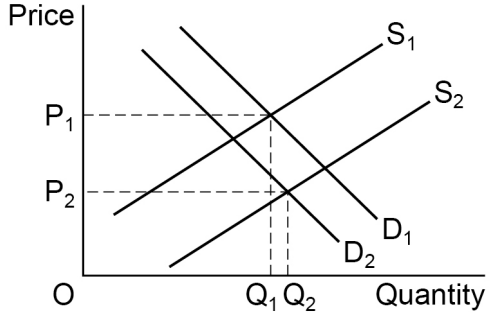
B



C



D



Do not write outside the box

0 9 The model of comparative advantage shows that free trade benefits countries as a result of

[1 mark]

A competition. ⬭

B diversification. ⬭

C economies of scale. ⬭

D specialisation. ⬭

1 0 **Table 3** shows the value of the Human Development Index (HDI) for four countries in 2022. It also shows the indicators used in the HDI to measure the quality of health and education in each country.

Table 3

Country	Human Development Index (HDI)	Health indicator	Education indicators	
		Life expectancy at birth (years)	Expected years of schooling	Mean years of schooling
Australia	0.946	83.6	21.1	12.7
Canada	0.935	82.8	16.0	13.8
France	0.910	83.2	16.0	11.7
Ireland	0.950	82.7	19.1	11.7

It can be concluded from **Table 3** that

[1 mark]

A Australia had a more equal distribution of income than France. ⬭

B Canada's HDI was 0.015 percentage points lower than Ireland's HDI. ⬭

C France had a lower rate of economic growth than Canada. ⬭

D Ireland had a higher Gross National Income (GNI) per capita than Australia. ⬭

10

Turn over for the next section

Do not write outside the box

Section B

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

1 1 According to the Prebisch-Singer hypothesis, over time, the prices of primary commodities fall relative to the prices of manufactured goods. One reason for this is that primary commodities and manufactured goods have different income elasticities of demand. The prices of primary commodities are also less stable than the prices of manufactured goods.

1 1 . 1 State the **two** ways in which a buffer stock is used to stabilise the price of a primary commodity.

[2 marks]

1 _____

_____

2 _____

_____

1 1 . 2 **Table 4** shows the income elasticity of demand for a country's exports of a primary product and a manufactured product in 2015.

Between 2015 and 2025, the total income in the country's export markets increased from $640bn to $896bn.

Table 4

	Income elasticity of demand
Primary product	0.24
Manufactured product	1.75

Calculate the **difference** between the percentage change in the volume of exports of the primary product and the percentage change in the volume of exports of the manufactured product between 2015 and 2025.

Give your answer to the nearest **whole percentage point**.

[2 marks]

_____

_____

_____

_____

_____

Do not write outside the box

1 1 . 3 The cost of producing a primary product falls due to technological change. The price elasticity of demand for the product is inelastic.

Explain, using a demand and supply diagram, the effect of the change in technology on the total revenue earned from the sale of the product.

[6 marks]

10

Do not write outside the box

Section C

Look at the Source Booklet and answer **all** questions in the spaces provided.

Do **not** write in the Source Booklet.

1 2 **Extract A** shows the growth in the labour force and the growth in real GDP in Japan.

1 2 . 1 Explain why the growth in the labour force is likely to affect the growth in a country's real GDP.

[4 marks]

Extra space

Do not write outside the box

1 2 . 2 To what extent do the data suggest that the growth in the labour force affected the growth in Japan's real GDP between 2016 and 2023?

Use the data in **Extract A** to support your answer.

[4 marks]

Extra space

8

Turn over ►

Do not write outside the box

1 3 **Extract C** (lines 3–4) states: 'Japan's current account balance increased from a surplus of 2% of GDP in 2022 to a surplus of around 3.4% of GDP in 2023.'

Explain factors that may have caused the surplus in the Japanese balance of payments on current account to increase between 2022 and 2023.

[12 marks]

Do not write outside the box

Extra space

12

Do not write outside the box

1 4 **Extract C** (lines 11–12) states: 'Monetary policy can support the growth and development of the economy but it is only part of the solution.'

Assess the contribution that monetary policy can make to promoting economic growth and development in Japan.

[25 marks]

Do not write outside the box

Turn over ►

Do not write outside the box

Extra space

25

Do not write outside the box

Section D

Answer **EITHER** Question 15 **OR** Question 16.

Shade the circle below to indicate which optional question you have answered.

Question 15 ⬭ Question 16 ⬭

CORRECT METHOD ⬬ WRONG METHODS ⊘ ◉ ≈ √

Either

15 The Gini coefficient is the most commonly used measure of inequality. According to the World Bank, in 2022, Costa Rica had a Gini coefficient of 47.2 and its GDP per head was US$13 365, whereas Bangladesh had a Gini coefficient of 33.4 and its GDP per head was US$2 688.

Discuss whether policies aimed at reducing inequality in the distribution of income are likely to help the economic development of a less economically developed country (LEDC).

[25 marks]

or

16 Globalisation means that firms and workers in more economically developed countries (MEDCs) have to compete with those in lower-cost countries. This has led to the collapse of some industries, structural unemployment and growing inequality in some MEDCs.

Assess the view that globalisation has been damaging for more economically developed countries (MEDCs).

[25 marks]

Do not write outside the box

Do not write outside the box

Extra space

Do not write outside the box

END OF QUESTIONS

25

Do not write outside the box

There are no questions printed on this page

DO NOT WRITE ON THIS PAGE
ANSWER IN THE SPACES PROVIDED

Do not write outside the box

Question number	**Additional page, if required.** **Write the question numbers in the left-hand margin.**

Do not write outside the box

Question number	**Additional page, if required.** **Write the question numbers in the left-hand margin.**

Do not write outside the box

Question number	**Additional page, if required.** **Write the question numbers in the left-hand margin.**

Do not write outside the box

Question number	**Additional page, if required.** **Write the question numbers in the left-hand margin.**

Do not write outside the box

There are no questions printed on this page

DO NOT WRITE ON THIS PAGE
ANSWER IN THE SPACES PROVIDED

Copyright information

For confidentiality purposes, all acknowledgements of third-party copyright material are published in a separate booklet. This booklet is published after each live examination series and is available for free download from www.oxfordaqa.com

Permission to reproduce all copyright material has been applied for. In some cases, efforts to contact copyright-holders may have been unsuccessful and OxfordAQA will be happy to rectify any omissions of acknowledgements. If you have any queries please contact the Copyright Team.

Copyright © 2026 OxfordAQA International Examinations and its licensors. All rights reserved.