Examiners' Report

Principal Examiner Feedback

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Pearson Edexcel
IAL Economics (WEC04)
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Introduction

There were nearly 200 students sitting this examination.

In Section A, question 1 was the most answered question amongst the essays and nearly the same number of students answered question 1 and question 2. In Section B, question 5 proved to be the more popular option than question 4. Slightly stronger performances were seen on question 1 from Section A (mostly driven by part (b)) and question 5 from Section B.

Most responses to the essay questions in Section A showed good levels of depth and breadth. It is pleasing to notice the students taking on board the advice that has been offered to them. Students that attained higher levels were able to effectively integrate their application of countries (even where not required) to their arguments. However, few students have struggled to understand the requirements of the question and often did not add enough evaluation to their answers. Some students merely listed points but did not develop them further.

Typically, examiners are looking at three well developed and contextualised analysis points and two well developed and contextualised evaluative points for 15 mark essay questions. Similarly, examiners are looking at four very well developed and contextualised analysis points and three well developed and contextualised evaluative points for the 25 mark essays.

Likewise in answers to Section B, some students did not make appropriate use of the relevant data provided in the extracts. Despite this general trend, there were several good scripts. Students were able to integrate most of their analysis with application to context and evaluated their arguments in sufficient detail.

The questions were accessible at all levels and provided good opportunities for students to differentiate by ability. Answering the exact question asked, integrating data with analysis and strong evaluation continue to remain the essential ways that the A-grade students achieve higher marks.

Moreover, students are also highly encouraged to have better structure to their answers. Many have written the essays in bullet points and some have written in long blocks/paragraphs without making clear distinction between analysis and evaluation. This was also seen throughout all the higher mark questions in the data response section.

Q1(a)

This was the most popular question amongst the students. Many students have been able to assess the factors that influence the exchange rate of a currency. Points well explained related to interest rates, current account deficit and speculation. They were not, however, able to further develop their analysis points as they were unable to provide chains of reasoning linking their arguments to how it impacts either demand or supply of the currency. For those who consistently did this, it gave them a higher score putting them in level 3.

Those students who listed points and who showed a lack of understanding of the causes were not able to access more than level 1. A few, who were able to explain their arguments but had weak development, were not able to achieve more than level 2. Their points lacked chains of reasoning and therefore were unable to access level 3.

However many students were not able to evaluate the question effectively. They provided solutions to the effects of a fall in currency (this relates to the question asked in part 1(b)) and did not directly answer the question. As a result, they were unable to gain access to the highest level. This was seen in the answers of students of all abilities.

Q1(b)

Many students were able to evaluate whether the depreciation in Mexico's currency improve its economic performance. Whilst students were able to analyse their arguments in details, their evaluation points were often even stronger than their analysis points. Therefore students were able to access level 5.

The most common analysis points made by students were on FDI, current account, AD and economic growth, and inflationary pressures. Most of them were able to explain their arguments in detail integrating their AD diagram in the analysis. There were a few students who were only able to give a few points for analysis and evaluation. They also did not discuss the arguments in detail and therefore were not able to access the higher levels.

The most common evaluation points revolved around PED of exports and imports. Few students evaluated only 1 point and this often tended to be less developed. Many students often listed their points.

Many added depth to answers using diagrammatic analysis and by referring to a country, which is not a requirement of the question but it was credited. They were

able to achieve level 5. Other students were not able to develop their arguments in much detail and could not access the higher levels.

Q2(a)

There were a few students who attempted this question. Some were able to effectively answer the question but some students did not read the question carefully. They answered the question in the context of why a developing country might restrict free trade.

Most of the students were able to analyse the reasons with context to a developed country. They used preventing dumping, reducing their current account deficit and protecting infant industries as their central arguments. Those who were able to provide logical chains of reasoning linking points to a developed country achieved high scores, putting them in level 3 for their analysis.

They were unable to offer well-developed evaluative comments and hence could not access level 5. Although some students provided a case against restrictions on free trade, they were not able to explain their evaluative comments in depth. Hence, they could not access many further marks.

Few students were able to identify points but not develop them in context of the question. Some students answered it in relation to a developing country and a handful of students confused this with barriers to entry for firms. As a result, they were unable to gain any marks.

Q2(b)

Students were not able to access the higher levels as they were not able to present a sound assessment of factors, other than increasing trade barriers, which might explain the changes in a country's pattern of trade with other countries. They did not refer to the principle of comparative advantage in their answer. Many students did not have clear understanding of demands of the question and discussed factors affecting terms of trade.

A very few good answers were seen for this question, particularly where students were able to write their arguments in context of a country in a positive way. They were able to include sufficient detail, and integrate the analysis and application to a greater extent.

Responses that received higher levels had strong analysis and evaluation points. These students discussed points on comparative advantage and then further analysed points on changes in exchange rates, increase in number of trading blocs and emerging economies. Some students explained trade barriers in their answer and this was not credited as the question required them to exclude this.

Evaluation points were weak and not well written. They were not in context of a country. They did not present good terminology and understanding of the

question. Some students drew on these concepts to lesser extent in the answers, especially on comparative advantage. They did not often develop their arguments further and needed to show more breadth and depth to their answers.

Students who listed points were not able to access more than level 1. Few, who explained their arguments but had limited development, were not able to achieve more than level 2 for their analysis. It is important that students explain comparative advantage before analysing other reasons to access the higher levels. Students who answered this question, therefore, found it very difficult to access highest levels.

Q3(a)

There were many students who attempted this question. Few students were able to analyse their points in context of a country (although not required) to answer this question and they were therefore able to add depth to their arguments. Almost all students were able to discuss the possible causes of a deficit on the current account. The most common points that were relatively high inflation rate, low productivity and overvalued exchange rate.

Those who were unable to sufficiently develop their points but had identified the causes were able to access no more than level 2. A few students listed their arguments in bullet point format, and they were only able to access level 1. There were no logical chains of reasoning provided.

In evaluation, many students explained the significance of a current account deficit (which was the answer to (b). Those who attempted to evaluate, did not have depth in their arguments.

Some students confused current account deficit with the fiscal deficit, and this was not awarded any marks.

Q3(b)

Students produced some good answers to this question, and in particular were able to apply their answers to a country. It was clear that when the students included context they were able to include far more detail, and integrate their analysis and application to a greater extent.

Majority of the students were only able to effectively explain only two/three arguments about the significance of current account deficits to a country of your choice. Most common discussion revolved around borrowing from the IMF, the depreciation of the currency and AD.

Responses that received higher levels made well developed analysis points. They showed good depth to their arguments but often lacked the necessary breadth in their evaluative comments. Some students did not develop their analysis arguments, often just listing them without providing context. Many students did not make reference to a country and hence, did not attain higher levels.

Across scripts, there was little application to a country. Applying answers with country reference may provide students with a framework in which to base more in-depth analysis and evaluation.

SECTION B

Q4(a)

This question was well answered and students were able to accurately define fiscal deficit. Some were confused and defined current account definition. Hence, they obtained full marks for knowledge. Examiners are looking for two separate pieces of data reference and only a few students were able to access both the application marks as they correctly identified these from the extract.

Q4(b)

Most students have been able to evaluate the likely impact of the ECB's quantitative easing programme and have added reasonable depth to all their answers. For listing various points, they could only access level 1. Many were able to add development of their points but did not get level 3 if they did not write it in context of the question given. Hence, they were only able to get level 2. For 16 mark question, 8 marks are available for knowledge, application and analysis and 8 marks for evaluation.

Level 1 would be identification of an effect, level 2 would be identification of an impact and use of data from the extract OR a development of the point, and level 3 would be identification of impact, use of data AND development of their point. For arguments which do not contain any relevant data in the extract/figures, students needed to develop their point effectively to access the higher level.

Students used a range of points but most focussed on economic growth and AD, along with inflation. Some supported their arguments with an accurate AD/AS diagram. However, several students discussed the effects of interest rates and were not therefore could not access the higher levels.

Evaluation points were not as well developed although many students made an attempt to evaluate the analysis points they had analysed. Students who listed their points without any development accessed only level 1. To access the higher levels, students need to demonstrate good depth and breadth in their answers. Typically, examiners are looking for 3 well developed analysis points and 3 well developed evaluation points in 16 mark questions.

This suggests that additional practice in reading and understanding the kind of extracts found in data response questions would be beneficial, as would practice in how to integrate application with students' own analysis to make a complete and well explained argument.

Q4(c)

Many students were able to discuss whether an increase in a country's national debt should be a cause for concern. They struggled to account for aptly detailed explanations to earn level 3 marks for knowledge, application and analysis. For every 12 mark question, 8 marks are available for knowledge, application and analysis and only 4 marks for evaluation.

Level 1 would be identification of a point, level 2 would be the identification of a point and use of data from the extract OR development of their point, and level 3 would be identification of a point, use of data AND development of their point. For their arguments which do not contain relevant data in the extract/figures, students needed to develop their point effectively to access the higher level.

The most common points explained were on reduction in a country's credit rating, opportunity cost to the future generations and crowding out effect. Some students' answers often lacked sufficient depth and breadth. They quoted the data from extract 2 but offered no further development; this only got credited at Level 1. Some only copied the entire extract into their answer and this was not credited with the higher levels.

Evaluation was limited and students did not explain their arguments well. Some students listed basic evaluation points without development and this gave them access to Level 1 only. Typically examiners are looking for 3 well developed analysis points and 2 very well developed evaluation points in 12 mark questions.

Q4(d)

Only few students were able to analyse two supply-side policies that the eurozone countries could implement 'to increase the eurozone's rate of economic growth', but often found it difficult to develop their points. They had to refer to the last paragraph of Extract 2 and for those who did not refer to these policies, were not credited with any marks.

Many students explained policies of reducing corporation tax and increased government expenditure on infrastructure. Only a handful used diagrams to support their explanation, linking their answers to potential growth/LRAS.

Some students added sufficient depth to their answers and they explained them well. This allowed them to get all 3 marks for each point. However, a few students explained the demand side impacts which did not answer the question and did not receive any marks. Few students did not include any application from the data provided and thus did not access any application marks.

Q5(a)

This question was also well answered and students effectively able to define absolute poverty. Some were confused with relative poverty and therefore, obtained no marks for knowledge. Examiners are looking for two separate pieces of data reference and almost every student was able to access both application marks as they correctly identified these from the extract.

Q5(b)

Not all students were able to analyse two likely economic effects of 'rapid population growth'. Most students made an attempt to explain but they did not answer it in context of the question provided. Only handful of students explained well, and this gave them access to three marks per point made. For those students who only provided analysis of one point, they could only obtain a maximum of five marks if they applied the correct data.

Not many students were able to access the two application marks as they did not refer to the data carefully. Some students made reference to their own knowledge and this was not credited.

Q5(c)

This question was answered reasonably well in terms of its analysis, with some students showing good evaluation of the effectiveness of microfinance schemes, such as those implemented in Bangladesh. Many students used extract 1 for both their analysis and evaluation arguments. For 16 mark questions, 8 marks are available for knowledge, application and analysis and 8 marks for evaluation.

Level 1 is the identification of a point, level 2 would be the identification of a point and use of data from the extract OR development of their point, and level 3 would be identification of a point, use of the data AND development of their point. For their arguments which do not contain any relevant data in the extract, students needed to develop their point effectively to access the higher level. Few students copied paragraphs from the extract and offered these as their points and were therefore unable to access higher levels.

Evaluation was a little generic but few students offered why microfinance schemes were not effective. They were able to access the higher levels as they answered their questions in context of the question. To get the access to higher levels, students need to be consistent with the context and should show good level of depth and breadth in the answers. Typically, examiners are looking for 3 well developed analysis and 3 well developed evaluation points in 16 mark questions.

This suggests that additional practice in reading and understanding the kind of extracts found in data response questions would be beneficial, as would practice in how to integrate application with students' own analysis to make a complete and well explained argument.

Q5(d)

This question required students to discuss policies, other than microfinance schemes, that could be implemented to reduce absolute poverty. Students were not able to well answer this question where most of them listed the information from the given extract and did not develop the policies written. This gave them access to level 1 only.

This is a data response question, so students should remember to refer to the extract to identify given policies. Where students discussed policies not mentioned in the extract, they will still awarded marks but were unable to access the higher levels.

Few were able to provide sufficiently detailed explanations of the policies to earn them level 3 mark for knowledge, application and analysis. For every 12 mark question 8 marks are available for knowledge, application and analysis and 4 marks for evaluation.

Level 1 is the identification of a policy, level 2 would be the identification of policy and use of data from the extract OR development of their policy, and level 3 would be identification of policy, use of the data AND development of their point. For their arguments which do not contain any relevant data in the extract, students needed to develop their point effectively to access the higher level.

Evaluation points were relatively good across all scripts. Many were able to draw upon short run vs long run, and magnitude of growth considerations. In some cases, this was not always developed. Some students listed points throughout and hence only accessed level 1.

This question could not be fully or meaningfully answered without reference to the data provided, and many students failed to appreciate this and tried to write answers solely from their own knowledge. Those who made sound reference to the data were able to offer sound analysis of evidence.

Conclusion

• Students must read all the questions carefully, and make sure that they have addressed all parts of a question in their response. In a few different questions on this paper, not understanding requirements of the questions, in terms of depth and breadth, was the main reason for low scores.

• Application is a key assessment objective, and a skill that all students should aim to show throughout their responses, even when a question does not explicitly ask for it. Particularly in response to essay questions in Section A, reference to particular countries and examples would help to improve the quality of responses and allow students to add depth and breadth to their points.

• Evaluation is the highest level assessment objective and on this paper in particular, the ability to evaluate was the main discriminator between the weaker and stronger responses. Indeed in some cases, students did not even attempt any evaluation which immediately constrained their scores on the questions that required this.

• There are no evaluation marks for 8 mark questions. Please use the time given effectively and avoid assessing the analysis points made. Students need to be aware that they need to use the information as indicated by the question to get application marks, wherever applicable.

• To access the highest level, students must show sufficient depth and breadth to their analysis and evaluation points. These points must be consistently written in context of the question. Material also needs to be presented in a relevant and logical way.

• Students are also highly encouraged to have better structure to their answers. They must avoid writing essays and higher mark questions in bullet points or in long blocks/paragraphs without making a distinction between their analysis and evaluation points.