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# Examiner's Report Principal Examiner Feedback

## Summer 2018

Pearson Edexcel International GCSE  
In Economics (4EC0) Paper 01

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## General comments

This paper proved to be accessible for the majority of candidates and produced a wide range of answers. Some responses were very good indeed, showing high levels of economic understanding and analysis.

Unfortunately, some candidates continue to make careless mistakes which cost them marks. Some candidates did not have enough knowledge and either wrote answers of little merit or left the page blank

Particular areas of the specification which appeared to cause the most serious problems for candidates included:

- Factors affecting wage rates
- Impact of inflation
- Monetary policy and inflation
- Current account deficit

On the other hand these areas of the specification were generally answered well:

- Productivity/Human capital
- Privatisation
- Disadvantages of globalisation
- Growth of trade

## **Question 1**

**1a (i) and (ii)** Most candidates selected the right option but many had trouble in explaining why.

**1b (i)** Clear definitions of PED for the most part.

**1b (ii)** Most candidates were able to offer one reason as to why demand for chocolate bars was inelastic but some struggled to find a second one or repeated the first one. Stronger candidates did well here.

**1b (iii)** Some responses mistakenly concentrated on the impact of increasing price rather than looking at how PED might affect the outcome. Of those that did explain the importance of PED, only a few were able to deliver a reasoned judgement or conclusion.

**1c (i)** Most were able to offer at least a partial definition of the private sector.

**1c (ii)** A widely understood concept and most candidates did well here.

**1c (iv)** A large number of disappointingly vague answers such as 'to gain power' or 'to go on strike'.

**1d** Generally not well answered, with many candidates just offering one sided responses. Counter arguments were often just more on the demand and supply of labour rather than any discussion of how other factors may disrupt the labour market. Of those that did offer a valid counter argument, very few were able to provide a reasoned judgement or conclusion.

## **Question 2**

**2a (i)** Mostly well answered and good interpretation of the data in Figure 2a.

**2a (ii)** Well answered.

**2a (iii)** Clear awareness was present of the two sides of the argument as to whether improving human capital was the best way to increase productivity, but evaluation marks were often missed. Those responses that did provide a judgement were often perceptive and thoughtful.

**2b (i)** External benefits was not a widely understood term with many confused responses.

**2b (ii)** Those that struggled with 2b (i) also struggled to give an example here.

**2c (ii)** Most could identify two internal economies of scale but some did not apply them to a large manufacturer as per the question.

**2d (i)** Many candidates were able to offer one reason why a government might want to regulate competition but struggled to come up with a second.

**2d (ii)** This was perhaps one of the better answered 6 mark questions with many candidates appreciating both the positive and negative impact of privatisation on consumers. Judgement was often attempted and at times was perceptive and thoughtful.

### **Question 3**

**3a (i)** Mostly well answered with good interpretation of the data in Figure 3a.

**3a (ii)** Generally not well answered with many students confused over the way inflation would affect real values.

**3a (iii)** Although most candidates showed a fair understanding of monetary policy and how it may curb inflation, many were unable to offer a counter argument. Those that did usually went on to offer a judgement as well.

**3b (i)** Whilst many were able to identify why a current account deficit might increase not many could develop the answer for both marks.

**3b (iii)** Not a well answered question. A large number of candidates appeared to struggle with the concept of the current account of the balance of payments. Many interpreting it as a budget deficit requiring the government to increase taxes or cut spending. Some responses even assumed the current account was a bank account. Therefore many candidates failed to score any marks. By contrast there were some very good answers that also developed a conclusion and scored maximum marks.

**3c** A well answered question, although a significant number confused regulation with taxation.

#### **Question 4**

**4a (ii)** Candidates were able to show the impacts of FDI but were often unable to explicitly state how this encouraged globalisation.

**4a (iii)** The disadvantages of globalisation were widely understood with most scoring well here.

**4b (i)** One of the better 6 mark questions for most candidates. Understanding of the reasons for the growth in international trade was generally sound and most were able to make a two sided argument about the role of the WTO. Relatively few though, were able to access 5 and 6 marks by offering a reasoned judgement or conclusion.

**4b (ii)** Most candidates could offer one reason why the US would be concerned over subsidies given to Chinese Aluminium producers. Unfortunately the majority simply repeated it for the second, only a few were able to provide two separate and valid reasons.

**4c (ii)** For many candidates a similar story as with previous 6 mark questions. A clear awareness was present of the two sides to increasing free trade, but reasoned judgements and conclusions were comparatively rare.

#### **Conclusion**

Based on observations from this exam series, candidates are advised to:

- Learn definitions
- Use the appropriate economic terminology
- Read the questions carefully
- Take care when interpreting diagrams, graphs and tables
- Look for the command words
- On the 6 mark questions make a reasoned judgement or conclusion

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