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Examiners' Report/
Principal Examiner Feedback

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Pearson Edexcel GCE
in Economics (6EC02)
Paper 01 Managing the Economy

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Introduction

This exam series is now coming towards an end, having been replaced by the new Economics A syllabus, which started in September 2015.

This exam paper was accessible to students with candidates able to make good, well-developed answers to all the questions. It was similar in structure and challenge to previous exam papers. Question 1 focused on incomes, employment, and trade. Question 2 focused on macroeconomic indicators and policies. Achievement across both questions was fairly equal, although candidates did find 2c more easy to answer than 1e.

Weaker candidates generally struggled to achieve highly on the 12-mark questions and the 30-mark essays, especially questions 1b and 2aii. Specifically here candidates failed to answer the specific question that had been asked.

Specific Question Feedback

1ai
In general answers to this question were good. The main problem was students failing to fully define 'real wage growth', but nearly all could include a relevant piece of application.

1aii
In this answer again the application marks were generally achieved but weaker candidates may have struggled to fully develop their answers to achieve the full analysis marks. Candidates also needed to bear in mind that the question specifically asked about *real* wages.

1b
The main weakness with this question was candidates' inability to fully address the specific requirement of the question. In particular the focus on 'employment and unemployment'. Far too many students discussed general impacts on the macroeconomy without making specific reference to the impact on these two things.

1c
Candidates found this question more accessible than the previous one, with many able to explain the impact on price level and real output as well as drawing an accurate diagram. Evaluation was required in this question as well, and some weaker candidates forgot to include this.

1di
This was a fairly short and generally straightforward question. Some candidates overcomplicated it by discussing things that weren't relevant and as such weren't going to get any marks. A number of students also discussed exchange rates, which aren't going to be directly affected by Eurozone weakness.

1dii
If students understood the relationship between exchange rates ands imports and exports then generally they could achieve highly in this question. Weaker candidates generally couldn't achieve the full analysis marks on this question as they may have been able to identify points but not clearly explain the transmission mechanisms.

1e
As already mentioned, students found this question more accessible than the essay on question 2. Candidates could discuss a wide variety of government policies. Popular ones included education & training, raising minimum wage, reducing unemployment benefit, and improving transport to increase geographical immobility. Weaker candidates could identify relevant points but not fully analyse them in sufficient depth. More able candidates could offer clear step-by-step analysis leading through to an increase in employment. In terms of evaluation, weaker candidates tended to identify but not develop generic concepts such as time lags and magnitude but not clearly relate them to employment. More able candidates went beyond this to discuss specific pieces of evaluation that were clearly integrated into their argument.

2ai
Most candidates achieved well on this question, with the main weakness being an ability to fully define the term. Most candidates could provide an accurate reference to figure 1.

2aii
The more able candidates in this question appreciated the concept of the Human Development Index as a composite index and discussed the advantages and disadvantages of it bearing this in mind. Weaker candidates failed to grasp this idea, and simply discussed each part of the HDI in turn rather than as a whole.

2aiii
In this question most candidates could identify relevant policies, but it was important that they were specifically linked to one aspect of the HDI and how the policy would clearly improve the HDI to achieve full marks. Some weaker answers were too generic in nature.

2bi
The CPI is a key macroeconomic measure, and as such it is important that candidates understand how it is calculated. It was surprising the number of candidates who could not clearly explain this process, including the concept of weighting.

2bii

The key to this question was reading it carefully. Candidates needed to explain two reasons why the MPC would *increase* interest rates. The obvious point to make would be if inflation was rising and set to go above target, although many other good points were made by candidates. It is also worth ensuring you precisely answer only what the question is asking. For example here it asks to *explain*, as such there are no marks in this question for evaluation.

2biii

This question was found more challenging than some, with again a need to fully understand what the question is asking. So candidates needed to discuss the pros and cons of *'a very low rate of inflation'* specifically. Many discussed the risk of going into deflation if inflation is very low. Others considered the impact on incomes of low inflation.

2c

As I have already mentioned, candidates found this question less straightforward than 1e, although there were still a number of very good answers to this question. Better answers focused on issues such as the fact that interest rates are already at 0.5% and so can't really go much lower. Many also discussed quantitative easing and how effective it has been. The confidence of banks, consumers, and businesses also came up frequently as good evaluation points. Similarly to 1e, weaker candidates tended to offer only the standard, generic evaluation comments and failed to relate them to the context of the question or their answer.

Conclusion

Overall this was a successful and accessible paper where candidates were able to effectively demonstrate their economic knowledge and understanding. In future exams candidates are advised to focus on these specific things:

• Candidates need to be able to offer clear, precise, and accurate definitions of the key macroeconomic terms. These should be using appropriate terminology and not a vague attempt to explain roughly what the term relates to
• Candidates will only receive marks for answers that specifically answer the question. This was particularly evident this year in questions 1b and 2biii
• There is no need to repeat the question back to the examiner - save yourself some time and get straight on with answering the question
• Candidates are spending too much time on long introductions when a question does not require it- they need to get on much more quickly with answering the specific question asked