



Examiners' Report

Principal Examiner Feedback

June 2019

Pearson Edexcel Advanced Subsidiary in
Economics (8EC0)

Paper 2: The UK Economy – Performance
and Policies

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Grade Boundaries

Grade boundaries for all papers can be found on the website at:

<https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html>

June 2019

Publications Code 8EC0_02_1906_ER

All the material in this publication is copyright

© Pearson Education Ltd 2019

Introduction

All questions were accessible to the candidates, although inevitably candidates were scoring more highly on some questions than others. Candidates' responses to the questions have largely been of an expected standard.

Section A highlights the need for candidates to be accurate in their definitions. Many candidates are losing marks because they cannot clearly define economic concepts such as price level. Quantitative skills are also an important skill and, whilst there appears to have been some progress in this area compared to last year's paper, there is still an opportunity for improvement here. It is vital that the candidates can calculate key quantitative measures such as percentage change as well as being able to correctly interpret data presented in a variety of forms.

In section B it is essential that the candidates read the question carefully. Many have evaluated questions which do not necessitate them to do so. This meant they were unable to devote the right amount of time for higher mark questions. Candidates must ensure they are answering the precise question set. For example, for Q6(b) they had to explain two factors and for Q6(c) candidates needed to explain only one factor. Several candidates have spent time explaining one additional factor for each of these questions; hence they were not able to maximise their efficiency in terms of managing their time.

For the questions where candidates had a choice, Q6(f) and Q6(g) were nearly as popular as each other. In Q6(f) many candidates failed to focus on interest rates referred to in the question and, as such, lacked context required to access the top level. This was an issue in general, with candidates writing answers that were too generic or where they clearly had not fully read and understood the data they had been provided with. In Q6(g) candidates who focused their answer convincingly on the conflict between economic growth and two other macroeconomic objectives were likely to achieve more highly as they offered a clear perspective to their answer. Another significant point to recall in both Q6(f) and Q6(g) is, to quote the Level 4 Knowledge, Application and Analysis criteria, there needs to be 'logical and coherent chains of reasoning'. This contrasts to the Level 2 criteria which describes a 'two-stage chain of reasoning only'.

Question 1 (a)

This question requires a short but precise definition of injection. It is important that candidates are clear in their answers. Candidates could access marks through a range of approaches.

Question 1 (b)

This is a multiplier calculation question that candidates were able to answer relatively easily, and the majority were able to do this. Candidates also need to be careful to read the question and the data carefully, as some candidates lost marks because they didn't understand the requirements of the question.

Question 2 (a)

This question requires candidates to illustrate the shape of the Keynesian long-run AS curve. A few candidates were not able to distinguish between the classical and the Keynesian AS curves.

Question 2 (b)

This question required candidates to explain the explanation of spare capacity. Many candidates were able to identify a point but often did not explain the point they had identified.

Question 3 (a)

In this question the marks are split as 1 for knowledge, 1 for application, and 1 for analysis. The knowledge comes from identifying one effect, the application for explaining the data, and analysis for development building on the knowledge. Most candidates were able to access application marks.

Question 4 (a)

This question requires a clear definition of price level. Many were not able to provide an accurate definition and hence did not get the mark for this question.

Question 4 (b)

This question requires candidates to draw the likely impact of government policy to promote business competition in context of an AD/AS diagram. Marks were awarded as 1 mark for the rightward shift in LRAS and 1 mark for a new equilibrium showing lower price level and higher real output. Most candidates achieved the 2 marks on this question.

Question 5 (b)

This question asked candidates to calculate index numbers for 2015 and 2016. Many candidates were able to answer this question relatively easily. However, some candidates lost marks because they selected the wrong two pieces of data.

Question 5 (c)

This question requires a definition of an index number. Few candidates were not able to provide an accurate definition, as they confused index number with the base year, and hence did not get the mark for this question.

Question 6 (a)

The marks for this question are split in half between knowledge and application. Candidates achieved 2 marks for an explanation of how the change in the exchange rate of the pound has 'contributed to rising inflation' and 2 marks for relevant application from Figure 1 or Extract A.

Question 6 (b)

This question asks candidates to explain two likely economic effects of the higher rate of UK inflation. It is important that candidates focus specifically on their effects and answer the question in terms of inflation. Too much time was wasted on explaining the causes of inflation, which was not the requirement of the question. Each reason needed to be identified and analysed. There are marks for application, which most candidates attained through the use of data from Extract A.

Question 6 (c)

This question asked candidates to explain one reason why it is necessary to regularly update the CPI basket of goods and services. Therefore, it is important for candidates to make the most of their time in the exam and not explain two factors. Several possibilities could be explained here. Popular application included the use of Figure 2 to explain answers. Candidates should remember that in these shorter questions examiners are looking for specific pieces of application.

Question 6 (d)

This question required candidates to assess the likely impact of the change in the value of exports, on the economic growth of the UK using an AD/AS diagram. In these longer questions the focus for a candidate needs to be on the quality of their answer, bearing in mind the levels mark scheme. They should ensure they are clearly giving step-by-step explanations of the impact. This would cover the exam skills of knowledge, application, and analysis. There are 4 marks available here for evaluation.

Question 6 (e)

This question required the candidates to discuss limitations of using GDP data to compare living standards between the UK and developing countries. Candidates needed to ensure they answered the question being asked, as there were a few answers which listed the limitations and did not develop their arguments. They were not able to receive higher analysis marks. Evaluation was fairly weak and most points were only listed. Many did not make any use of data in this question and often found it hard to access application.

Question 6 (f)

This question required candidates to evaluate use of interest rate changes as a means of controlling UK inflation. Many candidates were able to effectively answer this question and provided arguments on impact on consumption and investment. They linked this to inflation using an AD/AS diagram in context of their explanations. One of the key issues was that many candidates discussed the reverse effect on these factors as evaluation and this was not credited. Those who were able to effectively answer this question explained their arguments in context of recent UK trends.

Question 6 (g)

This question required candidates the potential conflicts between the objective of economic growth and two other UK macroeconomic objectives. Although candidates were able to identify conflicts, they were not able to analyse why that conflict has occurred. Some candidates discussed the negative impacts of the other macroeconomic objectives, for example inflation but did not often explain why economic growth leads to inflation. There were some evaluative comments but they lacked chains of reasoning to access higher levels.

Paper summary

Based on their performance in this exam, candidates are offered the following advice:

Ensure you manage your time effectively: it does say in the exam paper to spend 25 minutes on section A and 1 hour 5 minutes on section B. If candidates spend too long on section A, they are in danger of running out of time for the 15 and 20 mark questions at the end of the exam paper.

A multiple-choice question is worth 1 mark whereas Q6(f) and Q6(g) are worth 20 marks, bear this in mind in terms of how long you are spending on individual questions – especially those in Section A.

Ensure you are aware of key definitions. Be aware of all formulae and quantitative skills as explained in the specification. Practise calculation questions.

Ensure you carefully study and understand the figures and extracts provided in section B. These form the context for the questions, and answers should be related to this context and not be entirely theoretical.

Don't spend too much time on long introductions when a question has only asked to, for example, 'Explain two likely economic effects...'. Here, marks will only be awarded for your explanation of your reasons so you should start immediately with your first reason.

Finally, remember to keep your answers within the space provided. If you run out of space you should ask for additional paper and clearly indicate which question you are writing about. It is indicated on the front of the exam paper that 'there may be more space than you need'.