

Examiners' Report/
Principal Examiner Feedback

October 2016

Pearson Edexcel International A Level
in Economics (WEC01)

Unit 1 Markets in Action

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Introduction

This is the first October series that examinations have been offered on the International A level with both International AS papers available. The performance on the multiple choice section was in line with previous series January and June series. Question 9 also performed well although candidates did less well on question 10.

Overall, the paper was accessible for all candidates with learners typically being able to achieve marks on each question. In the supported multiple choice section candidates were usually able to pick up at least a couple of marks for either definitions/ explanations or identifying the correct key with some explanation. There were less questions where students were unable to access marks.

On the data response section question 9 was more popular than question 10. Approximately 75% of candidates attempted question 9 and 25% question 10. Candidates performed better on question 9 than 10.

Diagrammatic analysis on the work from the better candidates achieving the higher grades was accurate and was integrated with their written analysis. So they would not only draw the diagram accurately but talk about what they learn from it in their written explanation. This enabled them to consistently achieve within the top level.

There were a significant number of superior responses which scored very high marks, particularly in the supported choice section of the paper and the 6 and 4 mark questions on the data response. A greater number of candidates also performed well on the 10 mark questions as more attempted evaluation. The 14 mark parts on question 9 seemed better formed with more attempting evaluation points and developing analysis.

Most candidates were able to complete the paper in the time available though some struggled to develop their answers for questions requiring evaluation.

However it was unusual for me to see unfinished or brief responses as time management clearly seems to be improving. It is important that candidates practise the unit 1 papers under timed conditions to strengthen exam skills. The performance on individual questions is considered in the next section of the report. The feedback on questions shows how questions were well answered and also on how to improve further.

Supported Multiple Choice

Most candidates found this method of testing accessible. Those candidates achieving the top grade were able to use relevant diagrams to support their answers and the written responses were able to define effectively and explain the correct key.

The key way all learners at every grade were able to access marks was being able to define the main concept(s) in the question (awarded 1 or 2 marks). Those that went on to apply appropriate economic theory and analysis (usually awarded up to 2 marks) were those able to achieve the higher grades.

It is possible to achieve the full 3 explanation marks even when an incorrect option is selected. It was very rare this season to find a box not complete and very rare was the letter in the box different to the answer being justified.

Some candidates gained marks by using the rejection technique. Up to 3 marks are available for successfully eliminating 3 incorrect options (provided that three separate reasons are offered). To achieve rejection marks it requires candidates to explicitly state the option key being rejected and then to offer an appropriate explanation as to why it is wrong. Unfortunately, some candidates fail to identify the incorrect option key and so the examiner may not be aware that the rejection technique is being offered. A significant number were using the rejection mark to achieve their last mark on these questions. When rejecting it is important that candidates explain why it is not the correct answer.

The mark scheme offers guidance on how to reject incorrect options. Note it is perfectly acceptable to use a combination of techniques for securing the 3 explanation marks, for example, explaining the correct answer, diagrammatic analysis and eliminating one or more incorrect answers.

Section B: data response questions

The data response questions have a substantial weighting for evaluation marks (16 out of 48 marks). Consequently, it is vital that candidates make evaluative comments when required by the question. The 14 mark question comprises 6 evaluation marks and a 10 mark question comprises 4 evaluation marks. To achieve the higher levels they will need to not only identify evaluative points but develop them to explain their point. To reach level 3 these points must be less generic and more in the context of the question. There was a significant improvement in the numbers evaluating.

Question 9 (Quinoa) was a more popular choice with most candidates selecting this, compared to Q10 (HS2 railway investment). A higher mean score was recorded for Q9 than Q10.

Question 1

The question tested students on their understanding of the functions of the price mechanism. Most candidates were able to correctly identify the correct key and achieve all the explanation marks. The majority of candidates earned marks for accurately defining the price mechanism. They were then able to explain that if demand rose then the price would rise. A simple way to pick up the final mark was to draw a diagram to illustrate the effect of changing demand. Rejection marks often used to achieve the last mark. Many explained that the price mechanism does not involve government intervention or that as demand rises the price will rise.

Question 2

The question considered the role of the state in the mixed economy. Nearly all attempted and achieved a mark for the definition of the mixed economy and a mark for defining public goods. Better students were able to link to the free rider effect and why governments have to step in to provide as the profit private sector firms can make it limited. Rejection marks were often offered and there were some good attempts on this question. In rejecting A many referred to the fact that governments would subsidise products with external benefits and not costs. They also often rejected D in explaining that they would tax external costs.

Question 3

The question provided a supply and demand diagram. Most students annotated this to show the impact of the introduction of indirect tax on luxury hotels. Most picked up a mark for defining indirect tax and producer surplus. Many did well on this question.

Question 4

The question needed candidates to show an understanding of asymmetric information. They were able to show who had superior and inferior knowledge and why people may not invest in insurance.

Question 5

This question looked at consumer behaviour and why consumers may not maximise their utility. Nearly all candidates could explain the concept of rational behaviour in terms of maximising utility and were also able to explain what habitual behaviour was.

Question 6

The candidates were required to demonstrate understanding of income elasticity of demand. Candidates normally defined income elasticity of demand. Most calculated the elasticities to be able to prove the correct answer right. Those that showed their working for the calculations tended to perform better.

Question 7

The question tested candidate understanding of price elasticity of demand. Many defined price elasticity of demand and were able to explain that if the price rose for an inelastic good then the total revenue would rise. The best responses included a diagram showing total revenue rising in the inelastic section of a demand curve. examples of opportunity costs of buying health care.

Question 8

The question looked at the division of labour. Many effectively defined the division of labour. Better responses went on to explain why output would rise and how this would lower average costs. Many rejected A explaining why boredom would in fact rise due to monotony of doing tasks repeatedly.

Question 9

Part a

This question looked at the market for quinoa and explaining why the price fell 29%. Few students accessed the mark for explicit reference to the data in terms picking out explicit prices from Figure 1. Just repeating the question in terms of 29% fall in price gains no credit as it is in the question. Many accessed the mark for identifying reasons such as good harvests in Peru and Bolivia and Canada growing more quinoa. Many then drew a supply and demand diagram and were awarded a mark for showing the original equilibrium and shifted supply to the right and drew the correct change in equilibrium.

Part b

This question needed candidates to explain whether supply was elastic or inelastic. Most candidates defined price elasticity of supply, elastic or inelastic supply of the first mark. It was pleasing the numbers that accessed marks for identifying from the data it took several years to establish crops. They then picked up the final mark for then identifying that this was inelastic demand. Fewer candidates confused price elasticity of supply with demand than in previous series.

Part c

The question asked candidates to discuss and still some candidates did not offer evaluation points. The 14 marks allocated was also a clue that evaluation was needed which meant 6 evaluation marks are available. Evaluative comments on this question were less well done. The candidates looked at the impact of the production of quinoa focusing on external costs. Most defined external costs and used the case study to identify the external costs. Many of the best responses did include a diagram to help them identify the impacts. The explicit use of examples of external costs from the data were used and the best would explain how the third parties were affected which went beyond the text and helped access the top level.

Part d

The question looked at the impact of a minimum wage increase in Bolivia. Definitions of the minimum wage were commonly offered. Many attempted the diagram as requested. An accurate diagram helped achieve in level 2 and talking about what this shows you was where they moved this to level 3. Developing of benefits of problems of the minimum wage are important to access higher levels also. Evaluation tended to focus on magnitude and the benefits of the minimum wage in terms of productivity gains.

Part e

The question asked candidates to look at the impact of the subsidising of quinoa production. Many defined the concept and explained the impact. They looked at each economic agent. The impact on the government in terms of spending and opportunity costs was well done.

Question 10

Part a

The question looked at defining positive and normative statements. Most achieved marks as they were able to explain that positive statements are value free and normative statements contain value judgments. Where candidates struggled was in giving examples from the titles as requested in the questions. Many used examples from within extracts so did not achieve marks as they did not follow the instruction in the question.

Part b

The question looked at the geographical mobility and how the HS2 link could help with this. Most defined geographical immobility and were able to talk about how it would likely be improved most used the data on journey times to help with this.

Part c

The question needed the candidates to look at the impact on the labour market of the National College of High Speed Rail. Many were able to look at how it would impact the labour market and drew the appropriate diagram. It is important that the y axis is labelled wages and not price. The mean score was

Part d

The question saw candidates external costs and benefits. Most defined external benefits and costs and looked at identifying from the extract relevant examples explaining how third parties were affected. Many offered a diagram and where they utilised this in their analysis tended to do well.

Part e

The question looked at how HS2 would affect train manufacturers and airlines. It is important that they look at how train manufacturers may benefit from extra orders but how airlines may suffer if people substitute away from this. Responses often ignored one of the two which had a significant impact on ability to access higher marks.

Paper summary

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

Section A: supported multiple choice

- Define accurately the key economic term(s) used in each question.
- Be prepared to annotate the diagrams presented in the questions.
- Be prepared to draw diagrams when relevant to the question and make sure these are properly labelled and explained in the text.
- Always refer to the information provided, for example give the exact figures for elasticity.
- when annotating diagrams it is important that each curve and new equilibrium is labelled
- Make sure 'value is added' to answers which use the rejection method. Do not simply state that a particular option is incorrect without explaining why this is the case.

Section B: data response

- Focus on developing economic analysis in the high mark base questions. Quite often candidates moved from definitions and a brief explanation of an economic issue straight into evaluation. This was evident in 14 mark questions. Economic analysis typically involves explaining the sequence of events leading up to a particular outcome.
- Where candidates are asked to refer to a concept in a question it is important they do not just define it but attempt to use it to analyse and evaluate.
- Where diagrams are requested these should be drawn as they will be well rewarded- do be careful with the accuracy of these.
- Candidates need to consider the mark allocations where 14 marks are available 6 marks will be for evaluation and students should be encouraged to develop two in detail or offer 3 with some development. Similarly a 10 marker will require 2 evaluation points for 4 marks.
- when explaining why statements are normative do not link to opinions but to value judgements.
- if asked to refer specifically to titles it is important that you do so.
- Questions that identify the economic agents to consider need each to be discussed. Missing one off will limit performance so that it is difficult to achieve within the top mark band.
- When drawing minimum wage diagrams it is important to consider if it is an introduction or increase as many drew the impact of an introduction but the question asks to look at an increase.
- For labour market diagrams there is a need to label the y axis wages and not price.

Grade Boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>

