Examiners' Report/
Principal Examiner Feedback

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Pearson Edexcel International Advanced Level (IAL) In Economics (WEC04)

Unit 4 – Developments in the Global Economy

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Introduction

There was a fairly low entry for this paper (just over 200 students). It should therefore be noted that the comments that follow are based on a relatively small sample size.

In Section A, question 1 was the most popular amongst the three essay questions whereas questions 2 and 3 were attempted by roughly small numbers of students. Question 5 proved to be the more popular option in Section B. The mean scores were approximately equal across the different optional questions, although slightly stronger average performances were seen on question 2 from Section A (mostly driven by part 2(b)), and on question 5 from Section B (difference in average performance between the two data response questions was only significant on part (d), 16 mark question).

Generally, scripts were of a better quality than previous January sessions. Responses to the essay questions in Section A showed good levels of depth and breadth. Some students struggled to understand the requirements of the question and often did not add sufficient evaluation to their answers. Typically, examiners are looking at 3 well developed and contextualised analysis points and 2 well developed and contextualised evaluative points for 15 mark essay questions. Similarly, the examiners are looking at 4 very well developed and contextualised analysis points and 3 very well developed and contextualised evaluative points for the 25 mark essays.

Similarly 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 own arguments in detail.

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

SECTION A

Question 1(a)

This was the most popular amongst the students. Students have been able to explain why the cost of transport is the main reason for globalisation and gave other reasons as further analysis or evaluation. Stronger students explained the reasons why decrease in cost of transport costs is the main reason, with most of them discussing improvements in infrastructure, falling oil prices and economies of scale/containerisation. Most students used other factors, such as fall in costs of communication and reduction in trade barriers, as further analysis. They were also able to provide chains of reasoning and this gave them a high score putting them in level 3.

Those students who listed points were not able to access any more than level 1. Few who were able to explain their points but had weak development, were not able to achieve more than level 2.

Some students discussed three arguments on cost of transport as analysis and used other factors as evaluation. They discussed the significance of the reasons and showed a good level of depth to their points allowing them to gain access to higher levels. Many students often gave one argument on cost of transport and two points on other factors. This meant that they did not show sufficient breadth to their answers to access higher levels.

Question 1(b)

Many students were able to identify and explain the various costs and benefits of globalisation. Whilst students were able analyse their arguments in details, some considered non-economic costs and benefits.

Majority of the students analysed the costs of globalisation and used the benefits as evaluation. If the students argued benefits as analysis and costs as evaluation they were credited in the same way, as this is acceptable given the nature of the question. Examiners used either costs or benefits as analysis depending on the number of points and depth of arguments made by each student. It was often seen that most students explained 4 points on costs and benefits.

Many students discussed inequality, environmental impact, TNCs exploitation of resources/labour and unemployment issues as costs and benefits to firms (economies of scale and wider markets), consumers (lower prices and greater choice/variety), government (tax revenue) and comparative advantage as the benefits. Many added depth to their answers using diagrammatic analysis and they were hence able to achieve level 5. Others were not able to develop their arguments in much detail and could not access the higher levels.

Question 2(a)

Majority of the students explained if increase in the national debt is a cause for concern as their analysis and why it is not as evaluation. If the students argued using the opposite approach, they were credited in the same way, as this is also acceptable given the nature of the question. Examiners awarded both levels and marks depending on the number of points and depth of arguments made by each student.

Many students explained why national debt is a concern discussing credit rating, inflationary pressures, financial crowding out or cost to future generations. They were able to provide logical chains of reasoning and this gave them high scores, putting them in level 3 for analysis. They also made a couple of well-developed evaluative comments on the points they discussed and were able to access level 5. Although some demonstrated very well-developed analysis points, they were unable to explain their evaluative comments in depth and could not access many further marks.

A few students were able to identify reasons why it is a concern but not develop them in context of the question. Some argued opportunity cost and explained 3 different areas where the money could have been spent instead (usually health, education and infrastructure) and evaluated each of those points. This was only credited as one point and hence, they were not able to access higher levels.

Question 2(b)

Many students were able to access higher levels as they have presented a sound understanding of the economic effects of an increase the in rate of income tax. A lot of good answers were seen for this question, and in particular where students were able to apply their answers to a country of their choice in a positive way. It was obvious that when students chose to discuss their countries, they were able to include more detail, and integrate their analysis and application to a greater extent. Students could not access level 5 if they did not refer to a country in their response.

Responses that received higher levels had strong analysis and evaluation points. Many discussed points on incentive to work, tax revenues, tax avoidance and tax evasion, and impact on AD and growth. They were able to explain effects using AD/AS analysis and Laffer curve, and in context to their arguments. Evaluation points were generally sound and in context of the country they discussed. Some students drew on these concepts to a far lesser extent in their answers. They did not often develop their arguments further and needed to show more breadth and depth to their answers.

Those students who listed points were not able to access any more than level 1. Few who were able to explain their points but had weak development, were not able to achieve more than level 2 for their analysis. Some of these students did show diagrams in their answers, but this was not credited unless it was used in their explanation (which many stronger students have demonstrated).

Question 3(a)

There were very few students who attempted this question. Students found this question challenging and were not always able to draw upon economic theories effectively to answer this question. They were not able to assess the case for stimulating economic growth and development through industrialisation. The students could not access level 5 if they did not refer to a developing country or if they did not refer to both growth and development in their answers.

Many students discussed points on employment, economic growth and the Lewis structural change model in their analysis. Some explained their answer using the AD/AS diagram and used it effectively in their arguments. However, they were not able to consistently link it to their country and often only referred to growth without any reference to development. This meant the students often found it difficult to access level 3 for analysis.

A few students discussed issues of primary product dependency but did not link it back to industrialisation to access higher levels for analysis. Most of the answers showed understanding of industrialisation but they were not often developed and in context of their country.

In evaluation, students mostly identified two issues of industrialisation – the exploitation of workers and environmental issues. However, the depth to their points was relatively limited and they struggled to evaluate in context.

Across scripts, there was little application to a developing country of their choice. Applying answers with country reference may provide students with a framework in which to base more in-depth analysis and evaluation. Students who answered this question, therefore, found it difficult to access highest levels.

Question 3(b)

Students produced some good answers to this question, and in particular were able to apply their answers to a country of their choice. It was obvious that when students chose to discuss their own countries, they were able to include far more detail, and integrate their analysis and application to a greater extent. Students could not access level 5 if they do not refer to a country in their response.

The differences between strong and weak answers were two-fold. First, weaker answers tended to be very descriptive and did not include economic knowledge or theory in their analysis. This meant that responses lacked depth, limiting the students to level 3 marks. Second, weaker answers lacked evaluative comments and were often just listed.

Responses that received higher levels made good analysis points. They were able to explain the potential benefits of inward FDI with supporting AD/AS diagrams. They discussed points on inflows into financial account, economic growth, higher government tax revenue and impact on employment. They showed good depth to their analysis but often lacked sufficient depth in their evaluative comments. They were not able to develop their points on the above analysis arguments that they made, often just listing them.

SECTION B

Question 4(a)

This question was generally well answered and students were able to show good understanding of how the Gini coefficient is measured. Many gave the formula and drew a Lorenz curve. Some students did not draw an accurately labelled Lorenz curve and hence, did not get full marks for knowledge. Examiners were looking for two separate pieces of data reference and almost every student was able to access both application marks.

Question 4(b)

Students were able to identify two benefits of the service sector but often found it difficult to develop their points. Most common points which were seen to be the most developed were less reliance on the primary sector and diversification. Few students used an AD/AS diagram in their explanations and this added depth to their answers allowing them to get 3 marks for each point. A fair number of the students could only access 2 marks per point as they were unable to explain their benefit in context of the service sector.

Almost all students were able to access two application marks as they were able to make reference to the service sector, where the extract suggests that 'Angola is developing its services industry and this accounted for 23.2% of GDP in 2014'. Some students made references to other data from the extract and this was not awarded as it is not in context of the service sector.

Question 4(c)

Although students were able to use the extract to identify and explain the likely effects on Angola's economy of its high dependency on oil, they were not able to consistently apply it in context. They struggled to account for suitably detailed explanations of the effects 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 would be the identification of an effect, for e.g. less export earnings, less tax revenue and less economic growth. Level 2 would be the identification of an effect and use of data OR development of point, for e.g. less tax revenue as seen from "which created a fiscal deficit of $14 billion" *or* less government spending on other sectors of the economy which could improve productive potential.

Level 3 would be identification of an effect, use of data AND development of the point, for e.g. less tax revenue as seen from "which created fiscal deficit of $14 billion" *and* less government spending on the other sectors of the economy which could improve productive potential. Some students have explained their analysis using an AD/AS accurately labelled diagram. This approach should be followed, whenever possible, to gain the higher level marks.

Some students' answers often lacked depth and breadth. They were able to apply the data from the extracts but with no further development and this got credited at Level 2 if mentioned along with the identification of an effect.

Evaluation was lacking. Often students listed basic evaluation points without development and this gave them access to Level 1 only. Only a few students made use of extract provided, explaining how Official Development Assistance expected to increase to compensate for Angola's falling oil revenues – thereby giving them access to Level 2. Typically, examiners are looking for 3 very well developed analysis points and 2 well developed evaluation points in 12 mark questions.

Question 4(d)

Most students have been able to identify the factors as mentioned in the extract but have struggled to add depth to their answers. For listing various factors, 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 the context of how these factors may constrain the growth and development of Angola's economy. Hence, they were only able to achieve level 2. For a 16 mark question, 8 marks are available for knowledge, application and analysis and 8 marks for evaluation.

Level 1 would be the identification of an effect, for e.g. less export earnings, less tax revenue and less economic growth. Level 2 would be the identification of an effect and use of data OR development of point.

Evaluation points had similar issues. Many students made an attempt to link their points back to growth but not in terms of development. Students usually listed all their points without any development and hence accessed only level 1. To access the higher levels, students need to show sound levels of both depth and breadth in answers. Typically, examiners are looking for 3 well developed analysis points and 3 well developed evaluation points in 16 mark questions.

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

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.

Question 5(a)

This question was also generally well answered and students were able to show good understanding of the roles of the WTO. Most students explained two roles but a few only identified its role without explanation. This was the main reason why they did not secure full marks. Examiners were looking for two separate pieces of data, and almost every student used the extract effectively to access both application marks.

Question 5(b)

Students were able to identify two economic effects of India's rapidly expanding population but often found it hard to develop their points. Most common points which were seen to be the most developed were more workforce and increased pressure on public services. Some students used an AD/AS diagram to support their explanations and this added depth to their answers allowing them to get 3 marks for each point. A fair number of the students could only access 2 marks per point as they were unable to explain the effects in context of rapidly growing population.

Almost all students were able to access the 2 application marks as they were able to make reference to the question, where the extract suggests that "100 million young workers will enter the labour market by 2030". Some students made references to other data from the extract and this was not awarded as it was not in context of expanding population.

Question 5(c)

Students were able to effectively answer this question where most of them used a tariff diagram to support their answers and explanations. Some were able to provide sufficiently detailed explanations of the impact 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 would be the identification of an effect, for e.g. less dumping, protecting infant/geriatric industries and reducing current account deficit. Level 2 would be the identification of an effect and use of data OR development of the point, for e.g. helps reduce current account deficit as seen from "move from deficit of 1.4% of GDP towards a surplus" *or* using the diagram areas to show a fall in imports.

Level 3 would be identification of an effect, use of data AND development of the point, for e.g. helps reduce current account deficit as seen from the "move from deficit of 1.4% of GDP towards a surplus" *and* using the diagram areas to show a fall in imports. This approach should be followed, whenever possible, to gain the higher level marks.

Most students have explained their analysis using an accurately labelled tariff diagram. Students did not have to draw the tariff diagram and for those who explained their answers in depth without the diagram could also access level 3 and were not penalised. However, a few students were not able to develop their

points accurately and did not draw an accurately labelled diagram, giving them access to level 1. They were only able to identify the effects.

The evaluation points were relatively sound across all scripts. Many were able to draw upon the concept of comparative advantage being distorted and risk of the retaliatory wars. Some students just listed points and hence, accessed level 1.

Question 5(d)

This question was answered reasonably well in terms of analysis, with students on the whole showing good understanding of supply side policies. Many students discuss policies mentioned in the extract, from liberalising the labour markets to reducing levels of bureaucracy to taking legal measures to reduce corruption in India. Some students have used the extract to develop their chain of reasoning. For a 16 mark question, 8 marks are available for knowledge, application and analysis and 8 marks for evaluation.

Many students tend to only list policies without development and this gets them access to level 1. Many who have identified their points and linked them to the extract for application, only access level 2. To access level 3, students needed to identify the policy, use the relevant data and develop their point in context. Few students used the AD/AS diagram in their answers to support their arguments.

Evaluation was a little generic, discussion of time lags, but few students offered the drawbacks of each policy they discussed. These students were able to access the higher levels as they answered their questions in context on India. To get the access to higher levels, students need to be consistent with the context in their points and show good 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.

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.

• The 8 mark data response questions have a set structure and has a way in which marks are awarded (2 application marks and 3 analysis marks for identification and explanation of each point made / showing diagrammatic analysis). For the non-diagram based questions, students would benefit from being familiar with this, and making sure that they fully understand the need to make two separate points, and to include data reference and their analysis within their explanation of each point.

• 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.