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Pearson Edexcel IAL
In Economics (WEC04)
Paper 01 Developments in the Global
Economy

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General comments

There was a relatively low entry for this paper (just over 300 students). It should therefore be noted that the comments that follow are based on a relatively small sample size.

In Section A, question 2 was the most popular amongst the essay questions whereas questions 1 and 3 were attempted by a relatively equal number of students. Question 5 proved to be the more popular option in Section B.

Slightly stronger average performances were seen on question 3 from Section A (driven by Q3(b)), and similar performances were seen across questions 4 and 5 from Section B.

Generally, scripts were of a better quality than previous 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 three very well developed and contextualised analysis points and two very well developed and contextualised evaluative points for 15 mark essay questions. Similarly, the examiners are looking at four very well developed and contextualised analysis points and three very well developed and contextualised evaluative points for the 25 mark essays.

Likewise 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 exact 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 a popular question amongst the students. Students have been able to explain the factors that can cause a change in a country's terms of trade. A point very well explained related to changes in exchange rate. Students also discussed other causes such as relative productivity rates, protectionist policies and relative inflation rates as further analysis points. They were also able to provide chains of reasoning linking their arguments to either import prices or export prices. This gave them a high mark, putting them in level 3.

Those students who listed their points and who showed a lack of understanding of terms of trade 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. Their arguments lacked any chain of reasoning and therefore were unable to access level 3.

However, many students were not able to evaluate the question effectively. They evaluated the effect of changes in a country's terms of trade (this relates to the question asked in Q1(b)) and not the possible factors that can cause a change in a country's terms of trade. As a result, they were unable to gain access the highest level. This was seen in the answers of students of all abilities.

Question 1(b)

Many students were able to identify and explain the effects of a worsening of a country's terms of trade on a government's macroeconomic objectives. Whilst students were able analyse their arguments in details, their evaluation points were often limited. Therefore students were not able to access level 5.

The most common analysis points made by students were improvement in the economy's trade balance meeting the objective of a current account, increase in aggregate demand leading to higher economic growth and falling unemployment. Some students also explained how the worsening of a country's terms of trade may lead to inflation as both demand pull and cost push inflationary pressures will increase. There were a few students who were only able to give a couple of points for each analysis and evaluation. They were not able to access the higher levels.

Few students only evaluated 2 points but they tended to be less developed. They argued that the effect on trade balance depends on the PED for country's imports and exports, and changes in aggregate demand may be counterbalanced by its other components.

Many added depth to answers using diagrammatic analysis and by referring to a country. They were 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)

This was the most popular question among students. Most performed well across both parts of this question.

Majority of the students were able to identify and explain reasons for restrictions on free trade. They used protection of domestic infant industries, reduction of the current account deficit of the balance of payments and tax revenue as their main arguments. They were able to provide logical chains of reasoning often linking their points to an accurately labelled tariff diagram. This gave them high marks, 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 students demonstrated 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 factors but not develop them in context of the question. Some students drew an accurately labelled tariff diagram but did not use it in their explanations. This was only credited level 1 and therefore, they were not able to access higher levels.

Question 2(b)

Many students were able to access higher levels as they have presented a thorough understanding of the economic effects of the decision by the UK to leave the EU on the UK economy. A few good answers were seen for this question, particularly where students were able to write their points in context of the UK in a positive way. Many were able to include sufficient detail, and integrate their analysis and application to a greater extent.

Responses that received higher levels had strong analysis and evaluation points. Many discussed points on the current account of the balance of payments, FDI, impact on AD, economic growth and unemployment. These were well developed and few used AD/AS analysis to support their arguments. Only a few analysed the impact on the UK's public finances and depreciation of the UK pound.

Evaluation points were commonly well written and most arguments included the point on UK diversifying exports away from EU countries to developing countries. Some students drew on these concepts to a 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 few students who attempted this question. Students were not always able to analyse their arguments in the context of a developing country to answer this question. They were not able to evaluate the case for promoting economic development through aid. The students could not access level 5 if they did not refer to a developing country in their answer.

Many students discussed the benefits of aid in their analysis. No reference was made to economic development and therefore, students were not able to access more than level 2 for analysis. Many only explained their points in context of economic growth. Furthermore, they were not able to link their arguments to a developing country. This meant the students often found it difficult to access level 3.

Only few students discussed the benefits of aid on infrastructure, human capital and absolute poverty, whilst linking them to a developing country of their choice. This allowed them to access higher levels for analysis.

In evaluation, students mostly identified one issue of aid, which was corruption. However, most arguments lacked breadth and the depth of their points were relatively limited. They also struggled to evaluate in context.

Across responses, 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 developing country. 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.

Majority of the students analysed the view that rapid population growth is the most significant constraint on economic growth. Numerous students used other factors constraining growth as further analysis. They were then able to evaluate each of the constraints analysed. Some used other factors as evaluation points, which was also credited if in context of a developing country. Examiners used either approach as analysis depending on the number of points and depth of arguments made by each student.

Responses that received higher levels made good analysis points. They showed good depth to their analysis but often lacked necessary depth in their evaluative comments. Some students were not able to develop their points on the analysis arguments that they made, often just listing them. Many students applied their arguments in context of a developed country and therefore, did not attain higher levels.

Section B

Question 4(a)

This question was generally not well answered and students were not able to explain what is meant by asset purchases by the central bank (quantitative easing). Many only gave an indication of an increase in money supply. Some students did not write the correct explanation and therefore, did not gain full marks for knowledge. Examiners are looking for two separate pieces of data reference and only a few students were able to access both application marks.

Question 4(b)

Most students have been able to explain that the value of the krona is likely to fall as a result of the asset purchase (quantitative easing) programme by the Riksbank and have added depth to their answers. For listing various effects, 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 context of the question given. Therefore they were only able to get level 2. For 16 mark question, 8 marks are available for knowledge, application and analysis and 8 marks for evaluation.

Level 1 would be identification of an effect, for e.g. economic growth will increase due an increase in net exports. Level 2 would be identification of effect and use of data OR development of point, for e.g. "Sweden reported rise in GDP of 1.3% in the fourth quarter of 2015". Level 3 would be identification of an effect, use of data AND development of the point, for e.g. using an AD/AS diagram to support explanations and showing increase in real output and living standards.

Students used a wide range of points – improving the current account position, increasing economic growth and reduction of unemployment.

Evaluation points were similarly well written. Many students made an attempt to evaluate the analysis points they had argued. Students who listed all their points without any development and therefore accessed only level 1. To access the higher levels, students need to show thorough 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 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 4(c)

Students were able to identify two problems facing policy makers when applying macroeconomic policies, but often found it difficult to develop their points. Most common points which were seen to be most developed were on uncertainty and conflicts between macroeconomic objectives.

However, they were unable to pick the application points from the extract and did not always add sufficient depth to their answers. This did not allow them to get 3 marks for each point. Few students made references to other data from the extract and this was not awarded as it was not in the context of terms of trade.

Question 4(d)

Although students were able to use the extract to identify and explain objectives of Sweden's monetary policy they were unable to consistently apply it in context. They struggled to account for suitably detailed explanations to earn level 3 marks for knowledge, application and analysis. For every 12 mark question, 8 marks are available for knowledge, application and analysis and 4 marks for evaluation.

Students could take why monetary policy has been successful as analysis and why it has not been successful as evaluation (and vice versa). Examiners gave analysis and evaluation marks in accordance with the depth and breadth to the given points. Most students took the approach of why monetary policy has been successful as the analysis and why it has not been successful as evaluation.

Level 1 would be identification of an objective and level 2 would be identification of the objective and the use of data OR development of the given point. Level 3 would be identification of the objective, the use of data AND development of the point. Some students explained their analysis using an accurately labelled AD/AS diagram and linked their arguments to macroeconomic objectives. 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 objective.

Evaluation was lacking and the students did not explain their reverse arguments well. Some students listed basic evaluation points without development and this gave them access to Level 1 only. Typically examiners are looking for 3 very well developed analysis points and 2 very well developed evaluation points in 12 mark questions.

This question could not be fully or meaningfully answered without reference to the data provided, and many students did not use 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 thorough analysis of the evidence.

Question 5(a)

This question was generally well answered and students were able to provide 2 roles of the WTO. Most students were able to gain full knowledge marks but few only provided with one role. Examiners were looking for two separate pieces of data and not every student used the extract effectively to access both application marks.

Question 5(b)

Students were able to analyse the impact of two types of trade barrier. Most of them were able to identify and define tariffs and quotas, and only a few analysed exchange rates as a trade barrier. For further development, the students used an accurately drawn tariff and quota diagram (although not required) and explained it in the context of their point. This gave them access to 3 marks per point made. Some students drew a tariff diagram but did not accurately label it nor did they use it in their analysis.

Not many students were able to access the two application marks as they did not refer to extract 1 as indicated by the question. Some students made reference to extract 2 and this was not credited. However, there were few students who made no reference to the extract.

Question 5(c)

This question required the students to assess the reasons why global trade grew relatively slowly between 2011 and 2016. Students were not able to effectively answer this question where most of them copied the information from the given extract and did not develop these points. This gave them access to level 1 only.

Few were able to provide sufficiently detailed explanations of the reasons to earn them level 3 marks 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 a reason, for e.g. the global financial crisis. Level 2 would be the identification of a reason and use of data OR development of the point, for e.g. "instability in financial markets". Level 3 is identification of the reason, use of data AND development of the point, for e.g. there still remains low business and consumer confidence which may have caused reduced global demand. This must be followed, whenever possible, to gain higher level marks.

Evaluation points were relatively weak across all scripts. Many were able to draw upon significance of a reason being different in different countries but this was not always developed. Some students listed points and only accessed level 1.

This question could not be fully or meaningfully answered without reference to the data provided, and many students did not 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 thorough analysis of the evidence.

Question 5(d)

This question was answered reasonably well in terms of analysis, with students showing good understanding of policies that could be implemented by the WTO members to increase the growth rate of global trade. Many students discussed policies mentioned in extract 2, from reducing red tape and simplify customs and border controls, to reducing barriers in the international trade in services to the expansion of the coverage of Information Technology Agreement (ITA). 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 copied paragraphs from the extract as their points and this meant they were unable to access higher levels.

Evaluation was a little generic 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 of the WTO. To gain 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.

Paper summary

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

- 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 marks.
- 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 marks 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.

