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Examiners' Report
Principal Examiner Feedback

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Pearson Edexcel International Advanced Level
In Economics (WEC14)
Unit 4: Developments in the global economy

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Introduction

This is the second series for assessment of WEC14 Developments in the global economy. Changes have been made to the specification, the assessment criteria and the structure of the examination paper. Given these factors, overall level of student performance is encouraging. The examination seeks to test students' abilities to select and apply several appropriate economic concepts, theories and techniques in a variety of contexts. As Unit 4 is a synoptic unit, the examination may draw on material from Units 1, 2 & 3.

In **Section A**, the multiple-choice section, students performed best on quantitative easing and international competitiveness (1 and 5 respectively). The two questions with the focus on exchange rate and real pay growth were the least well answered questions in this section (3 and 4 respectively) and this part of the specification may need attention by centres. On the remaining two questions, students performed marginally better.

In **Section B**, the data response section, questions are based on information provided in the source booklet. Unlike the legacy unit (WEC04/01), there is no choice of question.

Q7(a): Students only access the two marks by correctly calculating both the values. Most students scored two marks for the correct calculation.

Q7(b): Most students were able to analyse the likely effect on inequality of the change in the global Gini coefficient. However, only a small percentage of students could label the axes accurately to get full marks.

Application marks were frequently awarded for appropriate references to Figure 1. Some students evaluated their analysis points, but this was not credited as this is not a requirement of the question.

Q7(c): This question required an explanation of 'relative poverty'. Two relevant pieces of data were required to attain the two application marks. Many just mentioned median in the definition and they were only able to access 1 mark.

Q7(d): A vast majority of students were able to examine two causes of income inequality within advanced economies. Two knowledge and two application marks were frequently awarded for relevant use of the extract. However, several students copied paragraphs from the extract and were not able obtain analysis marks. This is an area which all the centres are advised to address. Many responses were also not able to access evaluation marks as they gave solutions to the reasons rather than directly answering the question.

Q7(e): Most students made effective use of Extract A and were able to discuss policies that a government could implement to reduce income inequality within its economy. A low proportion of students developed their analysis with clear chains of reasoning to achieve at least Level 3 KAA (Knowledge, Application and Analysis) marks. A common feature in responses was to try to cover as many measures as possible but without any real development in the analysis. As this is a data response question, the students are required to examine the measures that have been given in the extract and not from their own knowledge, unless specifically mentioned.

A significant change in the new form of assessment for WEC14 is that Q7(e) has 6 marks out of 14 available for evaluation. In order for students to access higher level evaluation marks, they need to develop a chain of reasoning in their evaluative comments.

In **Section C,** students have the opportunity to choose two out of three questions. The section was more demanding than previously, and this is reflected in the mean scores on all three questions. Question 10 was most popular followed by question 9 and then 8.

In all three questions students' knowledge of relevant economic concepts was sound but they often struggled to apply it to the context of the question. Another challenge was the level of analysis. As in question 7(e), answers often lacked a fully developed chain of reasoning. This is because they focussed their explanations on several points, and this meant they did not have time to develop them. Some students drew appropriate and accurate diagram(s) and incorporated it with sound analysis. This facilitated them in consistently achieving within the top levels.

Evaluative comments were often made and, whilst some offered supporting evidence and were linked to the context, many were unable to offer logical chain of reasoning. It should be stated that 8 marks are now awarded for evaluation in the essay section. A reference to a country will always form part of the questions in Section C. Students are expected to have an awareness of countries to form a basis of their arguments and to achieve the highest levels.

The questions were accessible at all levels and provided good opportunities for students to differentiate by ability. Answering the exact question asked, integrating data with analysis and strong evaluation continue to remain the essential ways that the A-grade students achieve higher marks. It appears that most students were able to complete the paper in the time available.

Moreover, students are also highly encouraged to have better structure to their answers. Many have written essay questions in bullet points and some have written in long blocks/ paragraphs without making a clear distinction between analysis and evaluation. This was also seen in the higher mark question in Section B.

The performance on individual questions is considered in the next section of the report.

Section A

Question 1:

This question concerned the most likely effect of this decision by the European Central Bank (ECB) for an economy in the eurozone. This was the best answered question of this section with almost every student scoring full marks. The correct answer is D as this leads to an increase in the rate of inflation.

Question 2:

For this question students needed to identify the theory that suggests a *savings gap* is a constraint on growth and development is the Harrod-Domar model. The correct answer is A. Many confused this for the Lewis structural dual-sector model, which relates to industrialisation.

Question 3:

Not many students correctly identified that the most likely impact of a depreciation on Australia's economy is an improvement in the capital and financial account of the balance of payments. Some selected option D, getting confused with a fall in interest rates. The correct option is C.

Question 4:

The correct answer is B. Many students were unable to correctly deduce that the pay growth adjusted for inflation was highest in 2015 from the chart. Distinction between disinflation and deflation needs to be covered. This was the weakest amongst all the multiple-choice questions.

Question 5:

Students tended to perform extremely well on this question, which asked for the most likely reason for the fall in India's international competitiveness. The correct is C, which is decrease in its labour productivity relative to other countries. The other given options would increase the country's international competitiveness.

Question 6:

For this question the students needed to calculate the opportunity cost from the given PPFs (production possibility frontiers) for both countries to identify the answer. The correct answer is D. The 3 alternative options do not apply the right figures from the table to arrive at the correct answer.

Section B

The source booklet focused on inequality. It comprised of one graph one showing the Global Gini coefficient (for income) between 2000 and 2014. There was one extract that highlighted the causes of inequality within countries and the policies that could be used to reduce it.

Question 7(a):

Students needed to calculate the share of global wealth of the high-income advanced countries and the middle-income developing countries in 2000. Although 60% of total students scored the maximum of 2 marks this still indicates that 40% were not able to calculate a percentage change correctly. It is important to use the data carefully for calculation-based questions.

Question 7(b):

This question required students to analyse the likely effect on inequality of the change in the global Gini coefficient from 2000 to 2014. They had to illustrate their answer with a Lorenz curve diagram. Most responses included the diagram and showed the correct shift. They were also able to access the two application marks by using relevant data from Figure 1. However, many students did not accurately label the axes and they were unable to access the final mark.

Question 7(c):

Many students were not able to successfully explain relative poverty and only 6% attained full marks. A common response was to explain it in terms of income being lower than the median. A few took it beyond this to identify it is less than 60% of the median income of that country. To access both the application marks, students had to include two pieces of data from the extract. Some students only offered one, and not both. Given the nature of the question, it is key to cover all aspects of the answer in knowledge and application. A few students confused relative poverty with absolute poverty.

Question 7(d):

The question required the students to examine two causes of income inequality *within* advanced economies. Most students were able to identify the causes from the extract and were also able to gain the two application marks required. However, many found it difficult to analyse these points and some struggled in understanding that this question related to causes of income inequality within advanced countries and not between them. Many just copied paragraphs from the extract and did not explain it. This did not allow them to gain the higher marks.

Evaluation was lacking and not very well written with some only identifying a point and not explaining it well. There were some students who did not make an attempt of writing any points. For 8-mark questions and above, evaluation is a key requirement and should be included.

Question 7(e):

Students needed to use the source material to discuss policies that a government could implement to reduce income inequality within its economy. It is important that students select two or three measures and develop their analysis by focusing on those points rather than trying to cover as many measures as possible, some of which are not in the source provided. This will allow students to access the higher levels of response.

A handful of students were able to successfully identify and explain measures such as improving healthcare and education and training programmes. They were able to integrate this with the application given in the source from Extract A. This gave them access to Level 3. However, many students just copied the source and did not explain their points. This gave them access to Level 1 only.

Evaluation points made were sound. They included reference to opportunity costs, along with public sector debt. Many included time lags as an evaluative comment but were not able to successfully support this point using a logical chain of reasoning. The students should ensure that they do this as opposed to listing a number of separate undeveloped points.

Section C

General points:

Students often make a number of valid separate points but do not develop a coherent chain of reasoning. In addition, a large number of students do not include any form of contextual reference and consequently will not achieve the higher-level marks. Context can be from the stem provided in the question and/or from other examples used effectively by the student. A reminder that writing a country name in the answer does not warrant as application.

For evaluation, students should provide a partially developed chain of reasoning to attain at least Level 2. Writing a list of points will only give students access to Level 1. An informed judgement is needed in order to gain a Level 3 evaluation mark.

Unlike the previous paper (WEC04), students are not expected to write four analysis and three evaluation points. They can select two or three analysis points and develop them by focusing on those points rather than trying to cover as many points as possible.

Question 8:

This question asked students to evaluate macroeconomic effects of a fall in a country's terms of trade on a government's macroeconomic objectives. In addition, to access high Level 4 for KAA, students are required to refer to a country of their choice in their answer. They could use positive effects as analysis and negative effects as evaluation, or vice versa.

Not many were able to explain the effects of this fall. They discussed the consequences of fall in exports/rise in imports rather than a fall in export prices/rise in import prices. This meant that they were not able to access more than Level 1 as their analysis was not accurate. The most common points written by those who did get it right were that it improves trade balance and aggregate demand. Most of the answers only carried a two-stage chain of reasoning, and therefore, they were not able to access Level 3 KAA. Those who identified a range of reasons without any linked development were only able to access Level 1 KAA.

Evaluation included an attempt to discuss the negative impacts. Many were only able to explain one point - impact on inflation – with the other points often just been identified. Those who listed evaluation points achieved Level 1.

Question 9:

This question had asked the students to evaluate the case for promoting *economic development* through aid. To access Level 4 for KAA, students are required to refer to a developing country of their choice in their answer.

Most were able to identify and explain the case or aid. The most common points being that it would help fill in the savings gap and the finds can be used to improve human capital or infrastructure or purchase capital goods. Some answers carried a two-stage chain of reasoning without application to key terminology and concepts, and therefore, students were not able to access Level 3 KAA. Those who linked it back to economic growth did not attain the higher-level marks.

Students struggled to evaluate effectively. The most common comments mentioned was the case against aid: dependency and corruption, which some could explain in good depth. Rest of the points were quite generic and not very well developed; they did not achieve more than Level 1.

Question 10:

This question asked the students to evaluate the economic effects of a reduction in public expenditure as a proportion of GDP (Gross Domestic Product). In addition, to access high Level 4 for KAA, students are required to refer to a developed country of their choice in their answer. They could use positive effects as analysis and negative effects as evaluation, or vice versa.

The most common negative effects mentioned were linked to falling aggregate demand and increasing unemployment. These were given as analysis. Most answers demonstrated chains of reasoning, but they were not developed fully or had some stages omitted. These students were not able to access more than Level 3 KAA. Those who mentioned causes of a reduction in public expenditure did not attain any marks.

Evaluative comments were quite well written. Many offered the positive effects of this reduction: fall in inflationary pressures and budget deficit/national debt. These were not always explained in good depth. Rest of their points were again quite generic and did not have any chains of reasoning and did not achieve more than Level 1.

Paper Summary

The main implications for centres regarding future teaching, learning and examination preparation are:

- Ensure that all parts of the specification are taught and internally assessed. This needs to include addressing all the quantitative skills (as found on page 69 of the specification).

- 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 its depth and breadth, was the main reason for low scores.

- Encourage students to draw accurate, appropriate, legible, and labelled diagrams to support their arguments, even if not required. This would help add depth to arguments.

- Section B: Ensure that students refer to the relevant extracts but do not copy from them. Brief quotations are acceptable but, in themselves, will not achieve higher level marks. Remember that the 4- and 6-mark questions do not require evaluation, so please use the time given effectively and avoid assessing the analysis points made.

- Section B 14-mark question and Section C essays: Encourage students to develop a chain of reasoning by analysing two or three relevant points in depth. By contrast, covering a lot of points in a superficial way will limit the mark to a low Level 2 at best. In addition, analysis needs to be contextualised by using relevant source information (Section B), appropriate examples (Sections B and C) or context at the start of Section C questions.

- In addition, ensure that students are aware that evaluative comments should be linked to the context of the question being asked. These should have a chain of reasoning or sufficient development to be able to achieve at least Level 2. To achieve Level 3 for evaluation in Section C it is necessary to include an informed judgement.

- Students are encouraged to have a clear structure to their answers. They must avoid writing essays in bullet points or in long blocks/paragraphs without making a distinction between their analysis and evaluation points.

- To encourage students to make full use of the specimen papers, previous examination papers, mark schemes and principal examiner reports.

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