General Certificate of Education

Economics ECON4

Unit 4   The National and International Economy

Report on the Examination

2010 examination - June series

Unit 4: The National and International Economy (ECON4)

General

As for the first ECON4 question paper in January, this paper seemed to work well, with no adverse comments from centres. The additional 30 minutes does seem to be of benefit to candidates, even given the greater amount of material to be read through at the outset.

There was very little evidence of candidates running out of time and many responses, if anything, seemed to have greater development within them compared to those of the legacy papers.

Of the context questions, the Global Context question was more popular than that for the European Union. The reasons for this remain uncertain except to say that candidates do seem to enjoy the issue of globalisation, which was the subject of the 25-mark question on this occasion.

None of the essay questions were especially unpopular. Candidates do need to be as confident with the issue of deflation (Question 3) as they are with inflation; at the moment the evidence suggests that this is not quite the case. Question 4 (imports and protectionism) proved to be the least popular essay question. Sadly, this is usually the case for any 'international' question. No candidate should have been surprised to find a question on the public sector (Question 5) given its strong representation in the media in recent months.

The Quality of Written Communication was not a significant problem except that there were perhaps too many scripts in which the legibility of handwriting left something to be desired. Candidates are only penalising themselves if some words and phrases simply cannot be deciphered by the examiner. Some candidates in may find that, following appropriate tests, they are eligible to use a word-processor and might wish to pursue this.

There is no doubt that the display of higher-level skills is strengthening. The depth of analysis is not always as it should be at this level but the additional time available does mean that more candidates are willing to be analytical in a relevant way. There seems to be more tutoring going on in the art of evaluation; in the vast majority of scripts it is no longer the case that evaluation is seen simply as a summing-up, repetitive process at the end of an answer.

Additionally, as in January, there is much more evidence that candidates are aware of real world developments. This is, of course, most noticeable with the recession and 'credit-crunch' issues, but the display of knowledge went further than just this area of economics. At the other extreme, there are those candidates who need to guard against producing a 'textbook' response to a question. This was noticeable, for example, in responses to the European Union context question on the euro.

It is also worth pointing out that candidates must resist the temptation to mould a question to what they would like to see on the question paper rather than what is actually there. Phillips Curve analysis appears time-and-time again in scripts; on too many occasions candidates are struggling to make it relevant to the question. Another example is where, in Question 5 (part 12), the answer for some candidates centred around 'why governments spend lots of money' rather than a consideration of the issue of borrowing.

Equally, candidates do need to be discouraged from producing 'prepared' answers which, too often, focus on a topic rather than the question set.

Centres are thanked for preparing so thoroughly their candidates to work with the new numbering system and the new style answer book. The majority of candidates responded well to the changes to the June 2010 exams, but where difficulties were experienced, centres are asked to draw candidates' attention to the comprehensive range of guidance material that is available on this subject in order that they are confident about what is required of them in future examinations. Support available on this issue includes Guides for teachers and students, and specimen question papers and mark schemes showing the changes in action. All documents published in support of the changes to exams can be accessed via notices published on all qualification homepages, all subject notice boards, and on the parent and student area of the web.

Question 1 - The Global Context

01

The data seemed to be regarded as highly accessible with many candidates able to easily identify two main features. The phrase 'main features' does need to be emphasised, however, in candidates' minds; otherwise there is a danger of a 'trawl' through the data which will constrain the mark awarded. There seemed to be far fewer examples of trawling, nevertheless. Candidates need to be advised that just two concise paragraphs will secure maximum marks (in each, one mark per point and up to 2 marks for supporting data, but with the potential 6 marks constrained to 5). Sadly, for 01 and 04, some candidates do not ensure that they understand what the data actually represents before they put pen to paper.

02

Very few candidates penalised themselves by omitting part of the question from their responses. Both the explanation and analysis were given due attention by many and for which a full award of 10 marks could often be given. It did seem strange at this level that there were candidates who struggled to find a link between trade and/or investment and economic growth.

03

The better answers to this question clarified at the outset what is meant by the terms 'globalisation' and 'macroeconomic performance' and then, following an analysis of the pros and cons of globalisation for the UK economy, arrived at a reasonably informed judgement. Weaker answers simply dealt with the pros and cons in a general way without any significant linkage with the UK economy. A review of general pros and cons can only be regarded as the most basic type of evaluation and rewarded accordingly. Others insisted on giving detailed outlines of the causes of globalisation.

This seems to be the type of question for which candidates are happy to make simplistic statements that will not stand up to testing; for example, the idea that the UK now has no manufacturing base or that foreign direct investment is a one-way process.

Question 2 - The European Union Context

04

As with 01, candidates found little difficulty in addressing the question by finding two significant points. The weakening of the pound sterling against the euro was an obvious point to make. Candidates do need to ensure, however, when using this type of data that the data is quoted sufficiently strongly to support the point made. In this respect, sometimes the responses to this question could be in some contrast to those for Question 01.

05

No significant problems emerged in the responses but candidates did need to ensure that they were identifying two distinct determinants of the fall in the external value of the pound. There continues to be confusion for some between investment flows and 'hot money' flows and this distinction would be worth devoting some time to in teaching.

06

It is true to say, of course, that the debate over UK membership of the eurozone seems to have run its course in the media and amongst the political parties. This might explain why too many responses tended to be a textbook approach to the pros and cons of membership, with too few references to the potential impact of membership on the UK. In these responses, candidates lost sight of the question which was asking them to what extent they agreed with the argument that membership would benefit the UK economy. Thus, explicit judgements were sadly lacking. For some, there is confusion between the single market and the euro.

Essays

Question 3

07

There were few difficulties displayed here in defining deflation and monetary policy and then going on to show the link between the two. Some candidates confined themselves to interest rates alone but, even so, a reasonable mark could be awarded for such a response. Many candidates, for this and other questions, are very confident in using AD/AS diagrams to support written analysis. In some cases, there should be more attention to the appropriate size of such diagrams and to the use of a ruler! It was good to see many candidates familiar with the policy of quantitative easing.

08

This part was less well done, with too many candidates concentrating on what might have caused the deflation rather than its impact. Where relevant issues were identified, analysis and evaluation proved disappointing. Better answers distinguished between 'benign' and 'malign' deflation. It certainly seems to be a topic warranting more attention in the teaching of this area of the specification. It seemed clear in some responses that candidates were hoping to see a question on inflation.

Question 4

A point worth emphasising for this question and for Question 5 is that a significant minority of candidates continue to confuse the balance of payments and the budget. Such confusion can, in some cases, be disastrous as far as the award of marks is concerned. This really does need to be given attention in centres because it is a problem which is so apparent from series to series.

09

Candidates found it reasonably easy to include a number of relevant determinants of the demand for imports, commonly touching upon price and exchange rates. A few concerned themselves with the fact that deindustrialisation in the UK had forced consumers to become reliant on imports and linked this to the changing structure of the UK economy towards a service-orientated economy.

10

The most obvious problem in this question was that it was misread by some candidates. In these cases, the responses developed by addressing the issue of the UK becoming more protectionist with little reference to the world at large. Obviously, this severely limited the marks which could be awarded. Others ignored the fact that the question was concerned with the impact on the UK balance of payments. In some responses, too much time was devoted to analysing the types of protection without going on to answer the question. In the latter responses, it seemed to be the case that the material had been revised and it was going to be used in considerable depth, however much the actual question might suffer.

Question 5

Many candidates must surely have been anticipating a question of this nature, given widespread media coverage of the issues the question represents.

11

It was pleasing to see that many candidates were willing to attempt both parts (level and distribution of government expenditure) rather than just confining themselves to the (much more straightforward) level-of-expenditure issue. It has to be said, however, that the attention to distribution where it occurred was dealt with far less satisfactorily than was the level-of-expenditure issue. In many cases, candidates largely confined themselves to expenditure linked to the recession and marks awarded were therefore limited. Some candidates were erroneously tempted into discussing taxation.

12

There were a number of quite incisive answers to this question, with the candidates concerned obviously having been taught well on an issue so prevalent in the media. Given this media representation, it was disappointing that a significant number of candidates had to confine themselves to the pros and cons of government spending with little, if any, reference to the issue of borrowing. A clear judgement was required, ie to what extent should borrowing be regarded as a cause for concern?

Concluding remarks

Whilst acknowledging the progress that has been made in addressing problems in previous series, this report has also sought to identify weaknesses to which it is hoped teachers and students can respond in an positive way.

As in the report for the January 2010 series, it is worth emphasising:

- the synoptic nature of the question paper which candidates should always consider when they are deciding what to include in any response. It may be that they can draw on their AS knowledge as well as that for Unit 3 to enrich a response to a question on the ECON4 paper.
- the importance of including real world events in answers
- the continuing importance of developing analytical and evaluative skills, with diagrams being rewarded as part of any analysis.
- the need to read data and questions with great care
- when asked for, the need to use data explicitly (even if briefly) in responses to the context questions to avoid a mark constraint (ie a level 5 mark cannot be awarded if there is no explicit reference to the data).
- the need to use all the available time, given that any question paper is tailored to that time, and ensuring sufficient time is devoted to reading the data and the questions

- the differences between the budget and the balance of payments, foreign direct investment and 'hot money' flows, and productivity and production. A2 students really should not be confused about these terms.

It will be good to see evidence of some of the current weaknesses beginning to diminish in subsequent scripts so that the general quality of scripts continues to show a steady improvement.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the **Results statistics** page of the AQA Website.