



**General Certificate of Education (A-level)
January 2012**

Economics

ECON4

(Specification 2140)

Unit 4: The National and International Economy

Report on the Examination

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Unit 4: The National and International Economy (ECON4)

General

Students should have found this question paper very similar to those they will have seen before when preparing for this examination. The one difference, of course, was the changed nature of context Questions 01 and 04. In the event, the calculation aspect of these questions did not prove to be a problem for the majority of students. Indeed, these were no more demanding than similar questions set on the objective tests at AS.

The greater frequency in answers of mention of real world events and examples is a theme continuing from recent past examinations. As reported in January 2011, this is partly due to more widespread coverage in the media of economic events, both nationally and globally. It would be difficult for students not to have benefited from such coverage.

The longer duration of the examination also continues to pay dividends amongst students. There are now very few examples of students apparently unable to finish, and answers largely prove to be better developed. Having more time does not always translate into more careful reading of questions, however. There are still too many examples of students scoring zero or very low marks because they have not taken time to read the question carefully. Examples of this particular weakness are cited below.

Students also need to be advised that assertions which are unsupported by analysis or evidence are likely to result in superficial or simplistic evaluation for which reward will be minimal.

Quality of Written Communication is generally not a problem. Illegibility seems to be a lesser problem, but nevertheless a frustrating one when it occurs. Students need to be persuaded that they are only penalising themselves when answering with illegible handwriting. If the problem is felt to be insurmountable, centres should explore the possibility of the student using a word processor.

It is difficult to predict the relative popularity of questions and this was certainly the case for this examination. Context 1 proved more popular than Context 2 and the degree of unpopularity is perhaps surprising when there has been so much in the media about fiscal policy and the on-going problems in the eurozone. The question has to be asked of students as to whether they give themselves sufficient time to consider both the context questions and the essay questions before making their choices.

As was pointed out in January 2011, this paper is synoptic and students would be well advised to bear this in mind when considering what to include in a particular response. Using material from the other three units can only enrich an answer as long as it is pertinent, of course, to a particular question.

Context Questions

It is worth emphasising again that teaching does not have to go beyond the specification in preparing students for either context question. It is also worth making the point, however, that inevitably the specification cannot keep up with events which are fast unfolding. It is advisable therefore to ensure that students are well informed about such events. This, of course, is what can make the subject so much more interesting to students.

It is vital that answers do strongly reflect the context. Without this, the questions may be regarded as essay questions as set in Section B of the paper. A good case in point in this examination was Context 2, Question 06. For some students it was nothing more than a

question on the UK economy and the potential impact of the UK Government's austerity measures on the UK economy. In extreme cases, the responses were completely devoid of any reference to the EU.

Questions 01 and 04

As mentioned earlier, this was the first examination in which a calculation was required. Few students seem to have had any problems with this although maximum marks might not have been achieved if units of measurement were missing when giving an answer (for example, \$bn). Also, for Question 01, a significant number decided to calculate the balance of trade rather than the current account. In Question 04, the common error was to add the value of imports, rather than subtracting it.

The more traditional second part of the question continues to cause problems for those students who find it difficult to identify a 'significant' feature of the data and so resort to a trawl. Nevertheless, for many this was not a problem.

It is worth reminding centres that it will not always be the case that a calculation is required. A particular examination might revert to the traditional request for two significant features or comparisons. Equally, within any one paper, one context question may require a calculation but the other not.

Questions 02 and 05

Many students continue to be able to score full marks on these parts of the context questions. They do need to bear in mind, however, that there are usually going to be two parts to the question, an explanation and an analysis. A few get carried away with the explanation and then forget the analysis.

The biggest problem was where answers failed to complete an explanation of trade-off. Some seemed to have no idea as to its meaning. Others referred to the potential conflict between economic growth and inflation but did not make the ultimate point that a trade-off might be the acceptance of a more modest growth achievement in order to control a surge in inflation. Nevertheless, even if the explanation was partial in this way, full marks could still be achieved with the inclusion of relevant definitions at the outset and a sound analysis of one cause of inflation.

Question 05 was done well for the most part, except for answers which ignored the wording of the question and explained reasons for government spending which were clearly linked to the economic cycle rather than separate from it. Students often reflected the synopticity of the paper when making their choices of reasons for government spending.

Questions 03 and 06

On the whole, 03 was done reasonably well, with some clear Level 5 answers being provided. The latter were achieved because of logical, lucid accounts, with sound economic analysis and evaluation, frequent reference to the data (but not an over-reliance on the material at the expense of analysis) and a clear final judgement on how important, if at all, India's economic growth was to the UK economy. Most students confined themselves to the various macroeconomic indicators but the question just referred to the 'UK economy' rather than macroeconomy. Reference to targeted investment in the UK by India could have been linked, for example, to the potential for revival of an industry or region on the basis of such investment. However, a student confining the answer to macroeconomic indicators could be well rewarded. There were some excellent answers from those students who applied the information in the extract to generate informed judgements in context.

For Question 06, the extent of media coverage on the issue should probably have made this a more popular choice. There were undoubtedly some good answers where students were obviously well versed in the various pertinent arguments and were able to put the UK economy into the EU context in a successful way. Equally, as mentioned above, some students did no more than write about UK fiscal policy, with answers devoid of any EU context. Such an obvious weakness needs to be driven home with future students. Others saw the question as being about the issue of an EU-wide fiscal policy being imposed on member countries but largely neglecting the specific issue of balanced budgets.

Essay 1

Questions 07/08

- 07** Explaining three reasons for the growth of exports should not be beyond A2 students. However, while it was relatively easy for some students to score full marks, others struggled even to find one sound reason. Some cited inflation and an appreciation in the exchange rate, forgetting that the question was about growth in value and not simply achieving a higher price for an export. Only occasionally did students who gave one or other of these reasons link it, for example, to the need for price inelasticity of demand if the country in question was to witness a higher value of exports.
- 08** Too often, it becomes obvious that some students merely see a fiscal deficit and a trade deficit (or balance of payments deficit) as one and the same thing. In these cases, they seem to be happier to talk about budget deficits and so the answer heads off into irrelevance. Others seemed unsure about deficit and so decided to concentrate on export or import performance. Centres must 'hammer home' the various distinctions if there is to be an improvement in performance because this weakness appears time-and-time again across different examination series. It was also apparent in some responses that the importance of the phrase 'trade in goods' had not been recognised.

Essay 2

Questions 09/10

- 09** There is usually no difficulty in students reeling off a set of supply-side factors or policies. This approach can pick up some marks but the important issue here was linking those factors to an explanation of how they will help to achieve sustained growth. There were certainly some well-informed responses which took this approach but others which seemed unsure about the meaning of sustained growth. Overall, however, the question gave rise to very few difficulties.
- 10** It was assumed that A2 students would be familiar with the term 'private sector consumption' and it is still felt that they certainly should have this familiarity. However, it was obvious that some students were merely guessing at its meaning, with a few, quite bizarrely, basing their whole essay on the pros and cons of privatisation. Others saw it as nothing more than a battle between the public and private sectors for the resources of the country.

Better answers explained how sustained economic growth would be likely to increase consumption of goods and services and then broadened the answer out to a consideration of living standards as a whole, as well as other possible reasons for securing sustained growth. Only in a few cases, however, were these other reasons linked back to private sector consumption, if this were indeed possible. Others misread

the question and explained how private sector consumption, as well as other factors, might help to achieve sustained growth.

Essay 3

Questions 11/12

- 11** This part of the question presented few problems for students. It would have been good to see some greater depth to some of the explanations, but often answers were able to achieve a reasonable mark. Students need to be advised, however, to make a clear distinction in their answers between an explanation of those problems they see as relevant to individuals and those to the economy as a whole. The impression was formed, at times, that a student was not too sure of the distinction and so produced only a general account of the possible problems of unemployment. This left the examiner to disentangle the answer in order to award some marks.
- 12** For many students, this proved to be a highly accessible question. On too many occasions, however, students entered the examination fully armed with the Marshall-Lerner Condition and the J-curve effect and the examiner was required to read through an analysis which was totally devoid of any linkage with unemployment, and rather more with the balance of payments. Such material divorced from the central issue contributed to helping a few students fill a 12-page answer book as well as 3 or 4 additional 4-page answer books. Sadly, marks did not reflect this enthusiasm and effort. In contrast, there were some excellent evaluative answers which put the exchange rate into the context of other issues affecting unemployment, so that there could be a fuller assessment of the significance of a fall in the exchange rate in achieving a sustained reduction in unemployment.

Concluding remarks

One of the prime functions of reports on examinations is that they act as guidance to centres on the common pitfalls for students and how students' performance might be improved. Clearly, such a function is only fulfilled if there is some response within centres to the content of such reports. It has to be said that some failings amongst students are pointed out repeatedly but the failings continue. Nevertheless, there is also evidence in a number of scripts that the advice has been taken and acted upon in readiness for future examinations. The advice given below is not new therefore but is given once again to help in the preparation of students and to play its part in securing greater success:

- Especially given that the examination is now 2 hours in length, adequate time must be spent on ensuring the right choice of questions is made and on ensuring that each question has been read carefully and is well understood.
- About half the time of the examination should be spent on the context question and half on the essay chosen. Often, marks will not be maximised if a student drifts away from this guidance significantly.
- Of equal importance is having a sensible distribution of time amongst the various parts of questions. A common weakness in the context questions is when students spend too much time on Questions 01, 02 (or Questions 04 and 05), leaving themselves too little time to develop an adequate response to 03 (or 06). In the essay section, because students will usually find the first part of an essay question the easier of the two, they spend far too long on it, to the detriment of the development and quality of the second part.

- Diagrams are, of course, part of the economist's 'toolkit' but they do need to be well drawn, relevant and well integrated into the text if they are to be rewarded. For some, a ruler would be a sensible addition to the 'toolkit'!
- Make the examiner aware that there is good knowledge and understanding of what is happening in the national and global economies and that preparation for the examination has been comprehensive.
- Students need to understand and be taught how to develop the higher-level skills of analysis and evaluation. These skills need to be present in a balanced way in any response. It should be particularly borne in mind that good and frequent evaluation supported by nothing more than weak economic analysis is unlikely to reach Levels 4 or 5.
- Synopticity of this paper (as well as ECON 3) should be borne in mind when preparing students and, in particular, when discussing different approaches to past questions.

The quality of a good number of scripts indicates that some centres are driving home this and other advice. The aim, however, is to see a higher proportion of scripts being regarded as sound and impressive.

Mark Ranges and Award of Grades

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