



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

Economics

ECON4

(Specification 2140)

Unit 4: The National and International Economy

Report on the Examination

Further copies of this Report on **the Examination** are available from: aqa.org.uk

Copyright © 2012 AQA and its licensors. All rights reserved.

Copyright

AQA retains the copyright on all its publications. However, registered schools/colleges for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Set and published by the Assessment and Qualifications Alliance.

The Assessment and Qualifications Alliance (AQA) is a company limited by guarantee registered in England and Wales (company number 3644723) and a registered charity (registered charity number 1073334).
Registered address: AQA, Devas Street, Manchester M15 6EX.

Unit 4: The National and International Economy (ECON4)

General

It was good to see evidence in a number of scripts of sound teaching and learning. Students continue to make good use of the additional time available to them in recent A2 Economics examinations. There seemed to be little evidence of students running out of time. Students have taken the advice in the rubric ‘to spend 1 hour on Section A and 1 hour on Section B’.

A-Level Economics has become a more popular subject option in recent years, partly due to the national and global economic events which have been so well reported in the media. This media coverage has paid dividends in terms of the quality of students’ responses to questions. More awareness of real world events is now shown than a few years ago. Indeed, there is little excuse for students not to reflect recent and current economic events in their scripts given such media coverage.

Although careful consideration is given in the preparation of question papers to ensure that questions have similar degrees of accessibility as possible, students clearly have their own views. Such views make some questions more popular than others. In the context section, question 2 (Turkey and the EU) was the more popular of the two questions; in the essay section, essay 1 (interest rates) earned that status. Students might sometimes regard a particular question as more difficult than it actually is because they had given insufficient time to thinking about it. Nevertheless, this does not mean that these students therefore go on to make the wrong choice. It is also felt that perhaps too little time is given to reading the context extracts before a choice is made within that section of the question paper.

Quality of Written Communication (QWC) was generally not a problem. However, as pointed out in the January 2012 report, some students disadvantage themselves because of poor handwriting. Illegibility can lose students marks if a worthy point is made but cannot be deciphered. Such scripts are usually passed on to senior examiners, but this often does not help to solve the issue. Centres are advised to encourage students with poor handwriting to use word-processors.

In this examination, there were fewer instances compared to January, where students had not taken time to read questions carefully. Misreading a question can cause misinterpretation and lead a student in the wrong direction. Again, as with the extracts, students should be strongly advised to read and understand what the question is actually asking before writing their answers. This is more likely to reduce the number of answers which lose focus and drift into irrelevance.

Context Questions

Both context questions included a calculation and for many students, these posed no problem. For some students, the greater problem was identifying a **significant** feature or comparison from the data. Equally, where this has been achieved, a reference to it and the use of supporting data do not always have the clarity that is desired and achieve what examiners expect from A2 students. Students should also make sure they recognise whether a comparison is required or just the identification of a feature.

Students should be more aware of the need to make explicit references to the extracts when responding to Questions **03** or **06**. If this is not done, a student's response can amount to no more than a response which is not based on any material contained within the question paper. Students are also becoming adept at building on what is in the extracts by referring to other relevant real world events, often updating material used in the extracts.

Questions 01 and 04

Centres should bear in mind that a calculation might not always be asked for in the context questions. Equally, a calculation might be necessary in one, but not the other question. If and when a calculation is not required, then the requirement will usually be for the identification of **two** significant features or comparisons. When a calculation is required, 3 marks can be gained without the workings being shown, but it is important to give the appropriate unit and whether the change is positive or negative. Students are therefore advised, to show workings because they still gain marks for a correct working, even though the final answer is wrong. On this occasion, some students found difficulty in calculating percentage changes. Others took insufficient notice of the units shown in the data.

Questions 02 and 05

These questions require precise knowledge if they are to be answered in a relevant and accurate way. This was not a problem for the majority of students, however, the structure of answers could be improved in some cases. Examiners cannot always identify at what point the explanation ends and the analysis begins. Leaving a line or two between the parts really does help. Both questions asked for two factors and students should always adhere to this instruction. A few students felt it would be acceptable to write all they knew on overseas investment (02) or on the causes of growth (05).

Question 02 proved the more demanding of the two questions. Some students were vague about the precise meaning of investment, and centres might like to give this greater attention in teaching. Some students, however, displayed a very sound knowledge. In the analysis, discussion of the benefits accruing to the country receiving UK investment could not be credited.

Question 05 presented no such problems in the majority of scripts. Knowledge of economic growth was often very sound, however, students need to understand that it is the growth of **real** GDP which is important. The problem seemed to be students not bearing in mind that this question earns a maximum of 10 marks and that, to write significantly more, means less time for answering subsequent questions. A good number exceeded the total of 10 marks but were constrained to 10 marks.

Questions 03 and 06

These questions tested higher level skills of analysis and evaluation. Recent examinations have seen more evidence of good quality evaluation, with fewer students finding it necessary to tell the examiner that they are now going to evaluate (when they often don't). This indicates that evaluation has become less awkward and less clumsy, therefore, students can naturally progress from the analysis and on occasions, give sophisticated answers. In only few cases now is evaluation just confined to a closing paragraph, but rather it pervades the entire answer. The closing paragraph(s) should not repeat what has gone before, but offer a final judgement on the issue in hand with some new material. This is an important criterion for the award of a Level 5 mark.

Some good responses were offered for Question 03, but students needed to take heed of the phrase 'major global events' when deciding what to discuss. The Olympics featured in many answers. Often, better answers came from students who devoted their time to discussing the economic downturn of recent years but then providing some balance by considering non-economic events, such as the Olympics, which have an economic dimension.

For Question 06, some students thought that they had plenty to write about: trade, investment, immigration and the potential for economic instability. In some instances, students needed to bear in mind that they were considering the potential impact of just one country in the UK and needed to moderate their judgements in light of that fact. Very few referred to the present plight of the Eurozone and the EU as a whole and what bearing this might have on the UK-Turkish judgements they were making.

Some students placed Turkey and Greece into the same category of economies, even though the extract material discouraged that judgement. It would have been good to see a greater display of knowledge on the EU, for example, the Single European Market and the Common External Tariff. Some wrote about these in general terms but were unable to provide the correct terminology. It also needs to be recognised that a new member will undergo a transitional phase during which, not all the benefits of membership will necessarily be available.

Responses to both questions were well developed. Inevitably, the discrimination between them tends to be on the basis of the way in which the extracts have been used, the ability to link discussion to events in the EU or the world, and the quality of the analysis and evaluation.

It is worth emphasising an earlier point that students need to guard against unjustified exaggeration when referring to the potential impact of just one event (for example, an earthquake as in 03) or just one country (in this case of 06, Turkey), in the hope, perhaps that such exaggeration will impress the examiner.

Essay 1

A preamble to each essay is intended to ‘set the scene’ for the student, just as the extracts in the context section do so fully for those questions. Generally, there were few problems in students’ interpretation of questions and therefore, no widespread problem of irrelevance.

On occasions, features or policies will be asked, as in Question 07 which required students to explain four features of recession. The aim is to elicit greater depth of explanation from students for each feature or policy, and also to offer guidance to students as to how many features they should include. Without this guidance, examiners can be faced with a whole list of features or policies, but the student displaying no depth of knowledge. This seems the wrong approach in an A2 examination, at least for certain questions.

Questions 07/08

- 07** Generally students had no problems identifying four features of a recession. Students were distinguished by the depth of answers they provided. As with Question 02 and 05 in the context section, some students need to give more attention to the structure of answers. Features need to be clearly distinguishable from each other and so paragraphs are essential. A line space between each feature is advisable. The question asked students to identify four features; failure to do this constrained students to a mark of 10 out of 15.
- 08** It was evident that many students had been following the debate about interest rates in the UK, and were eager to display their knowledge and understanding. The better students explained the relevance of low interest rates to recovery, explained further why the instrument may not work, and then went on to look at alternatives, or what might be argued to be complements to interest rate policy. A number considered supply-side policies but it was important to put these into the context of recovery. That is, strengthening of the supply side to help underpin the effectiveness of demand-led policies. Fiscal policy was also considered, some students putting it into the ‘austerity’ context. It was disappointing to read answers in which students clearly had no recognition of recent/current UK events and of the debate surrounding interest rates. These were, however, the exception rather than the rule.

Essay 2

Questions 09/10

Students have become much more ‘comfortable’ with international-type questions and this was no exception.

- 09** It was rare for students to attempt this question unless they had the knowledge of the topic. Thus the vast majority of answers were relevant and accurate. On this occasion, students made an effort to distinguish in their answers, each policy from the others. It was important, however, to relate their answer to the current account of the balance of payments and why each could be relevant to the deficit. There was a mark constraint of 10 if three policies were not considered.
- 10** Students should have considered the wording of the question carefully and noted that two words were in bold type, ie **‘both to the UK and the rest of the world’**. The better answers stressed the distinction by arguing that, inevitably, free trade had differing effects on different countries and this might come down to the type of economy in question. Some students would have liked a question on globalisation or interpreted this as a question on that topic. A few concentrated on the EU as an example of free trade, forgetting or unaware of the common external tariff. Comparative advantage often featured but the quality of the analysis varied considerably.

Essay 3

Questions 11/12

- 11** Better students understood that the question not only asked about deficits causing a **rise** in the rate of inflation (although this could earn students a good mark), but that the question also allowed them to explain how the rate of inflation might be lowered. For example, if the deficit had been caused by lower direct taxes (creating incentives) and/or by higher supply-side spending, the rate of inflation could benefit. Understanding was generally at a reasonable level, however, there were some answers which ignored the question’s emphasis on the deficit-inflation issue and wrote more generally about budget deficits.
- 12** This was a more problematic question to students. A crucial phrase in the question was ‘in the long run’, therefore, having considered examples of short run conflict, students might then look at supply-side factors and how these could help remove the conflicts that had arisen. Some students had difficulty in approaching the question in this way, and on occasions, did not explain in depth why conflict might occur. The specification refers to the need to ‘analyse the causes of possible conflicts between policy objectives in the short run and the long run. They should be able to discuss approaches to reconciling these conflicts...’

This was not a popular option; centres should consider whether or not they are giving sufficient time to the issue of conflict. Many scripts suggested that centres should offer more guidance to students in this respect. Students should consider whether or not the learning process is sufficient for success at A2. It seemed that some, but not all, would be able to answer in the affirmative.

The following points of advice are not new but are worth repeating and linking to good classroom practice:

- students should not rush to answer a question before they have taken careful consideration, and are confident that they have understood, what is required and have made the right choices. The fact that the time duration for A2 papers is two hours should allow students to do this.
- the need to stress when preparing students that both ECON 3 and ECON 4 are synoptic papers. Students should be encouraged for any particular question to consider how they could reflect synopticity in their answers. This would be a useful practical exercise and give rise to valuable classroom discussion.
- on-going encouragement to students to maintain interest in recent and current economic affairs. Use of such knowledge can significantly enhance the quality of an answer. Centres might already require students to maintain a portfolio of articles gleaned from various sources. This can become a substantial work of reference for individuals as the course develops. It is something that no textbook, no matter how recently published, can replicate.
- constant practice in developing the higher-level skills which will create quality answers. Teachers could provide an answer to a past question completely devoid of evaluation, for example, and ask students to consider what evaluation could be introduced and at what points in the answer. A crucial part of this task is asking students to attempt a concluding paragraph to the answer which goes beyond repetition of what has already been said. Many centres may have already adopted this approach.
- increased confidence sometimes needed in drawing and labelling accurate diagrams (with the use of a ruler!). When faced with a past question, students might like to consider which, if any, diagrams might be appropriate to include and why.
- finally, examiners make their usual plea for centres to stress repeatedly to students the distinction between budget deficits and deficits on the balance of payments on current account, together with the distinction to be drawn between production and productivity. Continued confusion with these terms is a cause for concern.

Concluding remarks

Giving attention to these ideas and to others in previous reports will undoubtedly help raise standards further.

Mark Ranges and Award of Grades

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

UMS conversion calculator www.aqa.org.uk/umsconversion