



Examiners' Report

Principal Examiner Feedback

October 2019

Pearson Edexcel International Advanced
Subsidiary
In Economics (WEC12)

Unit 2: Macroeconomic performance and
policy

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Introduction

This is the first sitting of the October series of this paper. Overall the results on this paper were lower than in the summer.

The performance on the multiple choice section was similar to the performance in the previous June series. Most candidates were able to offer correct answers on most of the questions, the negative output gap and budget deficit questions were the most challenging.

Overall candidates performed in line with the previous June series on the data response questions.

In the section B, short answer questions, candidates were typically able to achieve marks for either definitions/ explanations or identifying the correct key with some explanation.

On section C students that were able to fully apply the case study context to the answers achieved higher marks. Diagrammatic analysis on the work from the better candidates was accurate and was integrated with their written analysis. They would not only draw the diagram accurately but talk about what they learn from it in their written explanation, and this helped those students achieved high marks for knowledge application and analysis. Candidates who offered accurate definitions scored well on the knowledge marks. Many candidates did not develop their analysis and evaluation enough to reach the highest levels of marks. This is an area centres would benefit from practising more with their students.

Overall candidates did not perform as well on the section D of the paper compared to the June series. Two thirds of the candidates opted for question 14 above question 13. Many students miss understood the question asked, and answers did not meet to the board elements of the questions. Analysis was often descriptive or superficial which prevented students reaching the higher level marks.

Most candidates were able to complete the paper in the time available though some struggled to develop their answers for the essay questions.

The performance on individual questions is considered in the next section of the report. The feedback on questions shows how questions were well answered and also how candidates could have improved their performance.

Section A:

The multiple choice section, the candidates performed best on the Phillips curve circular flow and economic growth questions. Candidates performed the least well on the government budget question and this may need attention in centres.

Section B:

The short answer question, most candidates were able to access marks on each question in this section of the paper. Those candidates achieving the highest grade carefully read each question and offered accurate definitions, data and diagrams to support their answers.

Question 7

Most candidates were able to offer a good definition of unemployment for one mark. A number of candidates also applied their answer to the high rate of unemployment for a second mark. Only the strongest candidates developed their answer to explain the link between rising unemployment and a change to the public finances of Bosnia and Herzegovina; those that did often achieved a further two marks. Many candidates provided generic impacts of rising unemployment that didn't answer the question.

Question 8

The strongest candidates were able to offer precise definitions of a current account surplus and deficit, linked to the difference in value of imports and exports. Too many candidates offered partial definitions and these were not rewarded. Most candidates achieved applications marks for correctly identifying a current account deficit and surplus.

Question 9

Most candidates were able to identify one impact of increased business confidence for one mark, then explain how the link between cause and consequence for further analysis marks (up to two marks available.) A number of candidates did not apply their answer to the increase in economic growth, therefore they did not achieve the application mark available.

Question 10

A number of candidates misread question 10, and did not offer short run AS and AD diagram offering a Keynesian equivalent. A large number of candidates also offered shifts for a change in costs when only a change in AD and consumption was required. Marks were rewarded for these on this paper, however students must carefully read what the question is asking of them for future exams. Many candidates also offered written explanations for this question, these are not required for 'draw' questions.

Question 11

Most candidates were able to define GDP per capita for one mark. The majority also accurately calculated the GDP per capita for 2017. A large number of candidates calculated the difference in GDP per capita, achieving all four marks. This question only required the difference between 2016 and 2017, a number of candidates calculated the percentage change, though not needed this was also rewarded full marks.

Section C:

The data response questions require candidates to use the source booklet provided when answering the question. Generic response do not score high marks when marking their answers. Evaluation is marked separately to the knowledge, application and analysis and is required for both the 8 and 14 mark questions.

Question 12(a)

Most candidates achieved at least one mark for this question. They were able to accurately define an interest rate, however, not all students were able to link this to the 'base' rate set by the central bank for a second mark.

Question 12(b)

This question required students to explain the term recession with reference to figure 2. Most candidates were able to define a recession for two marks, the first mark for two consecutive quarters; the second mark for negative economic growth. Only some students achieved the application marks as candidates needed to identify two consecutive quarters of negative growth from the data in their answer for the application marks. Those that provided one quarter of negative growth were not awarded the marks as this is not an accurate example of a recession.

Question 12(c)

Candidates answered this question well and were able to identify one impact of the fall in the value of the peso on Argentina's current account. The most able students provided strong definitions of either the exchange rate or current account for one knowledge mark. They were able to identify one impact of the fall in the exchange on the balance of payments for a second knowledge mark, this was followed with developed chains of reasoning to explain the cause and consequence of the impact identified for two analysis marks. Many students applied correct diagrams to their answer to develop their analysis further, shifting the AD curve appropriately to explain the impact on balance of payments. Not all students applied their answer to the case study, and a large number only referenced the source booklet once. Candidates need two references for a six mark question to achieve two application marks.

Question 12(d)

This question was the first that requires evaluation and the majority of candidates were aware of this. Most students could define inflation for two knowledge marks, often supported with reference to the source booklet. Much like question 12 (c) candidates often only referenced the case study once, and only achieved one application mark. Most candidates were able explain inflation had caused the impact they had identified, however these were not always developed enough to be awarded two analysis marks. Many candidates included a diagram showing the impact of inflation, and when explained these diagrams provided effective analysis. Evaluation was often present but not always developed enough for two marks. The evaluation needed to be critical of the impact of inflation, and not a generic evaluative comment.

Question 12(e)

This is the first question that is marked by applying levels. These questions require multi-stage chains of reasoning when explaining cause and consequence, therefore the questions require more developed analysis than in previous questions.

Often candidates did not provide developed arguments which prevented them from moving into the higher levels for knowledge, application and analysis. Candidates did offer policies that the Argentinian Government could pursue to increase consumption. Explanations were often descriptive and didn't link the policy to raising consumption. Many students offered generic responses and didn't consider the context when answering. Better students offered demand side policies such as changes in tax or government spending to increase consumption, and explored these with developed analysis often linked to a diagram. A number of candidates discussed monetary policy as a method to increase consumption. The case study clearly states that interest rates are set by the central bank and not the government, therefore this was not worthy of credit.

Evaluation of this question needed to explore the limitations of the policy to effectively increase consumption. For many candidates evaluation did not link to consumption, therefore it could only achieve low level 2. Evaluation comments needed to be fully developed to move into the highest level. Many candidates offered comments with practically developed chains of reasoning, therefore evaluation could not move out of level 2. Two evaluative comments are required for a 14 mark question.

Section D

The essays were not as strong as the summer. Candidates did not always fully address the question asked. Too many responses offered descriptions of well learned economic facts rather than applying these to the question asked. Analysis and evaluation was often superficial.

Question 13

This was the least popular of the two options, with only 33% of candidates selecting it. The question required candidates to evaluate the importance of productivity for the rate of economic growth in a country. Most candidates misread this question and responses focused heavily on methods to increase productivity and the significance of this rather than exploring the importance of productivity in increasing economic growth in a country. Responses that did not fully address the question rarely achieved high level 3 for knowledge, application and analysis.

Better students were able to link productivity to the productive potential of the economy and economic growth, often supported with a diagram showing an outward shift in the LRAS. Very few candidates offered other links between productivity and economic growth, causing many responses to be narrow or superficial reaching Level 2 with 4-6 marks for knowledge, application and analysis. Only a very small proportion of candidates reached Levels 3 and 4. These candidates often addressed the impact of productivity of firm investment increasing AD, or increasing profits increasing tax revenue increasing spending, AD and growth. Very few students offered examples in their answers.

Evaluation was often more limited compared to the quality of knowledge, application and analysis shown. Common evaluation explored factors that may offset the increase in AS or AD. This again was not fully addressing the question as it did not focus on the importance of productivity/ or negative impacts of productivity. The magnitude of productivity was often used, as was the difference between the level of productivity in the short run and the long run. Some of these evaluation points were generic and lacked context. For many candidates their evaluation was supported by a partially-developed chain of reasoning. Very few candidates achieved Level 3 evaluation.

Question 14

Candidates typically started by defining supply side policies, and often listed them. Students should be discouraged from doing this as they waste a lot of time in the exam doing this for little reward. Many candidates explored the impact of supply side policies on the economy as a whole rather than focusing on the impact on unemployment. The strongest candidates were able to explore how different types of supply side policy could tackle different types of unemployment eg, education and training to reduce structural unemployment. Candidates that did this often achieved level 4 for knowledge, application and analysis. Too many candidates provided superficial or two stage chains of reasoning that prevented their response achieving higher marks

Evaluation was often limited. Common evaluation addressed the opportunity cost of government spending on infrastructure/education. A number of candidates also evaluated the difference between the short run/long run or the size of the policy. Many of these more generic evaluations only achieve level 1 if not well developed. Stronger candidates addressed the limitations of supply side policy to actually impact unemployment, often referencing confidence as a limiting factor.

Paper summary

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

Section A: Multiple Choice

- Candidates need to know understand government expenditure
- It is important that candidates can interpret data accurately
- Candidates must read each question and consider all of the options available.
- Candidates need to know what the Philips curve represents
- Candidates need to be able to interpret AS and AD diagrams

Section B: Short Answer Question

- Candidates need to learn how to interpret the difference between command words (draw, calculate and explain) and know how to answer the question accordingly
- Candidates need to remember to include application in these answers
- Candidates must learn accurate definitions and use these to define terms in the stem
- When asked to draw a diagram all marks can be achieved through the diagram and no written explanation is required. Many candidates supported their response with a written explanation when in fact the diagram had achieved full marks.
- Many candidates did not know an accurate definition of current account deficit/ current account surplus
- Many candidates could not calculate GDP per capita, centres should continue to practice quantitate techniques with their students

Section C: Data Response

- Focus on developing economic analysis in the high mark base questions. A number of candidates moved from definitions and a brief explanation of an economic issue straight into evaluation. This was evident in 14 mark questions. Economic analysis typically involves explaining the sequence of events leading up to a particular outcome.
- When candidates are required to define or explain a key term, they must provide a detailed and accurate definition.
- When asked to refer to an extract, candidates must use the case study to support their answer for application marks.
- When asked to reference the information provided, answers should be in context. Candidates should have referenced the impact of inflation on the economy of Argentina rather than offering a generic answer.
- Use accurate diagrams and refer to them in explanations for KAA and for evaluation marks. An accurate diagram, with explanation in context, can shift a response from Level 2 to Level 3 for both KAA and for Evaluation.
- Where possible, use the data provided to illustrate or support your analysis and evaluation. Remember to use the data and do not just copy it out.

Section D: Essays

- Carefully read the question and ensure your response answers this
- Avoid using pre learned answers, make sure your theory is applied to the question
- Define the key terms relevant to the question.
- If relevant, include a diagram and explain it as part of the write up.
- Ensure you provide multiple chains of analysis for depth and focus on a few key points for breadth in analysis
- Evaluation points should be made and linked to the context of the question. These should have a chain of reasoning or sufficient development to be able to achieve Level 3.
- To achieve Level 3 for evaluation in the essay it is necessary to include an informed judgement.