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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 January series for assessment of WEC14 Developments in the global economy. The examination tests the candidates' abilities to select and apply 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, candidates performed the best on economic development (question 1). The question with the focus on terms of trade was the least well answered question (question 6) and this part of the specification may need attention by centres. On the remaining questions, candidates performed reasonably better.

In **Section B**, the data response section, questions are based on information provided in the source booklet.

Q07(a): Candidates only access two marks by correctly calculating the change in the rate of inflation between Q1 2020 and Q4 2021. Most candidates scored two marks for the correct calculation.

Q07(b): Most candidates were able to analyse two causes of the increase in the rate of inflation. However, only a small percentage of candidates could fully explain the causes to access both analysis marks.

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

Q07(c): This question required explanation of monetary policy instruments. Two relevant pieces of data were required from Extract A to attain the two application marks. Many mentioned interest rates and QE, and they were able to access both knowledge marks.

Q07(d): Majority of candidates were able to examine two problems facing central banks when applying monetary policies to reduce the rate of inflation. Two knowledge and two application marks were often awarded for relevant use of the sources. However, several candidates copied paragraphs from the extract and were not able to 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 these problems rather than directly answering the question.

Q07(e): Most candidates made effective use of the source and were able to discuss how demographic factors may constrain economic growth of developed economies. A low proportion of candidates developed their analysis with clear chains of reasoning to achieve at least Level 3 KAA marks. A common feature in responses was to try to cover as many measures as possible but without development in the analysis. As this is a data response question, candidates are required to examine the factors that have been provided in the extract and not from their own knowledge, unless specifically mentioned.

In **Section C**, candidates 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 8 was most popular followed by question 10 and then 9.

In all three questions candidates' 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 Q07e, 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 enough time to develop them. Some candidates drew appropriate and accurate diagram(s) and incorporated it with sound analysis points. This allowed them to consistently achieve 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. Candidates 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 offered good opportunities for candidates to differentiate by ability. Answering the exact question asked, integrating the data with analysis and strong evaluation continue to remain the essential ways that the A-grade candidates achieve higher marks. It appears that most candidates were not actually able to complete the paper in the time available.

Moreover, candidates are 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 a factor that is likely to have caused an appreciation of the US dollar. This was a well answered question with many candidates obtaining the one mark. The correct answer is D.

Question 2

For this question candidates needed to identify the most likely effect of an increase in the national debt of a country. The correct answer is C. Many candidates were also able to access this mark.

Question 3

Not many candidates correctly identified that the introduction of a tax of N10 per litre on sugary drinks was a specific tax. Some selected option A, perhaps getting confused with the percentage of the price of sugary drinks. The correct option is B. This was the weakest amongst all the multiple-choice questions.

Question 4

Candidates tended to perform reasonably well on this question, which asked candidates to identify the most likely policy to have caused the shift in the Lorenz curve outwards. The correct answer is A.

Question 5

For this question, candidates needed to identify the correct area from the tariff diagram. The correct answer is C. Many candidates were unable to accurately understand all the different areas from the question.

Question 6

The correct answer is D. Candidates were unable to correctly deduce from the table that both unit labour costs and export prices will rise when productivity declines. Distinction between productivity and production needs to be covered.

Section B

The source booklet focused developed economies. It comprised of one graph that showed Annual inflation rate for selected countries (%), as measured by the consumer price index (CPI). There were two extracts: one on rising rates of inflation and the other on labour markets.

Question 7a

Candidates needed to the change in the rate of inflation between Q1 2020 and Q4 2021. Although a large proportion of total candidates scored the maximum of 2 marks, there were some who did not include percentage points in their answer. It is important to use the data carefully for calculation-based questions.

Question 7b

This question required candidates to analyse two causes of the increase in the rate of inflation. Most responses included rising house prices and energy costs easing which were very well analysed with accurately drawn diagrams. They were also able to access two application marks by using relevant data from Figure 1. Few candidates explained the effects of inflation and were unable to access any marks.

Question 7c

Many candidates were able to successfully explain monetary policy instruments and only a handful did not attain full marks. A common response was to identify interest rates and money supply as two instruments. To access both the application marks, candidates had to include two pieces of data from Extract A. Some candidates only offered one, and not both. Given the nature of the question, it is important to cover all the aspects of the answer in knowledge and application.

Question 7d

The question required the candidates to examine two problems facing central banks when applying monetary policies to reduce the rate of inflation. Most candidates were able to identify the problems but were not able to gain the two application marks required, as they referred to Extract A. However, some found it challenging to analyse these points and struggled in understanding that this question related to the central bank. Many copied the paragraph from the extract and did not explain the points. This did not allow them to gain the analysis marks.

Evaluation was lacking and not very well written with some only identifying a point and not explaining it well. There were some candidates 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 7e

Candidates needed to use the source to discuss how demographic factors may constrain economic growth of developed economies. It is important that candidates select any two factors 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 candidates to access the higher levels of response.

A handful of candidates were able to successfully identify and explain problems such as shortage of labour and lower productivity. They were able to nicely integrate this with the application given in the source from Extract B. This gave them access to Level 3. However, many candidates just copied the source and did not explain their points. This gave them access to Level 1 only.

Evaluation points made were fairly sound. They included references to why this is not an issue. Many tried to include time lags as an evaluative comment but were not able to successfully support this point using logical chain of reasoning. Candidates should ensure that they do this as opposed to listing a number of separate undeveloped points.

Section C

General points:

Candidates often make a number of valid separate points but do not develop a coherent chain of reasoning. In addition, a large number of candidates 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 effectively used by the candidate. A reminder that just writing a country name in the answer does not merit as application.

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

Candidates are not expected to write four analysis and three evaluation points, like in the old specification. They can select two 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 candidates to evaluate the likely economic benefits to a country of joining a trading bloc. Also, to access high Level 4 for KAA, candidates are required to refer to a country of their choice in their answer.

Many were able to identify benefits correctly. Most of the answers only carried a two-stage chain of reasoning, and therefore, they were not able to access Level 3 KAA. Some focussed on globalisation, and this meant that they were not able to access more than Level 2 as their analysis was not always accurate. Those who identified range of benefits without linked development were only able to access Level 1 KAA.

Candidates were able to evaluate effectively. Majority of candidates highlighted the impact on domestic firms and trade diversion as potential costs. Other points were quite generic and not very well developed; they did not achieve more than Level 1.

Question 9

This question had asked the candidates to evaluate possible causes of a current account surplus. To access Level 4 for KAA, the candidates are required to refer to a developed country of their choice in their answer.

Most were able to identify a range of causes and explain them with multi-stage chains of reasoning. The most common points focused on exchange rates and productivity. Some answers carried a two-stage chain of reasoning without application to key terminology and concepts, and therefore, these candidates were not able to access Level 3 KAA.

Evaluative comments were not well written. Many offered their points on solutions to reduce a surplus, but there were some who went tangential where they discussed effects and did not answer the question. For those who were able to stick to causes but did not always explain in good depth, were awarded at Level 2. Candidates whose points were generic and did not have any chains of reasoning did not achieve more than Level 1.

Question 10

This question asked candidates to evaluate interventionist strategies that a government in a developing country might use to increase economic development. Furthermore, to access high Level 4 for KAA, candidates are required to refer to a developing country of their choice in their answer.

The most common strategies mentioned were linked to investment in human capital, protectionism and infrastructure development. Answers demonstrated an identification of points, are were fully developed or had many stages of reasoning included. These candidates were able to access more than Level 3 KAA. Those who explained market orientated/based strategies did not attain any marks.

Evaluation included some attempt to discuss the short run versus long run impact. Many candidates tried to use effectiveness of strategies as evaluation. This was credited. Many were only able to explain one point with the other points often just been identified. Those who listed evaluation points achieved 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).
- Candidates must read all 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 candidates 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 candidates 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 candidates to develop a chain of reasoning by analysing two salient 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 candidates 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.

- Candidates 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.
- Encourage candidates to make full use of the specimen papers, previous examination papers, mark schemes and principal examiner reports.

