



Examiners' Report Principal Examiner Feedback

January 2024

Pearson Edexcel International Advanced Level
In Economics (WEC14)

Unit 4: Developments in the global economy

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Introduction and key points

This is the June 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.

Section A

Question 1

This question required candidates to identify an economic factor that might constrain the rate of economic growth of a country. This was a well answered question of this section with many candidates obtaining the one mark. The correct answer is D - A lack of foreign currency.

Question 2

For this question candidates needed to identify the type of expenditure infrastructure projects undertaken by the Government of Brazil are. The correct answer is C - Capital expenditure.

Question 3

Many candidates did not correctly identify most likely reason for this increase in the EU's capital and financial account surplus. The correct option is A - An increase in inward foreign direct investment (FDI) and portfolio investment.

Question 4

The correct answer is D. Many candidates were able to correctly deduce from the data that a possible cost of globalisation on the global economy is higher external costs arising from increased trade.

Question 5

Candidates performed reasonably less well on this question, which asked candidates to identify the combinations of foreign currency transactions would Japan's central bank be most likely to use if it wanted to raise the value of the yen against the US dollar. The correct answer is B.

Question 6

For this question, candidates needed to identify the correct statement from given data on index of export prices and index on import prices. The correct answer is B. It is also important that candidates know the correct equation for terms of trade.

Section B

The source booklet focused on the economic outlook of Greece. It comprised of two graphs showing real GDP and national debt as a % of GDP. There was one extract that highlighted the country's debt crisis and roles of ECB and IMF.

Question 7a

Candidates needed to calculate the value of Greece's national debt in 2022 using Figure 1 and Figure 2. Although 70% of total candidates scored the maximum of 2 marks this still indicates that 30% were not able to calculate this correctly. It is important to use the data carefully for calculation-based questions.

Question 7b

Many candidates were able to successfully explain meant by 'deflationary fiscal policies' and attained full marks. A common response was to explain it in terms of government spending and taxes. To access both the application marks, candidates had to include two pieces of data from the extract. Some candidates only offered one, and not both. Given the nature of the question, it is key to cover all aspects of the answer in knowledge and application.

Question 7c

The question required the candidates to examine two measures that the Government of Greece could take to increase international competitiveness. Most candidates analysed the policies given in the extract and were also able to gain the two application marks required. Many copied paragraphs from the extract and did not explain it. This did not allow them to gain the higher marks.

Evaluation was well written with many candidates identifying problems associated with these policies and explaining it well. There were some candidates who did not write any points. For 8-mark questions and above, evaluation is a key requirement and should be included.

Question 7d

This question required the candidates to analyse two roles of the ECB. Most responses included giving advice and implementing monetary policy. They were also able to access the two application marks by using relevant data from Extract A. Few candidates confused role of the central bank with the World Bank and the IMF and were unable to access any marks.

Question 7e

Candidates needed to use the extracts given to discuss the likely economic benefits of a decrease in national debt, as a proportion of GDP, on the economy of Greece. It is very important that candidates select any two benefits 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 benefits such as impact on credit rating and debt servicing costs. They were able to integrate this with the application given in the source from Extract A. 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 well written. Some candidates included references to the elasticity of the magnitude of the decrease and the fact that it is still the highest in the eurozone. Many included time lags as an evaluative comment but were not able to successfully support this point using a 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 possible causes of an increase in income inequality within a developed country. In addition, to access high Level 4 for KAA, candidates are required to refer to a developed country of their choice in their answer.

Many candidates discussed education and wages. 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 improvement, and this meant that they were not able to access any marks as their analysis was not accurate. Those who identified a range of factors without linked development were only able to access Level 1 KAA.

Evaluative comments were not well written. Many offered some points that often went tangential and did not answer the question. Those who made an attempt were not always able to explain their arguments in good depth. Rest of their points were again quite generic and did not have any chains of reasoning and did not achieve more than Level 1.

Question 9

This question had asked the candidates to evaluate factors influencing patterns of trade between countries. To access Level 4 for KAA, the candidates are required to refer to a country of their choice in their answer. The candidates struggled with this question.

The most common points focused on comparative advantage and the size of trading blocs and trying to explain them further. Some answers carried a two-stage chain of reasoning without application to terminology and concepts, and hence, candidates were not able to access Level 3 KAA.

Candidates struggled to evaluate effectively. Majority misunderstood the question and did not answer the question; thus got no credit. The other points were quite generic and not very well developed; they did not achieve more than Level 1.

Question 10

This question asked the candidates to evaluate market-orientated strategies that a government might use to increase economic development. In addition, to access 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 promotion of FDI and trade liberalisation. Most answers demonstrated sound chains of reasoning, and they were fully developed and had no stages omitted. This question was the best of all the questions answered in this section. These candidates were able to access Level 3 and above for KAA. Those who mentioned interventionist strategies did not attain any marks. Some candidates were also confused between economic growth and economic development.

Evaluation was well written where attempts were made to discuss the problems of each of the strategies discussed. This was usually credited the highest level. Some candidates were only able to evaluate one policy and struggled with time management. 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.

