Examiners' Report
Principal Examiner Feedback

October 2023

Pearson Edexcel International Advanced Level In Economics (WEC14)

Unit 4: Developments in the global economy

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your Candidates at: www.pearson.com/uk

Introduction

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.

In **Section A**, the multiple-choice section, candidates performed best on a non-economic factor that might constrain the rate of economic growth and development of a country (question 1). The question with the focus on buffer stocks 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 access two marks for correctly calculating debt servicing payments as a proportion of national debt in 2021. Most candidates scored two marks for this question.

Q07(b): This question required explanation of 'foreign currency gap'. 2 relevant pieces of data were required from Extract A to attain the two application marks. Many simply mentioned only one point in the definition and they were only able to access 1 mark.

Q07(c): A large majority of candidates were able to examine two likely effects of the depreciation of the rupee against the US dollar. 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 obtain analysis marks. This is an area which all centres are advised to address. Candidates attained the two evaluation marks for explaining the opposite effects.

Q07(d): Most candidates analysed two roles of the IMF. However, only a small percentage of candidates could fully explain the role to attain both analysis marks. As this is a data response question, the candidates are required to analyse the factors that have been provided in Extract A and not from their own knowledge, unless specifically mentioned.

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

Q07(e): Most candidates made effective use of the source and were able to discuss the likely macroeconomic effects of an increase in income tax rates, aimed at high-income households, on the economy of Pakistan. 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 any development in analysis. Many responses were also not able to access evaluation marks as they gave solutions to these problems rather than directly answering the question.

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 required candidates to identify a non-economic factor that might constrain the rate of economic growth and economic development of a country. This was a well answered question of this section with many candidates obtaining the one mark. The correct answer is D – High levels of corruption.

Question 2

For this question candidates needed to identify the impact of fall in labour productivity. The correct answer is A – UK goods and services were less internationally competitive than those of its trading partners.

Question 3

Many candidates correctly identified the most likely effect of Japan's central bank, the Bank of Japan, increased its reserve asset (liquidity) requirements for commercial banks. The correct option is C - A decrease in the rate of inflation.

Question 4

The correct answer is D. Many candidates were not able to correctly deduce from the chart that a fall in Georgia's Gini coefficient, expressed as a percentage, would result in Georgia's Lorenz curve shifting closer to the line of perfect equality.

Question 5

Candidates tended to perform reasonably well on this question, which asked candidates to identify the correct statement related to absolute poverty. The correct answer is A - Absolute poverty is the inability of individuals or groups to meet their basic needs.

Question 6

For this question, candidates needed to identify the area of government expenditure on the buffer stock scheme. The correct answer is B. Some selected other options, getting confused with how the buffer scheme works.

Section B

The source booklet focused on the economic outlook of Pakistan. It comprised of two graphs showing national debt and exchange rate. There was one extract that highlighted changes in exchange rate, foreign exchange gap and the role of the IMF.

Question 7a

Candidates needed to calculate debt servicing payments as a proportion of national debt in 2021. Although 70% of total candidates scored the maximum of 2 marks this still indicates that 30% were not able to calculate the change correctly. It is important to use the data carefully for calculation-based questions.

Question 7b

Many candidates were not able to successfully explain foreign currency gap and only a handful attained full marks. A common response was to explain it in terms of lack of foreign currency reserves. 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 likely effects of the depreciation of the rupee against the US dollar. Most candidates considered the benefits as analysis 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 good and well written with many identifying a cost and 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 7d

This question required the candidates to analyse two roles of the IMF. Most responses included helping with loans to reduce current account deficit and encourage economic growth. They were also able to access the two application marks by using relevant data from Extract A. Few candidates confused role of the IMF with the World Bank and were unable to access any marks.

Question 7e

Candidates needed to use the source to discuss the likely macroeconomic effects of an increase in income tax rates, aimed at high-income households, on the economy of Pakistan. It is important that candidates select any two effects 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 effects such as impact on AD/economic growth and tax revenues. 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 LRAS and the Laffer curve. Many included magnitude 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 factors that might cause a country's terms of trade to worsen. In addition, to access high Level 4 for KAA, candidates are required to refer to a country of their choice in their answer.

Many candidates discussed productivity and exchange rates. 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. Thos 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 whether a structural fiscal deficit is more serious than a cyclical fiscal deficit. To access Level 4 for KAA candidates are required to refer to a developing country of their choice in their answer.

The most common points focused on why structural deficit is harmful with reference to issues relating to national debt and trying to explain it further. Some answers carried a two-stage chain of reasoning without application to terminology and concepts, and therefore, candidates were not able to access Level 3 KAA.

Candidates struggled to evaluate effectively. Majority offered solutions on how to reduce fiscal deficit and this 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 the potential economic benefits of FDI inflows. In addition, to access high Level 4 for KAA candidates are required to refer to a developed country of their choice in their answer.

The most common benefits mentioned were linked to economic growth and balance of payments position - either the current account or the capital and financial account. Most answers demonstrated sound chains of reasoning, and they were fully developed and had no stages omitted. This question was the best of all questions answered in this section. These candidates were able to access Level 3 and above for KAA. Those who mentioned employment and technology transfer attained marks too. Some candidates were quite confused between domestic investment and FDI.

Evaluation was well written where attempts were made to discuss the costs of FDI. Most points considered were environmental issues and issues related to tax avoidance and evasion. This was credited. Some were only able to explain one cost with the other costs 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.