Examiners' Report

Summer 2014

Pearson Edexcel GCE in Economics
6EC04 Paper 01R

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Introduction

This was the last examination under the 'R' specification, and consequently the number of entries was very low. However, there were sufficient entries to enable a broad cross-section of responses to be identified.

In terms of question popularity there was a very clear preference by the students. In Section A (essays) the vast majority opted for Q1, with a much smaller number choosing Q2 and a very small minority choosing Q3. In Section B (data response) a very small minority chose Q4, with the majority choosing Q5.

Section A (essays):

The essay questions proved to be good discriminators.

Q1a. *Students were asked to assess the likely economic effects of increases in indirect taxation in a country of their choice. 20 marks*

Students were generally able to identify likely effects with some explanation. Better students were able to expend their explanations and to provide good evaluation within the context of the question.

Q1b. *Students were asked to evaluate the view that governments should reduce budget deficits by cutting public expenditure. 30 marks*

Weaker students were able to consider the effects of a reduction in government expenditure in generic terms, whilst stronger students were, in addition, able to consider alternative strategies which governments might adopt.

Q2a. *Students were asked to assess the factors that influence the exchange rate of a currency. 20 marks*

Weaker students were able to identify one or two factors with limited explanation, whilst better students explained 3 factors with some evaluation. The best responses made good use of the data given in the question.

Q2b. *Students were asked to consider the extent to which a depreciation of a country's currency might improve its economic performance. 30 marks*

Students were able to identify at least two effects with some explanation, whilst better students considered three or four effects, with good evaluation.

Q3a. *Students were asked to assess the impact of common external tariffs. 20 marks*

Students were generally able to identify one or two economic impacts of CETs, and made use of the tariff diagram with varying degrees of accuracy. Better students considered the impact of CETs within the context of the EU and the global economy.

Q3b. ***Students were asked to evaluate the economic effects of a decision by the UK to leave the EU. 30 marks***

Students were able to identify at least two factors, but weaker students displayed little understanding of the UK's current position within the EU. Better students were able to explain three or four economic effects with good evaluation.

Section B – Data response questions

Q4. ***The data for this question related to the measures taken by Japan to improve its economic performance. The data consisted of 4 charts, showing economic growth rates, inflation rate, current account balance and terms of trade for Japan, 2004 – 2012, plus an extract from The Observer newspaper, 2oth January 2013.***

Q4a. ***The real burden of private sector debt. 5 marks***

Many students had difficulty with relating the data on the inflation rate to the effect on real private sector debt. Only the best students scored four or five marks on this question.

Q4b. ***Likely economic effects of the trend on Japan's terms of trade. 8 marks***

As with Q4(a), weaker students particularly found it difficult to interpret the data. Better students were able to explain at least one factor with appropriate reference to the data.

Q4c. ***Analysis of structural reforms to enhance the contribution of women to the Japanese economy, and for families to have children. 10 marks***

Weaker students found it difficult to score many marks on this question from the information they were given. Better students demonstrated that they were looking at the question more holistically, and considering why Japan might benefit from more participation by women, and from a higher birth rate.

Q4d. ***Implications of the increase in the size of Japan's national debt.***
12 marks

Whilst weaker students tended to give a superficial outline of one implication, better students showed understanding of the term "national debt", and were able to explain two implications.

Q4e. ***Evaluate the likely economic effects of Japan's stimulation package.***
15 marks

Weaker students tended to identify one or two effects with little analysis, but better students were able to discuss at least two effects with good evaluation.

Q5 *The data for this question related to the economy of Tanzania, and consisted of three charts, showing economic growth of Tanzania relative to Sub-Saharan Africa and the world, relative inflation rates for the same regions and Tanzanian total external debt and annual debt service as a percentage of GDP. Additionally, there was an extract from the Tanzanian Economic Update by the World Bank.*

Q5a. *The difference between absolute and relative poverty. 5 marks*

Students generally were able to score marks on this question with well-learned definitions of absolute and relative poverty. Better students scores more highly by referencing the data.

Q5b. *Changes in income inequality in Tanzania, illustrated with a Lorenz Curve diagram. 8 marks*

This question was generally well answered, with most students able to make at least an attempt at a Lorenz Curve diagram, with an appropriate data reference.

Q5c. *The importance of agriculture to the Tanzanian economy. 10 marks*

Students were able to score well by using the ample data on the significance of agriculture, with better students demonstrating good analytical and evaluative skills.

Q5d. *Economic benefits of expanding tourism in Tanzania, or a developing country of choice. 12 marks*

Many students had a good understanding of the economic benefits of tourism and were able to explain these well. Better students also considered the possible downsides of tourism.

Q5e. *Evaluate factors, other than agricultural dependency, which might act as a constraint on economic development in Tanzania. 15 marks*

Some students failed to distinguish between economic growth and economic development. Some also failed to read the question properly and wrote about factors which might enhance economic growth / development. Better students were able to evaluate two or three factors well.

Grade Boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:
http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx