



Examiners' Report Principal Examiner Feedback

Summer 2025

Pearson Edexcel Advanced Subsidiary
In Economics A (8EC0)

Paper 2: The UK economy – performance
and policies

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 students at: www.pearson.com/uk

Summer 2025

Publications Code 8EC0_02_2506_ER

All the material in this publication is copyright

© Pearson Education Ltd 2025

Introduction

All questions were accessible to the candidates, although inevitably candidates were scoring more highly on some questions than others. Candidates' responses to the questions have largely been of an expected standard.

Section A highlights the need for candidates to be accurate in their definitions. Many candidates are losing marks because they cannot clearly define economic concepts such as price level. Quantitative skills are also an important skill and, whilst there appears to have been some progress in this area compared to last year's paper, there is still an opportunity for improvement here. It is vital that the candidates can calculate key quantitative measures such as percentage change as well as being able to correctly interpret data presented in a variety of forms.

In section B, it is essential that the candidates read the question carefully. Many have evaluated questions which do not necessitate them to do so. This meant they were unable to devote the right amount of time for higher mark questions. Candidates must ensure they are answering the precise question set. For example, for Q6(d) they had to explain two factors considered when changing the base interest rate. Several candidates have spent time explaining one additional factor for each of these questions; hence they were not able to maximise their efficiency in terms of managing their time.

For the questions where candidates had a choice; Q6(f) was more popular than Q6(g). In Q6(g) many candidates failed to focus on the question and, as such, lacked context required to access the top level. This was an issue in general, with candidates writing answers that were too generic or where they clearly had not fully read and understood the data they had been provided with. In Q6(f) candidates who focused their answer convincingly on causes of inflation were likely to achieve more highly as they offered a clear perspective to their answer. Another point to recall in Q6(f) and Q6(g) is, to quote the Level 4 Knowledge, Application and Analysis criteria, there needs to be 'logical and coherent chains of reasoning'. This contrasts to the Level 2 criteria which describes a 'two-stage chain of reasoning only'.

Question 1 (b)

In this question the marks are split as 1 for knowledge, 1 for application, and 1 for analysis. The knowledge comes from identifying one effect, the application for explaining the data, and analysis for development building on the knowledge. Most candidates were able to access knowledge and application marks but were unable to develop the point identified.

Question 2 (b)

In this question the marks are split as 1 for knowledge, 1 for application, and 1 for analysis. This is a house prices question that candidates were not able to answer accurately, and the majority were unable to relate it to existing homeowners. Candidates also need to be careful to read the question carefully, as some candidates lost marks as they did not recognise the requirements of the question.

Question 3 (b)

This question required candidates to explain one reason why it is difficult to measure the size of an output gap in an economy. Candidates were not able to answer this question relatively easily. They could identify a reason but often struggled to explain it.

Question 3 (c)

This question required a precise definition of trade cycle. It is important that candidates are clear in their answers. Candidates could access marks through a range of approaches. Most of them were able to get the mark.

Question 4 (a)

This question required a clear definition of the term indirect tax. Many candidates provided accurate definitions and hence attained the one mark available for this question.

Question 4 (b)

This question required candidates to show/draw the likely impact of a reduction in indirect tax in the context of an AD/AS diagram. Marks were awarded as 1 mark for a rightward shift in AD/SRAS and 1 mark for equilibrium showing new price level and new real output. Most candidates achieved the 2 marks on this question.

Question 5 (b)

This question asked candidates to explain one reason for the deficit in balance of goods and services. Many candidates found this question easy to answer. The

marks are split as 1 for knowledge, 1 for application, and 1 for analysis. The knowledge comes from identifying one reason, the application for using the data, and analysis for development building on the knowledge. Some candidates were able to access knowledge and application marks, but were unable to develop the point identified.

Question 6 (a)

The four marks for this question are split in half between knowledge and application. Candidates achieved 2 marks for explanation of the term 'rate of economic growth' and 2 marks for relevant application from Figure 1 only.

Question 6 (b)

This question asked the candidates to explain the relationship between real incomes and subjective happiness. Therefore, it is important for the candidates to make the most of their time in the exam and not explain effects of subjective happiness. Application required the use of the first paragraph of Extract A to explain answers. Candidates should remember that in these short questions, examiners are looking for two specific pieces of application.

Question 6 (c)

This question required candidates to assess the limitations of using GDP to compare living standards over time. In these longer questions, the focus for a candidate will need to be on the quality of their answer, bearing in mind the levels mark scheme. Candidates should ensure they are clearly giving step-by-step explanations of the limitations. This covers the skills of knowledge, application and analysis. There are 4 marks available here for evaluation, where the benefits of using GDP were discussed.

Question 6 (d)

This question asked candidates to explain two factors that the Monetary Policy Committee may have considered when changing the base interest rate. It is important candidates focus specifically on factors and not the effects. Too much time was wasted on explaining the effects of a change in base interest rate, which was not the requirement of the question. Each reason needed to be identified and analysed. There are two marks available for application, which candidates attained through the use of data from Extract A.

Question 6 (e)

This question required the candidates to discuss effects of a decrease in government expenditure on the UK economy using an AD/AS diagram. Candidates needed to ensure they answered the question being asked, as there were a few answers which listed causes of changes in government spending and did not answer the question. Those candidates who made an attempt at this question, could not only identify the effect but were not able to receive the analysis marks. Evaluation was well written, but some candidates were only able to list their points. Many used the data and often found it hard to access application.

Question 6 (f)

This question required the candidates to evaluate the possible causes of inflation. Many candidates were able to effectively answer this question by identifying and explaining the causes. They linked it to an AD/AS diagram in context of their explanations. One of the issues was that many candidates discussed solutions to solving inflation as evaluation and this was not credited. Candidates who effectively answered this question explained their arguments in context.

Question 6 (g)

This question required candidates to evaluate use of market-based supply-side policies to increase UK employment. Although candidates were able to analyse most of their arguments, they were not able to discuss them in detail. Some answered with interventionist supply-side policies and this was not credited. There were several evaluative comments made, but they lacked chains of reasoning to access higher levels.

Paper summary

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

- Ensure you manage your time effectively: it does say in the exam paper to spend 25 minutes on section A and 1 hour 5 minutes on section B. If candidates spend too long on section A, they are in danger of running out of time for the 15- and 20-mark questions at the end of the exam paper.
- A multiple-choice question is worth 1 mark whereas Q6(f) and Q6(g) are worth 20 marks, so bear this in mind in terms of how long you are spending on individual questions – especially those in Section A.

- Ensure you are aware of key definitions. Be aware of all formulae and quantitative skills as explained in the specification. Practise calculation questions.
- Ensure you carefully study and understand the figure and extracts provided in section B. These form the context for the questions, and answers should be related to this context and not be entirely theoretical.
- Do not spend too much time on long introductions when a question has only asked to, for example, 'Explain two reasons...'. Here, marks will only be awarded for your explanation of your reasons, so you should start immediately with your first reason.
- Finally, remember to keep your answers within the space provided. If you run out of space, you should ask for additional paper and clearly indicate which question you are writing about. It is indicated on the front of the exam paper that 'there may be more space than you need'.

Pearson Education Limited. Registered company number 872828

with its registered office at 80 Strand, London, WC2R 0RL, United Kingdom