

# **Delegate Booklet**

## **International AL Economics Online Part 2**

### **Understanding assessment and Improving delivery**

***YEC11-20/F1***

## **Aims and Objectives**

Delegates will:

- be given an understanding of the assessment objectives
- learn how different types of question in exam papers match the different assessment objectives
- consider each assessment objective, with reference to questions from previous papers
- discuss strategies to help students to access questions targeting different assessment objectives
- review the support Pearson offers for the qualification
- network and share ideas with other teachers.

## Session Agenda

- Introductions and housekeeping
- **Session 1:** Features of the International A Level
- **Session 2:** How assessment objectives are applied in points based questions with marking activities
- **Session 3:** Support provided by Edexcel for IAL; Consideration of best practice and networking

- 10 In September 2017, Centrica increased the price of gas and electricity by 12.5%. Before the price rise Centrica had 12 800 000 customers but this fell by 800 000 after the price increase.

Ceteris paribus, calculate the price elasticity of demand for gas and electricity from Centrica. Show your workings.

$$PED = \frac{\% \Delta \text{ demand}}{\% \Delta \text{ price}} = \frac{-800000}{12800000} \div \frac{12.5\%}{100\%} = -6.25\%$$

$$\% \Delta \text{ demand} = \frac{-800000}{12800000} \times 100\% = -6.25\%$$

$$\% \Delta \text{ price} = 12.5\%$$

$$PED = \frac{-6.25\%}{12.5\%} = -0.5$$

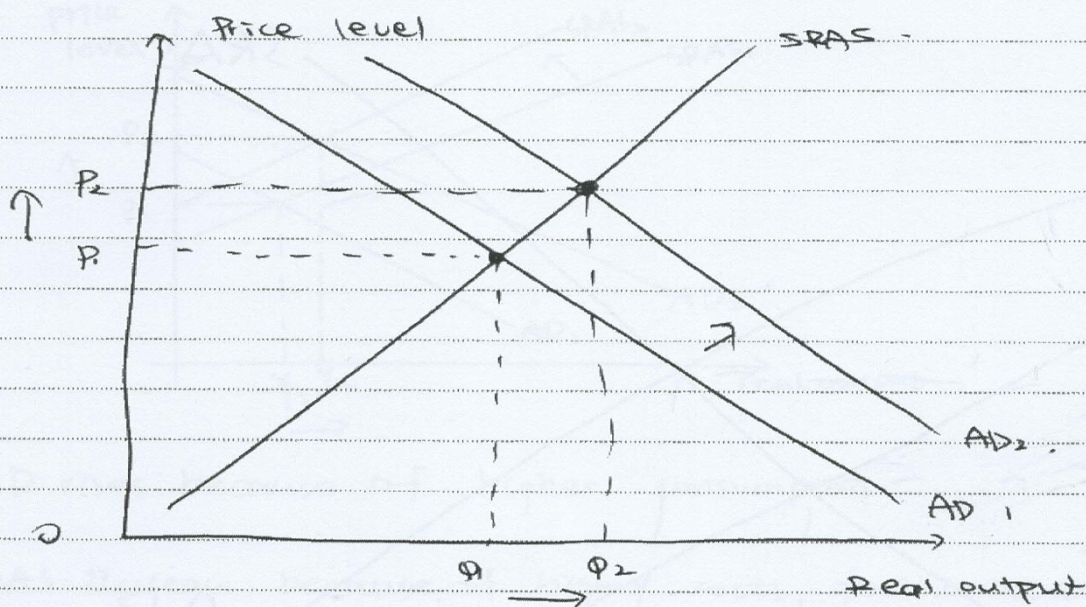
as price increases, quantity demanded falls

↑ price inelastic

## Exemplar from Q10 WEC12, Jan 20

- 10 In 2017 real wages rose by 19% in the Ukraine. This led to a 7.8% increase in consumption.

Draw a SRAS and AD diagram to show the possible impact of this increase in consumption on the price level and real output.



## Section C

Question	Define the term 'fiscal policy' (Extract A, line 6)	Mark
12 (a)	<b>Knowledge 2</b> <ul style="list-style-type: none"> <li>• 1 mark for reference to taxation and government spending.</li> <li>• 1 mark for stating that it is set by the government as a means of influencing aggregate demand/the level of economic activity.</li> </ul>	(2)

### Exemplar answer (1) to WEC12, Q12a

*'Fiscal policy is a government measure that uses the tools of taxes and government expenditure to manipulate the rate of inflation.'*

• **Why did this answer not achieve full**

### Exemplar answer (2) to Q12a

**marks?**

*'Fiscal policy refers to changes in taxation and public spending by the government to increase or decrease aggregate demand. Example: Romania cut VAT from 24% to 20% to boost AD and increase economic growth.'*

**What mark would this answer be awarded?**



# Mark scheme for WEC12 Q12b, May 2019

Question	With reference to Figure 1, explain the term 'real GDP growth'.	Mark
12 (b)	<p><b>Knowledge 2, Application 2</b></p> <p><b>QS9:</b> Interpret, apply and analyse information in written, graphical and tabular forms.</p> <p><b>Knowledge</b></p> <p>Up to 2 marks for offering a definition of real GDP growth.</p> <p>The percentage annual increase <b>(1)</b> in the value of a country's output of goods and services over a period of time accounting for inflation <b>(1)</b>.</p> <p><b>Application</b></p> <p>Up to 2 marks for reference to Figure 1:</p> <ul style="list-style-type: none"> <li>• From Jan 2016-December 2017 Romania has seen economic growth <b>(1)</b></li> <li>• The economic growth has been rapid from 4.3% in Jan 2016 <b>(1)</b> to 8.8% September 2017 <b>(1)</b></li> </ul>	<b>(4)</b>

## Exemplar answer 1 to WEC12, Q12b

*'Real GDP growth is the growth in GDP after adjusting for the effects of inflation. The real GDP in Romania as seen in Figure 1 shows an increase from 4.3% in the first quarter of 2016 6.0% in the second quarter of 2016.*

*The economy was in growth from 2016 to 2017. The growth of real GDP was highest in Q3 2017 at 8.8%'*

## Exemplar answer 2 to WEC12, Q12b

*'Real GDP growth refers to the percentage increase in the total output of goods and services in GDP adjusted for inflation in an economy over a period time.*

*In Figure 1 the Romanian economy has experienced a growth in real GDP from Q1 in 2017 to Q3 in 2017. The real GDP has increased in this period from 5.7% to 8.8%.'*

**Question 8 from WEC12 May 2019. New Zealand has a population of 4 693 million people.**

**In 2017 its net migration was 73 000, with more individuals**

Question	Explain the possible impact on the level of unemployment of this net migration.	Mark
8	<p><b>Knowledge 1, Application 1, Analysis 2</b></p> <p><b>Knowledge</b> 1 mark for defining net migration or the level unemployment, e.g.</p> <ul style="list-style-type: none"> <li>immigration minus emigration <b>(1)</b></li> <li>the number of people willing and able to work but unable to find suitable employment <b>(1)</b></li> </ul> <p><b>Analysis</b> Up to 2 marks for analysis points</p> <ul style="list-style-type: none"> <li>Unemployment may rise <b>(1)</b> as the working population in the country is increasing <b>(1)</b></li> <li>If the higher population increases consumption <b>(1)</b> there may be a fall in unemployment <b>(1)</b></li> <li>Low skilled occupations may see a rise in competition for jobs <b>(1)</b> resulting in increased unemployment <b>(1)</b></li> </ul> <p><b>Application</b> 1 mark for applying this to the context of New Zealand, e.g.:</p> <ul style="list-style-type: none"> <li>The population increase for New Zealand is significant <b>(1)</b></li> <li>Net migration accounts for 1.56% of the population <b>(1)</b></li> <li>73 000 more people moved to New Zealand than left <b>(1)</b></li> </ul>	(4)

## Exemplar answer 1 to WEC12, Q8

*'Unemployment refers to the number of people out of an economic job but who are actively looking for work. As stated above New Zealand's net migration was 73,000 with more people arriving than leaving the country.*

*As a result this will increase the productivity of the labour force as more skilled workers will come to work. This will increase employment opportunities and thus cause unemployment levels to fall. This will cause AD to rise.'*<sup>8</sup>



# Exemplar answer 2 to WEC12, Q8

*'Level of unemployment is the total number of people out of the total workforce who are willing and able to work but can't find a job. Net migration is the difference between emigration and immigration. In 2017 New Zealand received 73,000 immigrants and as a country experiencing net migration this will increase the level of unemployment as some of these immigrants will fail to find work and remain unemployed. Some immigrants will replace domestic people from work, increasing the unemployment level in New Zealand.'*

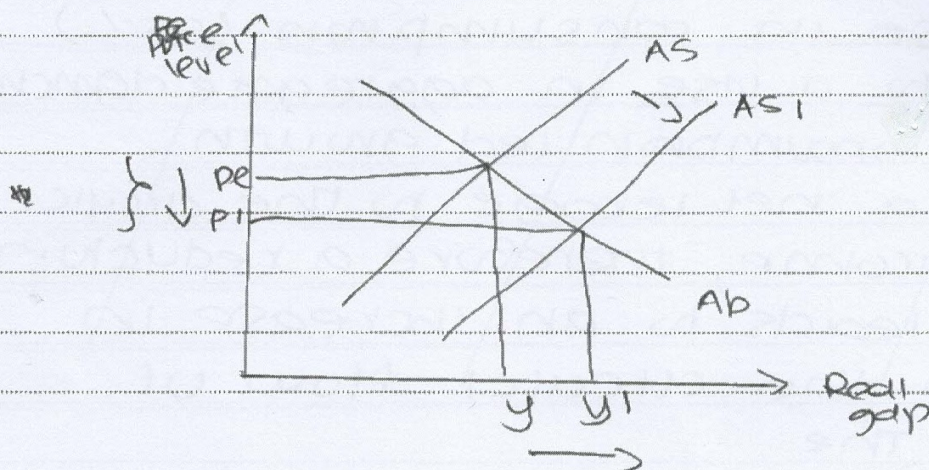
**Q12c WEC12 With reference to Extract A, analyse one macroeconomic effect of the reduction in indirect tax.**

## Exemplar answer to Q12c WEC12

Indirect tax is a ~~net leakage from~~ <sup>net leakage from</sup> and ~~services the circular income~~ <sup>services the circular income</sup>. Indirect tax is a tax levied on goods and services. Therefore a reduction in indirect taxes, reduces the cost of production for firms. Therefore they will ~~increase~~ reduce prices, causing the general price levels to fall. This prevents cost push inflation enabling the government to achieve their macroeconomic objective.

~~of price stability~~ of price stability

Taxes are a net leakage and causes the income flow to ~~use~~ <sup>rise</sup>, if ~~taxes~~ <sup>taxes</sup> fall. The fall in VAT by 24% to 20% helps enable price stability.



# Exemplar Answer 12d

*External costs are costs to a third party that is not involved in the production process. [1 KN MARK]*

*In this case the external costs resulting from increased meat production is as follows: water pollution which has an effect on the environment [1AP]; antibiotics for treating animals thus leading to a decline in the effectiveness as continuous use to treat illness. [1AP + 1AN]*

*A 15% contribution of all global greenhouse gas emissions leading to global warming. [1AP – already at maximum so ignored]*

*TOTAL: 1KN + 2AP + 1AN + 0EV = 4/8*

*'External costs are costs to the third party not involved in the production or consumption of a good or*

## Activity Q12d WEC11

*service. Therefore, the marginal social cost is greater than the marginal private cost.*

*Increased meat production has a damaging effect on the environment causing 'water pollution' and disturbing the natural habitat of aquatic species as well as causing '15% of all global greenhouse emissions'. These emissions contribute to the greenhouse effect resulting in rising sea levels due to polar ice caps melting. This makes low lying countries susceptible to flooding which could destroy crops grown by farmers causing a loss of income.*

*Additionally consumption of meat can be seriously damaging to health if overconsumed. Since meat production has increased, consumption has also increased resulting in greater levels of 'obesity, diabetes and cancer'. This results in external costs due to the strain on healthcare services.*

*However, increased meat consumption results in greater employment in the industry. This results in external benefits due to the multiplier effects and increased incomes of the employed.'*