Examiners' Report
Principal Examiner Feedback

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Pearson Edexcel International GCSE

Economics

(4EC1 02)

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General

Overall, candidates' performance showed a sound grasp of economic concepts. Answers suggested that candidates had been prepared for this paper. There appeared to be use of economic terminology throughout all sections of the paper.

Better candidates demonstrated excellent application of their knowledge to the precise question set, whilst some candidates attempted questions from a 'common sense' approach rather than demonstrating any economic concepts or theories.

The examination paper required candidates to apply their understanding; some candidates performed strongly, with clear development of points. Examination timing skills appeared to be very good.

Report on individual questions

Question 1a:

Most candidates were able to correctly identify the role of the World Trade Organization.

Question 1b:

This question proved to be more difficult for candidates with some unable to correctly identify an example of a supply-side policy.

Question 1c:

There were two parts to the definition of what is meant by 'economies of scale'. Candidates had to provide both parts to gain 2 marks. Many candidates were able to gain at least 1 mark for this question for some basic understanding of lowering average costs. Examples of economies of scale were not rewarded.

Question 1d:

Many candidates were able to give an advantage of free trade with lower prices or increased choice being the most popular. The second mark was awarded for the reason the development of why the advantage occurred.

Question 1e:

Some candidates were able to calculate the correct answer so achieved 2 marks. Some candidates only calculated the amount of tax to be paid (£4 500) rather than the net pay so could only score 1 mark for this. Marks were not awarded if the £ sign was missing. It is essential that candidates show their workings to gain 1 mark if an incorrect answer is given or if units are missing otherwise marks cannot be awarded.

Question 1f:

Marks were awarded for the correct leftward shift of the supply curve, a higher equilibrium price, labelled and for a lower equilibrium quantity, labelled. Unfortunately, many candidates shifted both the supply and demand curve so therefore scored 0 marks. Candidates will only ever be asked to shift one curve for these types of questions and will automatically receive 0 marks if both curves are shifted.

Question 1g:

This proved to be a more challenging question than anticipated. Many candidates did not read the question carefully and gave a definition of a seasonal unemployment or just repeated the stem. No marks are available for definitions for any of the 3-mark questions. A mark was available for any suitable reason such as there is demand at only certain times of the year. An additional mark was available for developing the stated reason and a third mark was available for either applying this to the context or for the application of economic concepts.

Question 1h:

This question was marked using a levels-based mark scheme. The question focused on the benefits of a current account surplus for Australia. Application could have been references to the information in the stem of the question or candidates' own knowledge of the benefits of a current account surplus. Some candidates gave a list rather than developing or analysing how a current account surplus might result in higher levels of employment, economic growth and standard of living. Again, some candidates evaluated, and marks cannot be awarded for evaluation on a 6-mark question.

Question 2a

This question proved to be more difficult for candidates with some unable to correctly identify option C as the correct answer.

Question 2b

Most candidates were able to correctly identify an increase in fines as a way to help the environment.

Question 2c:

This is the only 'State' question on the examination paper. Candidates were asked to state a possible disadvantage of economic growth. Candidates did not have to explain their chosen disadvantage. Overall, this question was answered well by all candidates.

Question 2d:

This was well answered with many candidates being able to score 2 marks for some knowledge of the transfer of state-owned enterprises to the private sector.

Question 2e:

This question asked for a possible reason why the Scottish Government wants to reduce poverty and inequality. The specification does list 3 reasons but any valid reason was accepted. The most popular reason was to meet basic needs. Some candidates were able to develop their reason and apply this to the context. Again, some candidates just gave a list of reasons so could only score 1 mark for the reason due to a lack of explanation.

Question 2f:

This was a popular question and many candidates were able to score 3 marks for correctly labelling the economic cycle.

Question 2g:

This was the first 9-mark levels-based question on the examination paper. This was very poorly attempted with many candidates only able to access level 1 and unable to access level 2 and level 3. There was a definite gap in knowledge and understanding regarding exchange rates. Very few candidates could give a balanced assessment as to the likely impact on the demand for US exports after a depreciation of the US dollar.

Question 3a:

Many candidates were able to correctly calculate a 25% increase in the CPI.

Question 3b:

This was a popular question with the majority of candidates gaining 1 mark for the correct answer.

Question 3c:

This question required candidates to explain the likely impact on tax revenue from rising unemployment rates. Many candidates were able to score at least 1 mark for stating tax revenues were likely to fall from this. Marks were awarded for developing why this would be the case and contextualising by either the use of the data in the question or the application of economic concepts. Overall, this question was very well answered.

Question 3d:

This 6-mark question asked for analysis of how business activity can damage the environment. This was very well answered by many candidates with excellent use of context to support the analysis and use of economic theories throughout. This was the best performing 6-mark question on the examination paper.

Question 3e:

This question was answered much better in comparison to the earlier 9-mark question on the examination paper. More candidates were able to access level 2 and level 3 demonstrating a good understanding of how lower taxes could help to reduce unemployment in Spain. The counter argument was more detailed with some candidates considering the type of unemployment being experienced in Spain.

Question 4a:

Some candidates were able to correctly calculate the rate of unemployment and give the correct answer to two decimal places so gained 2 marks. Again, many candidates did not include the % sign or did not give their response to two decimal places therefore could only receive 1 mark. It is essential that workings are shown and the correct unit and decimal place are used to gain 2 marks.

Question 4b:

This question required a one-sided argument regarding the impact of increasing wages on inflation in Mexico. Unfortunately, many candidates did not read the question carefully and failed to demonstrate any link so could not be awarded any marks. Overall, candidates did not perform as well on this question compared to other 6-mark questions on the paper.

Question 4c:

This was the highest mark question on the paper. Many candidates were able to evaluate the effectiveness of monetary policy to increase output in Mexico. Better responses used the

information in the extract rather than just copying it and could provide detailed chains of reasoning to access level 2 and level 3. A conclusion was required for this question and this was often lacking or was just a repeat of the points made previously.

Summary

There are several points which could raise performance in future sittings. Based on their performance on this paper candidates are offered the following advice:

1. Read the questions carefully in terms of the command words. It was clear that some candidates were not aware of the demands of the question or how to structure their responses.
2. What is meant questions will always require two parts to the explanation and examples are not rewarded.
3. Quantitative Skills will be tested throughout the paper and these may be in the form of calculations, diagrams or using the data from the Extracts.
4. For calculation questions, it is essential that the answer has the correct units or is to two decimal places (if specified).
5. The 'Explain' questions will always have one context mark and this can be for either using (not just copying) the information from the stem or for a detailed application of the economic concept so ensure that there is sufficient development in the response to gain all 3 marks. Marks cannot be awarded for definitions so do not waste time giving a definition in any of the 3-mark questions.
6. Analyse – this question only requires a one–sided argument and evaluation is not required for a 6-mark Analyse question.
7. The command words 'Assess and 'Evaluate' are evaluative command words so candidates must provide both sides of an economic argument to achieve full marks.
8. Use of relevant application is required throughout and this can be from the Extracts provided or using examples provided by the candidate themselves. The Extracts are there for a reason so do use them.
9. Use economic concepts rather than generic 'common sense' answers.
10. Examination timings – make sure there is enough time to answer the 12-mark question.