



GCE EXAMINERS' REPORTS

**ECONOMICS (NEW)
AS/Advanced**

SUMMER 2017

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UNIT 1: INTRODUCTION TO ECONOMIC PRINCIPLES

Overall AS Summary

The 2017 AS Economics papers worked well in terms of discriminating between candidates. This is shown by the high levels of standard deviation in both Unit 1 and Unit 2. Like 2016, the key challenge for all candidates in both Unit 1 and Unit 2 was to apply their economic knowledge to unfamiliar situations. Candidates who view economics as a purely theoretical subject generally performed poorly - especially where questions have cut across specification areas or where contexts are non-textbook. Often these candidates use throwaway, generic evaluation points in discuss questions such as 'it depends' or 'these policies are expensive' ... such evaluation gained few, if any, marks.

The best candidates frequently displayed the following skills:

- Analysed and evaluated the specific policies identified in the question. For example, in Unit 1 Q17 (b), the question was about 'awareness campaigns' and in Unit 2 Q2 (e) the question asked about 'education and training programmes'.
- Could use the data to support their judgements. For example, in Unit 1 Q16 assertions about likely YED values needed support from the graph, and Unit 2 Q1 (b) assertions about the substitution(al) relationship between gold and dollars needed qualitative support.
- Could effectively translate the qualitative data in Unit 2, into solid diagrammatic analysis. In particular, Q2 (a) and Q2 (b) required candidates to match their understanding of the material with their knowledge of diagrams. Confidence with lines moving on diagrams was a must.
- Were adept at all quantitative questions on the paper.

Unit 1 General comments

There was certainly no indication of any great time pressure with regards to Unit 1 and almost everyone made an attempt at all questions. The facilitation factor declines as one moves through paper, indicating that each question was 'harder' than the one before. The mean average score was 36/55 (65%) which suggests that it was relatively accessible to all – although marks over 45 were few and far between.

Question specific comments

Questions 1-15

This was the second time that multiple choice questions had appeared on a WJEC Economics exam. Most candidates were adept at the qualitative elements and the knowledge based questions. Candidates did not fare as well with interpretation of diagrams. Compared to last year, candidates scored higher this year (mean average of 11/15) and the questions did not discriminate as well. That said, able candidates with better understanding of economics will always be able to cover the MCQs in less time than weaker candidates and this marks an important discriminating factor in and of itself.

- Q16 most candidates scored well on this question as they were able interpret the data effectively and link it to their knowledge about YED. The mean average score was 4/6. The most common reason candidates did not reach full marks was making assertions about possible YED value by linking directly the data to support that assertion.
- Q17 (a) was a relatively straight-forward knowledge question on external costs and private costs in consumption. It only discriminated between bottom end candidates.
- Q17 (b) was designed to challenge the candidates' ability to apply the concept of market failure to an unfamiliar context and then to evaluate a suggested solution to that failure. Whilst candidates generally did well with the AO1/3 elements of the question, the key to gaining full marks was to evaluate the policy of 'awareness campaigns' (which were fully explained in the stem of the question). Many candidates chose to evaluate lots of other potential solutions rather than the specific one identified in the question. As a result, they could not score in the top band of AO4.
- Q18 (a) (i) and Q18 (a) (ii), candidates were required to perform two relatively straight-forward calculations. In the main, they were dealt with well by candidates. Answers to 1 decimal place were absolutely appropriate. In the future, however, WJEC Economics is committed to specifying how many decimal places are required in such questions. Perhaps surprisingly, Q18 (b) was answered quite poorly and very few candidates received full marks (4/4). Many candidates gave incorrect definitions of progressive taxes – many stating that a progressive tax is one in which the amount paid in tax increases when income increases. This is incorrect as it is also true for VAT – which is in fact regressive. Similarly, many candidates could not then use data appropriately to show why income tax is progressive. Instead, a great number of candidates simply repeated the information in the question rather than using that information (and manipulating some numbers) to justify their assertions.
- Q18 (c) polarised candidates and was probably the most demanding question in Unit 1. A significant number simply drew a Laffer curve, explained it and then made a passing reference (sometimes not at all) to the idea of income inequality. These answers gained relatively few marks (perhaps 3/8) as the question was designed to test whether candidates could successfully link one with the other. The best responses made 2-3 arguments why increasing income tax would increase/decrease inequality using the Laffer curve in their explanation.

Q19 the final question was probably the most open question of the entire exam paper. Candidates could have used a number of different lines of analysis to evaluate the impact of increasing wages on investment. On the whole, candidates applied their answers well to the context of the Welsh economy and were able to make one or two points. The fact that the mean average score was 4.7 suggests, however, that the depth of those points (the top band of the AO3 and AO4) was lacking.

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UNIT 2: ECONOMICS IN ACTION

General comments

Compared with 2016, the 2017 Unit 2 paper worked better in terms of length and question-completion rate. In particular, the completion rate of the later questions was much higher than last year, which is a positive sign.

The facilitation factors suggest that Data 1 (Gold) was more accessible than Data 2 (Education or Inflation). This is further evidenced by the mean scores: 23/40 for Data 1 and 20.2/40 for Data 2. These numbers are similar to last year.

Question specific comments

- Q1 (a) (i) The new AS specification requires quantitative skills to be assessed and in this question candidates were required to read two values from a graph and then calculate an index (not too dissimilar from a MCQ in Unit 1). Q1 (a) (i) has the lowest facilitation factor (35.0) of any question in Unit 1 or 2 suggesting that candidates found this sort of maths extremely difficult.
- Q1 (a) (ii) was much simpler, although it is rather disconcerting how many candidates could not calculate a median average from 5 values. One centre raised an objection to this question, arguing that the calculation of a median average is not in the AS specification. The specification specifically states, however, that an 'understanding of a median' is required. Understanding, in this case, is a higher-order skill than calculation and in fact it subsumes the knowledge of how to calculate.
- Q1 (a) (iii) was a small variation on a common question. The facilitation factor (56) was surprisingly low and suggests that candidates probably scored quite high AO1/3 but poorly for AO4 where more on-the-spot thinking was needed. Candidates did not score AO4 unless they could satisfactorily evaluate a scenario in which demand increases but price and/or quantity does not. Evaluation using elastic/inelastic PES (but not perfectly elastic/inelastic) was not credited.

- Q1 (b) was probably the most interesting question in the exam – asking candidates to consider the substitution(al) relationship of gold and US dollars. Candidates could have followed a number of different lines of analysis to evaluate the relationship. The mean score was 3.6/6 with a Standard deviation of 1.5; this suggests that the question discriminated very well – from those that did not understand what substitutes were to those that could explain one line of analysis but could not evaluate through to those that could do all three (AO1, AO3, AO4) skills.
- Q1 (c) was an 8-mark question with no AO4 marks, designed to test the more technical aspects of microeconomics. The data provided quite a lot of hooks and clues as to the type of things candidates needed to write about - the key to getting full marks was to accurately explain (using robust economic diagrams, terminology and concepts) why it led to market failure. Marks were awarded for technical understanding of external costs, social costs, socially optimum level of resource allocation etc ... as well as AO2 marks for a contextualised answer about gold.
- Q1 (d) (i) a standard percentage calculation, which few people got wrong. Again, WJEC Economics is committed to specifying how many decimal places are required in similar questions in the future.
- Q1 (d) (ii) required candidates to relate the issue of guaranteed minimum price scheme to the economic agent of workers in Ghana and Peru. Q1 (d) (ii) had the full suite of AO1, AO2, AO3 and AO4 marks and thus, in order to gain full marks, a candidate needed to offer a good contextualised evaluation of how workers would benefit. Whilst there were a lot of good answers here, many candidates also answered the question as if it were about minimum wages for workers and many argued that demand for gold would fall (missing the point that with a guaranteed minimum price, the Government is committed to buying the surplus). As a result, there was a large range of marks and the standard deviation was the highest of any question on the paper.

Q2 (a) and Q2 (b) can be taken together. They were both designed to be relatively straightforward ‘move a line on a diagram to explain an event’ questions. The standard deviation on both question was >1.5 which for a 4 mark question shows that they were very good at discriminating candidates. In particular, Q2 (b) really highlighted that many candidates do not truly understand the concept of cost-push inflation. Candidates ought to be able to be comfortable moving all lines on diagrams; understanding both the reasons why the lines might move and the impact of the movement.

Perhaps unsurprisingly, Q2 (c) had one of the lowest facilitation factors of the exam (40.7) and the mean score was just 3.3/8. Most candidates were able to identify the impact of low interest rates on inflation but precious few were able to relate the theory back to Extract A (the Bank of England letter) and explain the nuance of the Bank’s decision – namely, that AD was still weak, inflation was a result of cost-push not demand-pull factors and therefore the two objectives were not in conflict as the standard theory would suggest. Ultimately, this was the most challenging question of the paper.

- Q2 (d) a relatively straight-forward knowledge-based (AO1) question on productivity. It had the highest facilitation factor in Unit 2 i.e. it was the 'easiest question'. Most candidates gave Q2 (e) a good stab and many will have gained good marks. The best answers linked education and training programmes to both unemployment and trade objectives. By contrast, candidates forwent marks if they failed to answer each aspect of the question: impact of unemployment, impact on trade balance, only considering education and training (and not other policies) and all the time keeping the answer contextualised to the UK. There were lots of hooks in the data about the Alacrity Foundation and the Global Competitiveness report, but many candidates did not use them and they received no AO2 marks.
- Q2 (f) had a disappointing facilitation factor of 45.4 – perhaps dragged downwards by the relatively low completion rate (some candidates were beginning to run out of time). The question did not require a contextual answer but, as ever, answers needed to address every aspect of the question. The key to unlocking the marks at the very top end depended on whether the candidate discussed the effectiveness of both supply-side policies and monetary policy of reducing inflation. A significant number of candidates did not appreciate the deflationary aspects of reducing direct taxes. Instead, they did not consider them as SSPs and only discussed the fact that increasing AD might be inflationary. This often led to a confused or very one-sided answer which gained limited credit.

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UNIT 3: EXPLORING ECONOMIC BEHAVIOUR

Overall, the Unit 3 paper produced a very wide range of marks. Candidates who performed averagely well were typically those who had learned the basics, such as definitions, diagrams and key arguments, but did not fully understand the economic concepts being tested; this limited their ability to access the highest marks. The quantitative skills element of the paper proved to be an interesting differentiator. A significant minority of weaker candidates performed remarkably well on many of the quantitative questions; conversely, a significant minority of candidates with strong economics performed very poorly on quantitative questions. The subtlety of some questions caught out candidates who entered the exam room with pre-prepared answers, who were then unable to respond appropriately to the questions being asked. The most significant differentiator, though, between candidates at the top and bottom end of the mark range was the ability to access AO2 (application) marks, and actually use and respond to the data provided in both Section A and Section B.

SECTION A

Question 1

- (a) Most candidates had a basic understanding of the difference between normal and abnormal profits in terms of the relationship between average revenue and average cost. However, very few candidates really seemed to have a good definition or understanding of the concept of normal profit from an economics, rather than business studies, perspective in terms of the opportunity cost of a firm's factors of production being included within its costs.
- (b) On the whole, candidates were easily able to shade the correct area on the pre-printed diagram in the booklet. However, there were several centres in which very few candidates were able to tackle this entry-level question. The importance of being able to construct and adapt economics diagrams, especially cost and revenue diagrams, is vital. The most common error by candidates was shading the area bounded by marginal cost and average revenue rather than average cost and average revenue. A small number of diagrams were rendered so messy by candidates that it was impossible to work out which areas had been shaded.
- (c) Most candidates were able to define productive efficiency as being the level of output at which average costs are minimised. A small number confused productive and allocative efficiency. Very few candidates responded to the command "using the diagram" – this was intended to prompt candidates into marking/indicating particular points on the diagram, or referring to the diagram specifically in their answer. The very best candidates were able to offer sensible reasons as to why the monopoly firm in the question was not productively efficient, for example because there was little incentive due to high barriers to entry, or because it had an alternative objective of profit-maximising.

Question 2

- (a) It was disappointing that a significant minority of candidates did not seem to know what was meant by a concentration ratio, and therefore were unable to perform this simple calculation. It is worth stressing here that some marks were awarded for candidates who managed to add up the revenues of Costa and Starbucks, and the total revenues of the selected coffee shops – it is always worth showing working out in order to access marks.
- (b) Interestingly, weaker candidates generally performed quite well on this question compared to candidates who scored a higher mark overall. For the most part, candidates found it straightforward to identify a form of non-price competition, but then found it more challenging to explain briefly how the factor identified would indeed lead to competition. Some candidates chose to write about factors such as price discounts, which are clearly price competition.
- (c) This question clearly distinguished between those centres that had taught 2 x 2 game theory matrices thoroughly and those that had limited themselves to simple symmetric prisoners' dilemma matrices, if that. Very few candidates were able to provide a clear and succinct definition of Nash equilibrium.

Question 3

On the whole, this question was the most disappointingly answered question on the entire paper. Many candidates really struggled to explain some of the basic differences between the Keynesian and Neo-classical approaches to analysing and understanding the macroeconomy.

- (a) Many candidates scored no marks at all on this question. Many seemed to think that shifts in the SRAS curve are caused by the same factors as shifts in the LRAS. It is important that candidates understand that the SRAS curve shifts due to changes in the *costs* of production (i.e. the prices of factors of production) and the LRAS shifts due to changes in the quantity or quality of factors of production and not their cost. Others had some knowledge of the Neo-classical approach, but did not seem to understand how the economy returns to equilibrium from a negative output gap (i.e. falling factor costs), instead writing about how the economy returns to equilibrium from a positive output gap (i.e. rising factor costs). A good number of candidates failed to write anything at all for this question.
- (b) Candidates who scored well on part a generally went on to do quite well in part b. Because so few candidates seemed to know much at all about the Keynesian vs Neo-classical approaches, the decision was taken at the standardisation meeting to award a mark for candidates who recognised that the shape of the Keynesian AS curve is different from the Neo-classical approach. It is highly disappointing at A-level to have to resort to awarding marks for such basic knowledge in an attempt to spread the marks better. There was, however, evidence of some centres having done a sound job of exploring this area with their students, and even weaker candidates in these centres were able to write with some confidence about sticky wages in particular.

Question 4

Most candidates tackled this question with gusto, writing far too much on the whole for a 6 mark question! The trends that candidates were most likely to identify were that unemployment overall in Wales had risen and then fallen (but not back to its original level), and that unemployment rates in South Wales were higher than those elsewhere in Wales. Some candidates did not understand the concept of percentage points, and wrote about such things as a 3.2% increase in unemployment rather than a 3.2 percentage point

increase in unemployment. The importance of using and deploying data accurately should not be underestimated. The vast majority of candidates were easily able to access the AO3 marks and explain some of the reasons for the trends shown. However, very few responded to the command word 'discuss' which was inviting them to evaluate in their answers. The evaluation could have been undertaken in a number of ways, including evaluation of the accuracy/validity of the data (i.e. different measures, survey validity, underemployment, inactivity etc.) or some judgement/weighting of the most likely explanations for the trends shown.

Question 5

- (a) A remarkable number of candidates did not know how to calculate an index number when the original base year data was not provided. This is clearly an area for centres to work on.
- (b) There were some excellent answers to this question. Those candidates who failed to score high marks lost their marks due to a lack of reference to the data (which the question explicitly asked for!) or because they tried to explain the causes of house-price bubbles rather than the consequences.

Question 6

Many candidates simply did not know what was meant by an optimal currency area. This is a new addition to the specification, and perhaps showed that some centres have not updated their teaching since the introduction of the new specification. The majority of candidates simply tried to rephrase all the data in the table without actually undertaking any analysis or interpretation of the data. Nothing particularly advanced was expected of candidates here; a simple explanation of the need for one-size-fits-all monetary policy combined with data showing that the Euro area economies were not all at the same stage in the economic cycle would have really helped candidates on their way here.

SECTION B

The main issue across all scripts on Section B was a failure to actually use and apply the data that was provided. Simply putting the phrase "Japanese economy" into an answer does not allow AO2 marks to be accessed!

Question 7

Most candidates scored all 4 marks available for this question, correctly shifting AD to the left and then explaining that a stronger Yen would make exports more expensive and imports relatively cheaper. Candidates who lost marks here mostly did so for careless reasons e.g. incorrectly labelled axes on the diagram, failure to actually refer to falling growth and so on. Despite being directed in the question to draw an AD/AS diagram, some candidates chose to draw alternative diagrams such as foreign exchange market diagrams and J-curves which unfortunately could not be awarded marks.

Question 8

- (a) For those candidates who did not score full marks on this question, there were two broad reasons. Firstly, many candidates believed that Japan was a LIC and this really led them down the wrong path. Secondly, many candidates did not seem to read the question which asked them to refer to Figure 1 – this meant that they did not use the data and therefore assumed that growth rates in HCs were higher than those in LICs.

- (b) In general, this question was not answered particularly well. Candidates should be reminded to always 'do the basics' and explain key terms in questions e.g. multiplier. Candidates were not expected to be able to calculate the multiplier, but did need to recognise that the initial fiscal stimulus of \$116bn led to a greater final change in real national income of \$212bn – quoting data would have allowed them to access AO2 marks. Finally, the command word 'assess' does require candidates to evaluate.
- (c) It was remarkable how many candidates saw the phrase 'fiscal stimulus' in the question and then wrote at length about tax cuts rather than actually referring to the data provided in which there was no evidence of tax cuts and instead plenty of evidence of capital spending and shopping vouchers. Even those candidates who identified that the fiscal stimulus was in the form of government spending then proceeded to write in a very simplistic AS-standard way about rising government spending leading to an increase in AD. At A-level, examiners are looking for evidence of progress beyond AS and hope that candidates can provide a little more sophistication!

Question 9

The very best candidates were, unsurprisingly, those who actually answered the question. Most candidates chose to write about the possible issues resulting from policies that would reduce the debt, rather than the problems/benefits of the debt itself e.g. the impact on credit ratings, direct impact on AD/AS etc. Many candidates failed to refer at all to the data provided – even a simple reference to Japan's government debt at 240% of GDP being the highest in the world would have earned 1 AO2 mark! Worryingly, nearly every candidate who wrote about the impact of rising VAT as a means of tackling the debt then went on to say that this would reduce AD, rather than reduce SRAS.

Question 10

This was the worst answered question in Section B. Most candidates wrote about the problems associated with higher inflation, rather than a higher inflation **target** – this very much limited the marks that could be achieved. The best candidates focused on the specific question and wrote very well about the impact on, say, inflationary expectations, and used the data provided very well to argue, for example, that Japan was struggling to meet its 2% target without altering its method of inflation calculation so that increasing the target to 4% would be unlikely to be effective. Candidates do need to watch out for such questions.

Question 11

This was one of the better answered questions in Section B and most candidates were able to write well about the pros and cons of increased free trade and reduced protectionism. Many included a useful tariff diagram, but candidates should be reminded that including a diagram without then referring to it in the written analysis is rather limiting. Again, many candidates sadly failed to refer to any Japanese context whatsoever, and this prevented them from gaining any AO2 marks; simple references to the car and rice industry needing protection would have allowed 1 AO2 mark to be earned. The very best candidates responded to the subtlety of the question and wrote about *reduced* protectionism in their evaluation rather than *no* protectionism.

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UNIT 4: EVALUATING ECONOMIC MODELS AND POLICIES

Overall

This was the first WJEC essay paper under the new specification and marking approach, in which each assessment objective (AO) is split into levels with very clear descriptors. It is these descriptors that form the basis of how marks are awarded for each AO, and centres are strongly encouraged to use the same approach in their internal marking. In Section A and Section B, each of the question choices appeared to be equally popular. In Section C, the majority of candidates chose to answer question 6 rather than question 5. Candidates produced answers across the full mark range to all questions, and there were some excellent scripts. There were some general reasons why some candidates did not score higher marks:

- **Part A 10-mark questions.** Frequently, candidates scored high marks for AO1 (knowledge and understanding) but then failed to score many marks at all for AO3, because answers provided a range of topics and concepts but were rarely developed and analysed.
- **Diagrams.** On occasions these were poorly labelled, small and scruffy (therefore difficult to interpret by examiners), and simply used as a picture rather than as an analytical tool. Unfortunately, this limited the AO1 and AO3 marks in particular.
- **Failure to include examples.** A number of questions asked candidates to use examples to support their answers. A significant minority of candidates did not manage to include any examples at all. The best examples to use are clearly 'real life' examples, but candidates were able to be awarded reasonable marks for hypothetical examples if they did not have actual examples to hand.
- **Failure to use economics.** This might appear to be a strange thing to write in a report on an economics exam, but some candidates tried to take 'common sense' or 'current affairs' approaches to answering questions. It is really important that candidates try to use as much of their economic knowledge and theory as possible, rather than answer questions in a 'general studies' manner.
- **Not responding to the specific question asked.** Clearly a number of candidates arrived into the exam room with some pre-prepared essays in mind, but then struggled to adapt them to the specific questions being asked. This is inevitably going to prevent candidates from accessing the very highest mark bands.

Question 1

Part (a)

Many candidates were able to distinguish between the short run and the long run using accurate definitions, and were able to draw average cost curves and often the envelope curve. Fewer candidates knew that there were different explanations of cost curves in the short run and long run, and got confused between diminishing marginal returns (short run) and economies/diseconomies of scale (long run). The best candidates were able to explain why diminishing marginal returns sets in as capital/other fixed factors become increasingly scarce as additional labour is used, and related this to the concepts of marginal and average product. In addition, they were generally also able to give some clear examples of types of economies and diseconomies of scale. A significant number of candidates scored high AO1 marks but then because of failure to fully explain the shapes of the curves were very limited in terms of their AO3 marks.

Part (b)

A small number of candidates were awarded full marks for this essay, but most candidates found themselves in Band 2 rather than Band 3. Many candidates chose to focus purely on the costs and benefits to the firm, even though the question was worded more broadly than this – the best candidates therefore considered the impact on consumers, suppliers, the firm, employees, the government and so on. Many candidates did not grasp that they needed to evaluate both the costs and the benefits of mergers; instead, they merely explained/analysed the costs and the benefits. The best candidates, for example, considered the likelihood of different costs and benefits occurring, provided justification for their importance, discussed whether they were more or less likely for different types of mergers, and so on. On the whole, there was some excellent knowledge of examples of business mergers.

Question 2

Part (a)

The vast majority of candidates attempting this question provided lengthy lists and mostly accurate definitions of numerous types of efficiencies, demonstrating some sound learning and revision. However, far fewer candidates were able to offer explanations of those efficiencies e.g. unable to move beyond the diagram and identify for allocative efficiency ($P = AR = MC$) and actually explain what it means in reality.

Part (b)

There were some very pleasing answers to this essay, with candidates focused on the precise question asked, and making good use of their knowledge of efficiencies from part (a). That said, candidates often limited themselves to lower bands by making strong assertions about privatisation and providing little evidence or justification. Such assertions included 'privatisation leads to more competition' and 'privatisation leads to deregulation' and 'all privatised firms are natural monopolies'. This suggests that candidates have grouped together much of their learning on competition policy and assumed that it is all part and parcel of the same thing. Whilst privatisation *may* lead to more competition and *may* be accompanied by deregulation, or *may* involve natural monopolies, this is certainly not always the case.

Question 3

Part (a)

This question was not particularly well answered, despite the phrase ‘factor market flexibility’ appearing on the specification in several places. Those candidates who got anywhere with this question mostly focused on labour markets only, rather than a broader understanding of factor markets, and many did not understand the concept of flexibility – the most common error was for candidates to assume that flexibility was the same as ‘more workers’.

Part (b)

Most candidates answering this question managed to write a reasonable amount. Candidates who managed to access Band 3 developed their answers in a way that went beyond the basic AS material by, for example, considering growth in economies at different stages of development, regional impacts, the impact on market structures, and financial stability. Candidates who focused merely on simple AD/AS analysis and simply considered demand-pull inflation or falling unemployment struggled to access the highest mark bands unless their responses showed deep understanding of these relationships. Candidates using more sophisticated and advanced economics will be better rewarded under the new levels-based marking approach.

Question 4

Part (a)

As was the case with many part (a) questions, candidates were mostly able to draw the relevant diagrams – in this case the short run and long run Phillips curves – but were unable to provide detailed explanations of their shapes. In other words, AO1 marks were often high but AO3 marks were often low. That said, this topic had clearly been taught very well in a number of centres, who should be congratulated.

Part (b)

Instead of answering the specific question asked, many candidates instead chose to answer a slightly different question of “To what extent are supply side policies the most effective policy in reducing unemployment”, which then led them to include far too much about alternatives to supply side policies and sadly limited their marks. Most candidates wrote copiously about education and training, and building infrastructure, but were too general and not specific enough to be awarded the highest marks. It would be far more useful to consider specific types of education and training and their subsequent impact on unemployment, or specific types of infrastructure such as transport, broadband and so on. As has been the case in previous economics exam questions on similar topics, candidates seem to believe that supply side policies always require significant government intervention and therefore have ‘time lags and high opportunity costs’ (the standard, and rather limiting, attempt at evaluation). Centres should feel confident in encouraging candidates to think more broadly about supply side policies, and perhaps redress the balance by also considering more laissez-faire approaches such as deregulation. Again, better candidates made good use of their A2 rather than simply AS knowledge, looking perhaps at different types of economy facing different issues at different stages of development, or by considering different economic perspectives i.e. Keynesian v Neo-classical.

Question 5

Part (a)

Very few candidates were able to give a good numerical or graphical explanation of how comparative advantages can lead to gains from trade, and even fewer answered the specific question asked; candidates for the most part chose to write about the benefits from trade, rather than the circumstances in which trade is beneficial (e.g. low transport costs, flexible workforce and so on). That said, some candidates were able to score very high marks by efficiently focusing on the precise question and actually writing far less than one page.

Part (b)

On the whole, candidates answered this question quite well demonstrating good knowledge of different European economies, European policies and features (such as the CAP and Common Fisheries and the Single Market). This was very pleasing, although sometimes offset by candidates confusing the EU and the Euro Area – whilst new member states must commit to joining the Euro at some point, candidates should be aware that this does not happen automatically upon accession to the EU. Some candidates did not quite make it into the top band on the marking grid because they were not specific enough about the impacts on both new and existing member states. Very few candidates responded the notion of ‘continuous’ expansion as included in the question. A small number of candidates struggled with their geography and wrote about countries such as Mexico and South Africa joining the EU, which was fairly perplexing to the examining team!

Question 6

Part (a)

Like many other part (a) questions on this paper, most candidates scored high marks for AO1 and low marks for AO3. Most candidates listed 5 or 6 ways in which governments could impose protectionist policies, and mostly gave accurate definitions – the most commonly included policies were tariffs, quotas, subsidies for domestic firms, embargoes and currency manipulation. It was pleasing to see that candidates were able to think beyond the standard ‘tariff’ approach to protectionism. However, very few candidates managed to provide any useful analysis of these policies (other than for tariffs) in terms of how they help to prevent imports and/or protect domestic industries.

Part (b)

There were some stunning answers to this question demonstrating excellent understanding of theories of development (e.g. savings gaps linked to Harrod-Domar, primary product dependency linked to neo-colonialism and so on) as well as an impressively broad range of appropriate illustrative examples that moved beyond merely considering sub-Saharan Africa. Examiners got the impression that many candidates had actually enjoyed and fully engaged with their studies of development economics, and centres should be congratulated for this. There were some standard reasons why candidates who attempted this question did not achieve a Band 3 response. Firstly, some candidates struggled to deploy any examples of LEDCs and seemed to assume that all LEDCs face the same issues. Secondly, some answers were couched entirely in examples and failed to include any economic analysis. Thirdly and finally, some candidates analysed in depth an impressively large range of reasons why LEDCs may struggle to raise development but then failed to include any evaluation at all; evaluation could have included issues such as different challenges in different countries (with justification / evidence), ranking and weighting of issues, examples of how these challenges could be overcome and so on.



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