



GCE EXAMINERS' REPORTS

**ECONOMICS
GCE
AS/Advanced**

SUMMER 2023

Introduction

Our Principal examiners' reports offer valuable feedback on the recent assessment series. They are written by our Principal Examiners and Principal Moderators after the completion of marking and moderation, and detail how candidates have performed.

This report offers an overall summary of candidates' performance, including the assessment objectives/skills/topics/themes being tested, and highlights the characteristics of successful performance and where performance could be improved. It goes on to look in detail at each question/section of each unit, pinpointing aspects that proved challenging to some candidates and suggesting some reasons as to why that might be.ⁱ

The information found in this report can provide invaluable insight for practitioners to support their teaching and learning activity. We would also encourage practitioners to share this document – in its entirety or in part – with their learners to help with exam preparation, to understand how to avoid pitfalls and to add to their revision toolbox.

Further support

Document	Description	Link
Professional Learning / CPD	WJEC offers an extensive annual programme of online and face-to-face Professional Learning events. Access interactive feedback, review example candidate responses, gain practical ideas for the classroom and put questions to our dedicated team by registering for one of our events here.	https://www.wjec.co.uk/home/professional-learning/
Past papers	Access the bank of past papers for this qualification, including the most recent assessments. Please note that we do not make past papers available on the public website until 6 months after the examination.	www.wjecservices.co.uk or on the WJEC subject page
Grade boundary information	<p>Grade boundaries are the minimum number of marks needed to achieve each grade.</p> <p>For unitised specifications grade boundaries are expressed on a Uniform Mark Scale (UMS). UMS grade boundaries remain the same every year as the range of UMS mark percentages allocated to a particular grade does not change. UMS grade boundaries are published at overall subject and unit level.</p> <p>For linear specifications, a single grade is awarded for the overall subject, rather than for each unit that contributes towards the overall grade. Grade boundaries are published on results day.</p>	For unitised specifications click here: Results, Grade Boundaries and PRS (wjec.co.uk)

Exam Results Analysis	WJEC provides information to examination centres via the WJEC secure website. This is restricted to centre staff only. Access is granted to centre staff by the Examinations Officer at the centre.	www.wjecservices.co.uk
Classroom Resources	Access our extensive range of FREE classroom resources, including blended learning materials, exam walk-throughs and knowledge organisers to support teaching and learning.	https://resources.wjec.co.uk/
Bank of Professional Learning materials	Access our bank of Professional Learning materials from previous events from our secure website and additional pre-recorded materials available in the public domain.	www.wjecservices.co.uk or on the WJEC subject page.
Become an examiner with WJEC.	We are always looking to recruit new examiners or moderators. These opportunities can provide you with invaluable insight into the assessment process, enhance your skill set, increase your understanding of your subject and inform your teaching.	Become an Examiner WJEC

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Subject Officer's Executive Summary

When compared with 2022, there has been an increase in the number of entries at both AS (15%) and at A level (31%).

Although the intention is to maintain the level of difficulty from year to year, this series candidates found the papers more challenging. There was a decrease in the mean mark on all four units, the smallest decrease being on unit one (one mark) and the largest decrease on unit two (eight marks).

Candidates were good at integrating the data/stimulus material into their answers. However, evaluation skills were highlighted as a weakness at both AS and A level.

Areas for improvement	Classroom resources	Brief description of resource
Definitions of key terms	KNOWLEDGE ORGANISERS, ONLINE SITES: E.G. TUTOR2U	
Evaluation: weighing up both sides of the argument and making a weighted judgement	PAST EXAM QUESTIONS, ORGANISERS AND FOCUSED TEXTBOOKS	
Exam technique: responding to what the question is asking and referencing Wales in responses	PAST EXAM QUESTIONS, ORGANISERS AND FOCUSED TEXTBOOKS	

ECONOMICS

General Certificate of Education

Summer 2023

Advanced Subsidiary/Advanced

Unit 1 Introduction to Economics Principles

Overview of the Unit

Time management is an important element of exam technique. Some may argue that Unit 2 is more demanding in terms of writing (volume) to time, but Unit 1 has its own time-based obstacles. The most notable is the MCQ section. Strong candidates tend to finish the MCQs quickly. This gives them more time to concentrate on the longer answer questions, which tend to be towards the end of the paper. Every year, sadly, there are some candidates that fail to answer the final question(s) because they have run out of time. This year the final question (Q19) was worth 16 marks; Q19c was worth 10. This is 29% (Q19), or 18% (Q19c), of all marks available. Since the structure of the Unit 1 paper is not completely predictable, candidates must be encouraged to consider a time management approach to Unit 1 which is flexible enough to be adapted during the exam itself.

Exam technique obviously goes beyond just time-management though. This year's paper demonstrated again how important it is to understand what the question is asking for. In most cases, the instructions were explicit:

- 'with reference to the data ...'
- 'apart from monetary policy, outline ...'
- 'evaluate how useful ...'
- 'apart from progressive taxation, discuss policies ...'

In one question (Q16c), part of the challenge of the question was to recognize that the solution lay in an analysis of the price mechanism. In both cases, however, candidates should be encouraged to conduct a brief question-analysis so that they meet all the requirements. This might mean highlighting command words or quotes/facts/figures from the question stem (to use in the answer), defining key terms (to anchor the analysis so that it doesn't go off-topic), or quickly planning a response in the margins. By doing this, candidates will minimize the chance of missing easy marks by not referencing the data. In such a small paper (55 marks), every mark is important.

Comments on individual questions/sections

MCQs

As ever, the MCQs produced a large range of marks. Strong candidates tend to score more than 10/15. As mentioned above, they also finish quickly. This allows them more time to concentrate on the longer answer questions, which tend to be towards the end of the paper.

Some general thoughts:

- Q3/4. Some candidates may not have looked at PPFs since the early weeks of the course. They should be encouraged to revise PPFs as much as another other part of the course.
- Q5/10. These sorts of questions have appeared before. Teachers much ensure that candidates are familiar with how to interpret quantitative data like this.
- Q2/9/13. A good tip would be to draw diagrams, formulae or models (circular flow of income) in the margins of the question paper. This will help candidates to work out the answer to an MCQs even if they can't remember the answer straight away.

Q.16 (a) There are two instructions to this question: (1) to refer to the data, (2) to outline what is meant by ...

Candidates that didn't achieve full marks probably did not do the first part: '*refer to the data*'. Saying that the numbers are falling was not enough. There needed to be a direct reference to the specific numbers given in the Table.

(b) This question had the lowest facilitation factor in the entire paper, suggesting it was the hardest question. Candidates needed to apply the concept of consumers surplus to the demand schedule given in the Table. At £10, the consumer will only visit the go-karting centre 3 times, and there is a total of £22 consumer surplus achieved from these 3 visits.

(c) Part (c) was generally well done. The best candidates understood that this was a question about the price mechanism, and were able to draw on concepts like excess demand, the rationing function or the incentive function. 1 mark was awarded for candidates that just said price would go up.

Q.17 (a) Like Q16a, there are two instructions to this question: (1) to refer to the data, (2) to outline why ...

Strong candidates were able to outline lines of analysis for why prices tend to be volatile such as PED inelastic, PES inelastic, shifts of the supply curve and, for each one, find a quote from the data (or from their own knowledge) about why olive oil would be particularly susceptible to this. For example, "olive oil takes a long time to grow and process". Some candidates did not fully understand the concept of volatility (large price changes in a short period of time) and some candidates did not provide a suitable example for their points. For example, a record harvest supports the idea of supply curve shifts but it does not support the idea of PES inelasticity.

(b) Part (b) was generally well done. Candidates that didn't achieve full marks probably did not link to the context. The question provides an explicit instruction to use the contextual data by highlighting the fact that the answer should focus on 'the benefits **to the USA**' of the 'tariff on **Spanish olive oil**'. A well-explained but generic answer that only outlined a non-specific benefit of a tariff would only score 2 marks.

Q.18 (a) Many candidates received 2 out of 2 (full marks) but too many ignored the first instruction of the question: 'apart from monetary policy'.

- (b) The likely success of a candidate's answers to this question was largely dependent on their engagement with the question. Questions in many previous papers have focussed on the *impact* of changing interest rates. Q18(b) is different; it asked candidates to 'evaluate the *usefulness* [of two factors] when setting interest rates.' Those candidates that zeroed in on the idea of *usefulness* did very well. By contrast, those focussed on the *impact* of changing base interest rates could score, at most, half marks.

Good evaluative comments included things like: regional variations, inaccuracy of data, irrational behaviour and prioritisation of different factors.

- Q.19 (a) This was generally well answered. No further comments.
- (b) Like several questions above, responses tended to vary according to how well candidates engaged with the instruction to 'refer to the data'. In this case, it was not appropriate to just list the numbers from the Table; instead, candidates needed to calculate the average household income after income as a percentage of the average household income before tax (twice). Many candidates did so, and scored well.

Candidates must be taught a robust definition of progressive taxation:

- Suitable: A progressive tax takes a higher percentage of tax from people with higher incomes.
- Not suitable: as income increase, the tax paid increases.

- (c) Candidates performed well on this question. There are relatively few questions from past papers that have asked candidates to look at the impact of a policy on income inequality, but that did not seem to affect candidates in any significant way. Most candidates could demonstrate a good understanding of the concept of income inequality.

The most significant discriminators came down to policy selection and the depth of analysis. In terms of policy selection: relatively few (but not zero) candidates discussed the effectiveness of progressive taxation despite the instruction 'apart from progressive taxation'. Some candidates also chose to discuss policies that are not typically associated with income inequality reduction such as subsidies for firms and tariffs. The problem with doing so, is that it is hard to award AO3 (analysis) marks for an analysis which relies on too many assumptions and leaps of faith. In terms of depth of analysis: diagrams (such as a minimum wage diagram), technical terminology and multiple analytical chains (A leads to B, B leads to C, C leads to D) should be encouraged.

Good evaluation usually unpicks the preceding analysis and identifies the flaws in the argument(s).

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Unit 2 Economics in Action

Overview of the Unit

All AOs (AO1, AO2, AO3, and AO4) were assessed in this paper. AO1 and AO3 both comprised 20 marks each (25% of the total marks available each), AO2 comprised 14 marks (17.5%), and AO4 comprised 26 marks (32.5%).

Candidates were tested on the following microeconomic topics:

- Price, income and cross price elasticities of demand, price elasticity of supply
- Wage determination
- Understanding market failure
- The effects of government intervention

Candidates were tested on the following macroeconomic topics

- AD/AS analysis
- Government policy objectives
- Exchange rates in a free market

Candidates were required to use the following quantitative skills:

- Calculate, use and understand ratios and fractions
- Calculate, use and understand percentages and percentage changes
- Make calculations of elasticity and interpret the result
- Interpret, apply and analyse information in written, graphical and numerical forms

Many candidates found this paper challenging, although most candidates completed the paper and attempted every question. Even candidates who demonstrated good knowledge (AO1) and analysis (AO3), often lost significant marks by failing to evaluate (AO4). Candidates should remember that, for some questions AO4 accounts for nearly 50% of the marks available and so a substantial attempt at evaluation must be made. Most students found Question 1 as a whole less demanding than Question 2, although this varied significantly within these questions.

Comments on individual questions/sections

Question 1 (a) (i) and 1 (a) (ii)

- Many candidates correctly calculated both price elasticities of demand. The most common error candidates made was failing to include the negative sign in their answer. Including the negative sign allowed candidates to show a stronger understanding of the relationship between price and quantity demanded. Some candidates correctly calculated the price elasticities of demand but did not attempt to identify them as price elastic or price inelastic. This may be due to not reading the question carefully so candidates should be reminded to answer the question asked in full.

Question 1 (b) (i) and 1 (b) (ii)

- Most candidates correctly calculated GDP per capita for the first part of Question 1.b. Although a mark was not lost for this error, a significant number of candidates did not round to the nearest whole number as the question asked and should be mindful to present their calculations in the form requested.
- Candidates generally handled the data for Question 1 (b) (ii) well and achieved the AO2 mark. Marks were usually lost because of casual or vague definitions of an inferior good. The strongest candidates provided explanations which included an equation for or reference to YED and use of technical vocabulary.

Question 1 (c)

- Most candidates offered a good explanation of the external costs associated with alcohol and sugary drinks. Many identified strain on healthcare services as an external cost, although the strongest responses were more explicit in linking this to increased tax rates or opportunity costs. Some candidates discussed the private costs of alcohol and sugary drinks at length which did not allow them to specifically answer the question. Although not required, some candidates included an externality diagram, which was an effective way of reaching band 2 for AO1.

Question 1 (d) (i) and 1 (d) (ii)

- For Question 1 (d) (i), almost all candidates successfully identified alcohol tax or VAT as ad valorem taxes. When drawing the diagram for Question 1 (d) (i), candidates erred either by drawing a specific tax diagram, with a parallel shift of the supply curve, or shifting demand.
- Question 1 (d) (ii) produced a range of responses. Some candidates relied upon a vague definition of regressive and this limited their analysis. Candidates should be reminded of the importance of detailed, technical definitions. Although many candidates did not attempt evaluation, those who did generally did so very well, often by discussing the concept of YED and the possibility of placing an indirect tax on a luxury good or service.
- Although this is a relatively minor error, when providing the mathematical example for Question 1 (d) (ii), many candidates did not isolate the indirect tax but rather calculated the percentage of income that the entire purchase represented.

Question 1 (e)

- Most candidates drew an indirect tax diagram which correctly showed a leftward shift in the supply curve, an increase in equilibrium price, and a decrease in equilibrium quantity. Many candidates did not attempt to label government revenue on the diagram and, of the minority who did, most misidentified government revenue as consumer incidence. Candidates should be reminded of the importance of fully labelling and annotating diagrams, especially when specifically required by the question.
- Many candidates chose to evaluate the question by considering the inelastic demand for sugary drinks. This was done very effectively by a number of candidates. The strongest responses also discussed consuming sugar in other forms, the availability of substitutes, and the opportunities to use tax revenue to further discourage sugar consumption.

Question 2 (a) (i)

- The strongest responses emphasized GDP as the total value rather than the total number of goods and services produced in an economy. Some candidates simply defined GDP as opposed to GDP growth which is likely due to not reading the question carefully.

Question 2 (a) (ii)

- This is a difficult question that many candidates coped well with. Most candidates effectively discussed decreasing interest rates as the cause for growth in the construction sector. Candidates usually lost marks either by not attempting to evaluate or by discussing growth of the entire economy rather than growth of the construction sector specifically. A more minor error, but relatively common, was equating growth of the construction sector with an increase in employment in the construction sector.

Question 2 (a) (iii)

- Most candidates chose to discuss differences in educational requirements as a cause of wage differentials in the construction sector. Some candidates only discussed this, which limited their AO1 marks to Band 1. The strongest responses included a labour market diagram and linked causes of wages differentials to demand and supply for certain types of labour. Many candidates did not attempt evaluation which represents 50% of the marks available for this question. This is a significant limitation. When candidates did attempt evaluation, they usually did so well.

Question 2 (b) (i)

- Almost all candidates who attempted this question answered it correctly. There was no identifiable pattern among the few candidates who answered incorrectly.

Question 2 (b) (ii)

- Candidates generally discussed the impact of a weaker pound on Welsh firms more successfully than they did on Welsh households, although many candidates offered a good discussion of the impact on both. It was evident that many candidates had relied upon the SPICED and WPIDEC acronyms to help them remember the impact on export and import prices. A number of candidates successfully linked a weaker pound to both the potential for demand-pull and cost-push inflation. Some candidates did not attempt evaluation, and this limited their responses significantly.

Question 2 (b) (iii)

- The majority of candidates who attempted this question correctly identified at least two – and often more – government economic policy objectives. Most candidates identified that an improvement in the trade balance would be likely to increase economic growth, increase employment, and increase inflation. Candidates varied, however, in terms of the depth with which they explained these points. Some candidates used AD/AS diagrams to support their analysis and this was an effective strategy. A number of candidates confused balance of payments and balance of trade so candidates should be careful not to use these terms interchangeably. Answers were generally weakened either by not incorporating data effectively (AO2) or not attempting to evaluate their responses (AO4).

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Unit 3 Exploring Economic Behaviour

Overview of the Unit

Unit 3 examined the full breadth of assessment objectives. Section A focused on data response questions which included a mixture of short and extended answers assessing the full range of assessment objectives. Section B questions were focused on a large data response which was aimed at the European unions and its wider roles. In section B there were again a mixture of short and extended response questions to the large extract.

Unit 3 examined a range of content across the A Level specification covering elements of micro, macro and global economics. Some questions were built upon candidates understanding of content that would have been taught in year 12.

The large data response for section B focused on Macro and Global Economics, whilst the majority of data response questions in section A focused on Micro and Macro Economics.

The unit appeared to be accessible for most candidates with few candidates not being able to finish the paper. Most candidates did make use of the additional pages especially for question 4b and section B extended responses. The unit assessed a balanced mixture of micro, macro and global economic concepts and it allowed stronger candidates to demonstrate their breadth and depth of understanding.

Comments on individual questions/sections

Section A

Q.1 The mean mark achieved for question 1 was 4.5 out of 8 with 99.8% of candidates attempting the question.

In part (a) the majority of the candidates were able to recognise the difference between normal and abnormal profit. Furthermore, were able to demonstrate their understanding of abnormal profit using the diagram by shading in the area of profit at the current profit maximising output. However, most marks were lost through the inability to identify normal profit on the diagram. This would have been due to the diagram showing abnormal rather than normal profit at the profit maximising output.

In part (b) the majority of candidates were able to demonstrate enough understanding of diminishing returns to achieve AO1 marks. AO3 marks were gained when candidates explained why DMR sets in, usually linking to variable and fixed factors of production in the short run. Application directly to the diagram was achieved by only the minority of candidates, who indicated DMR when the MC curve started to slope upwards. Some candidates often tried to use the AC curve rather than the MC within their responses, which allowed them to achieve 2 marks only in total.

Q.2 The mean mark achieved for question 2 was 6.5 out of 10 with 99.8% of candidates attempting the question.

In part (a) the majority of candidates found little difficulties in calculating all three parts to this question. This resulting in the majority of candidates achieving 6 marks, which resulted in a higher-than-average mean mark. Where mistakes were made, it usually steamed from part i) or iii) calculating fixed or variable costs. A minority of candidates lost marks by not expressing their answers with £ signs.

In part (b) the majority of candidates were able to calculate and analyse that output 4 to 5 was the right choice rather than output 6. Many candidates achieved full marks by using calculations that determine why an output of 6 was incorrect and why output of 4 or 5 was a better choice. Some candidates did their workings next to the data table rather within the lined space of their answer.

Q.3 The mean mark achieved for question 3 was 5.6 out of 10 with 99.8% of candidates attempting the question.

In part (a), candidate responses to this question were quite mixed. The majority of responses multiplied the 2015 price by 108% (zero marks), with some that worked out 8% of £337 and then taking it away (one mark). A minority of candidates did achieve both marks for this question, using the correct approach. This quantitative question worked well in differentiating candidates.

In part (b) the majority of candidates used the data well to form both sides of the argument. There was a good level of understanding of government intervention which was suitably applied to the case study. AO1 and AO2 marks were commonly awarded. When candidates lost marks, it was due to the under development of each side of the argument, or by only providing a one-sided answer. To achieve good analysis and evaluation candidates developed a stronger chain of argument which often linked to likely economic outcomes of government intervention in this industry, with some referring to issues of government failure with too much intervention.

Q.4 The mean mark achieved for question 4 was 5.5 out of 12 with 99.8% of candidates attempting the question. This suggests it was one of the more difficult questions on the paper due to part (b).

In part (a) the majority of candidates scored one rather than two marks. The reason for this was the use of the word “inflation” and / or “expectations” within their answer. This highlights that candidates need to use alternative words to describe key terms to obtain the full marks.

In part (b) it was pleasing to see that a large proportion of candidates understood the typical Phillips curve inverse relationship between unemployment and the wage inflation rate / inflation. A number of candidates demonstrated this understanding with use of a diagram. The majority of candidates were able to pick out points from figure 2 and 3 to support arguments, in particular picking out the data points in 2020. However, fewer candidates used figure 1 to support arguments further. Therefore, most candidates achieved band 2 AO2 marks.

AO3 and AO4 marks posed trickier for candidates to achieve for part (b). Most answers just compared data points to agree or disagree with the relationship without providing economic theory to why the relationship may or may not have existed. This resulted in band 0 or band 1 responses for AO3 and AO4. Band 2 AO3 and AO4 marks when awarded were due to the use of economic theory to suggest the relationship. For example, referring to supply-side policies that could have shifted the LRPC and the NAIRU which would have made the data less clear cut when trying to identify the relationship. Alternatively referring to the increased bargaining power of workers when unemployment is low, which then can result in higher cost-push wage inflation when unemployment was falling.

Some candidates assumed figure 1 was inflation, although it was labelled inflationary expectations which affected the level of their response.

Section B

- Q.5 The mean mark achieved for question 5 was 2.2 out of 4 with 99.7% of candidates attempting the question.

The majority of candidates demonstrated some understanding of economic integration and referenced at least one example from the EU. Stronger responses considered the different forks of integration such as the export / imports of goods and services, the movement of labour and FDI, as well as a single monetary union. Stronger responses suggested more specific references with EU examples of economic integration.

Some candidates confused economic integration with horizontal / vertical integration of firms.

- Q.6 The mean mark achieved for question 6 was 2.6 out of 6 with 98.7% of candidates attempting the question. This suggests it was one of the more difficult questions on the paper despite it being a low mark question.

Candidates overall understanding of an optimal currency area was not as strong as other topics assessed in the paper. A significant (but not majority) of candidates described an economic monetary union rather than an optimal currency area and so achieved fewer marks. Although there are little differences, the best responses clearly indicated that an optimal currency area optimises overall economic performance of economies that are a part of it. Stronger responses also considered key characteristics such as good labour mobility, similar economic cycles and fiscal rules and transfers to support underperforming areas. Where good knowledge was demonstrated, these were usually applied very well to the case.

- Q.7 The mean mark achieved for question 7 was 5.4 out of 10 with 99.7% of candidates attempting the question.

It was really unfortunate to see candidates (both strong and weak) drop significant marks on this question. The main reason was that these candidates considered arguments that related to the EU rather than the Euro Area. For example, using arguments such as free trade, free movement of labour and accessing support such as the ERDF. As Croatia was a country mentioned who had access to the ERDF, this was commonly used to build arguments. Unfortunately, this was EU support rather than Euro Area specific, and candidates hooked into the wrong part of the case study when building arguments.

The best responses focused on the benefits of the Euro, the low interest rates, the strong credit ratings, and the elimination of exchange rate transaction costs. These responses also considered the issues having one monetary union for all areas that may have different economic cycles, and the fiscal rules in place, despite countries not abiding by them.

A minority of candidates considered a one-sided approach only and therefore couldn't access AO4 marks.

AO4 is awarded for counter arguments, however, candidates should weigh up both sides of the argument and provide a weighted judgement, using phrases such "it depends on" to access top band 3 AO4 marks. The consideration of these factors allows candidates to compare both sides of the argument to form a higher-level evaluation. For example, whether Croatia benefits from the Euro area depends on whether its economic cycle can run in line with the rest of the EU. The minority of candidates did demonstrate this which allowed them to access band 3 marks.

Q.8 The mean mark achieved for question 8 was 4.4 out of 8 with 99.8% of candidates attempting the question.

The majority of candidates were able to comment on specific ERDF projects and how they may benefit the country in question (from figure 1). As a result, AO2 marks were commonly awarded. Stronger responses differentiated themselves from weaker ones by linking these ERDF project to economic development indicators such as the HDI or income levels. This allowed stronger responses to achieve higher marks for AO3 and AO4 when balancing their arguments. Stronger responses also evaluated how some projects are likely to achieve greater development than others comparing for example projects in Bulgaria, to Greece to small scale projects like Beekeeping equipment. This question allowed stronger candidates to develop in-depth arguments for both sides of the question focusing on economic development.

Compared with question 6, a larger proportion of candidates considered a one-sided approach regarding the benefits of these ERDF projects and therefore couldn't access AO4 marks as no counter arguments were provided.

AO4 is awarded for counter arguments, however, candidates should weigh up both sides of the argument and provide a weighted judgement, using phrases such "it depends on" to access top band 3 (excellent) AO4 marks. The consideration of these factors allows candidates to compare both sides of the argument to form a higher-level evaluation. For example, Whether the ERDF aids development of poor areas in the EU depends on the strength of the multiplier effect after the completion of the projects, some countries may see a stronger multiplier than others e.g., Croatia compared to Poland. The minority of candidates did demonstrate this which allowed them to access band 3 marks.

Q.9 The mean mark achieved for question 9 was 6.1 out of 12 with 99.5% of candidates attempting the question.

Most candidates used the case study well when building arguments. Stronger candidates used data from extract 3, figure 2 and figure 3. Utilising data from all areas allowed a large number of candidates to be awarded top band AO2 marks.

Stronger candidates were able to analyse and evaluate the data to a higher degree. For example, comparing the type of countries being offered financial support in figure 2 and specific percentages given to different sectors. For example, noting that not all countries in figure 2 are the least developed LEDCs and the percentage that was spent on Health and Education (development indicators) compared to other sectors.

Weaker responses were not able to link the data to global development, and instead provided descriptive answers of the data for both sides of their argument. It was quite common for candidates to describe data for both sides of the argument rather than analyse and evaluate it. Stronger responses were able to explain why the different types of aid would (and would not) improve global development, rather than just repeating data from the case to build arguments.

AO4 is awarded for counter arguments, however, candidates should weigh up both sides of the argument and provide a weighted judgement to achieve top band AO4 marks. Using phrases such “overall it appears that however, it depends on.” The consideration of this allows candidates to provide a more in-depth evaluation that compares both sides of the argument. For example, The EU appears to be providing more aid than other developed areas of the world, and therefore should be credited, however, whether their spending choices are good for global economic development depends on whether the EU continues to provide more aid to countries it has closer political ties to rather than those that are in most need of it. The minority of candidates did demonstrate this level of evaluation after a well-balanced response which allowed them to access band 3 marks for AO4.

Although very few candidates missed out questions on the paper, it was evident that some candidates had little time remaining to complete this last question and so a number of responses lacked detail compared with prior questions.

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Unit 4 Evaluating Economic Models and Policies

Overview of the Unit

Unit 4 is based upon assessing candidates' depth of understanding. There is no case study and therefore AO2 (application) is not assessed in this paper.

Candidates have a choice option for this paper and have to pick a question from both Micro, Macro and Global economics. Each question totals 30 marks each. Altogether for each section there are 12 marks for knowledge (AO1), 10 marks for analysis (AO3), and 8 marks for evaluation (AO4). In total this equates to 36 marks for AO1, 30 marks for AO3 and 24 marks for AO4, the paper is out of 90 marks.

Depth of understanding is crucial for higher grades in this paper, as band 3 (excellent) is assessed in all questions. For AO1 in the 10 markers, and for AO1, AO3 and AO4 for the 20 markers. Therefore, this paper assesses depth of understanding of the choice of questions that are answered.

In section A, microeconomics, candidates had to choose between answering questions on barriers to entry and oligopolies **or** the objectives of firms and the economic impact of them growing.

In section B, macroeconomics, candidates had to choose between answering questions on the Phillips curve and the impact of economic growth on the Welsh economy **or** problems when measuring unemployment and the main causes of unemployment in Wales.

In section C, global economics, candidates had to choose between answering questions on the main measures of economic development **or** the impact of a currency devaluation on a countries trade balance and the impact of free trade on MEDCs and LEDCs.

Overall, the paper performed well to differentiate stronger from weaker candidates. Across the 10-mark questions, mean scores for each were similar, ranging from 4.9 to 6.3 with question 3a being the most challenge question with a slightly overall lower mean score with question 1a being the most accessible. Across the 20-mark essays, the mean scores ranged between 10.4 to 11.4 showing a good level consistency of performance across the range of options. Question 2b receiving the higher level of mean marks, with question 5b achieving the least. Selection choice between the micro-options were fairly balanced with 59% of candidates choosing question 1, while the other 41% choose question 2. Selection choice for the macro-options was more uneven with 78% of candidates choosing question 4, while the other 22% choosing question 3. Finally, selection choice between the global options were also uneven, with 71% of candidates choosing question 6, and 29% of candidates choosing question 5.

The majority of candidates answered all parts to the options selected and a small minority of candidates missed out questions. This suggests that timing was appropriate for the exam.

Comments on individual questions/sections

Section A

- Q.1 The mean mark achieved for part (a) was 6.3 out of 10 suggesting the most accessible 10-mark option. While the mean mark for part (b) was 10.6 out of 20 which was one of the lowest mean mark scores across the essays.

In part (a) there were three parts to this question. Candidates had to demonstrate understanding of entry barriers, use real world examples, and then analysing how these determine the type of market structures. There were some excellent responses to multiple types of natural and behavioural barriers that gave precise real-world examples that were used well to determine the industry market structure. Most candidates were able to demonstrate good understanding of barriers to entry. However, the use of real-world examples was often limited which prevented answers reaching the top band for AO1 and AO3. Some candidates also lost marks by not relating their chosen barriers to specific market structures, and instead focused only on the barriers to entry.

Part (b) also challenged candidates with multiple elements to the question. Candidates were asked to evaluate the costs of oligopolies but to also include reference to game theory and real examples when developing these costs. There were some excellent responses to this question. The very best answers used real examples as evidence to support each of their costs and were able to evaluate each cost in terms of its significance or explain situations where these costs may in fact be beneficial to different economic agents. The use of real-world example allowed candidates to be more precise within their analysis and evaluation. However, a large number of responses failed to use real world examples when developing their costs and therefore could not access top band marks regardless of the development of response. Also, a large number of candidates demonstrated a good level of understanding of game theory either descriptively or by using a made-up game theory matrix. However, some didn't explain why game theory demonstrated cost of oligopolies or why there may be benefits to this structure.

To achieve top band AO4, candidates are expected to weigh up both sides of the argument and provide a weighted judgement. Unfortunately, many candidates considered costs and then advantages of oligopolies in isolation of one another and therefore could not achieve top band AO4. The recommended structure is to first explain a cost in-depth using a real-world example, then at the end of the argument to consider in what instances these costs may exist or not exist in this market structure. For example, developing an argument around collusion and price fixing using game theory and a real-world example such as BA and Virgin, then evaluate this cost for example 'it depends on government regulation, consequences of getting caught / level of fine'. This would allow evaluation of arguments throughout which would make it easier for candidates to provide a weighted final judgement at the end to determine the severity of the costs of oligopolies explained.

- Q.2 The mean mark achieved for part (a) was 5.7 out of 10. While the mean mark for part (b) was 11.4 out of 20. This suggested that although part (a) was the most challenging micro part (a) option, it was the most accessible micro part (b) option. Across both micro-options the total mean mark was very similar to one another.

In part (a) candidates had to explain the differences between profit maximisation and revenue maximisation using at least one diagram. The majority of candidates were able to demonstrate good understanding of these types of profit, and in most cases used a fully / mainly accurate diagram. When there were mistakes on diagrams it was usually due to the labelling of the axis or an incorrect identification of the cost at that profit level of output. For example, using the MC curve to identify the area of cost rather than AC. Stronger responses were able to achieve top marks for AO3. These included an explanation of revenue maximisation using PED, and explaining how even though firms sell more at this greater output, overall profits are lower due to MC. Stronger responses were able to directly relate their analysis to points within their diagram when explaining the key differences between the two types of profits. A number of responses also explained how different stakeholders would aim for each of the different objectives to demonstrate further understanding. Candidates' explanation of these two different types of profits was the main differentiator between strong and weak responses.

In part (b) candidates had to evaluate the economic impact of firms choosing to grow. To achieve top band 3 marks, candidates had to consider both micro and macro impacts. The reason for this was to distinguish between the consideration of impacts directly to the firm as well as impacts on other stakeholders such as employees (e.g., employment), and the government (e.g., tax revenue and regulation). Answers that centralised around the impact to the firm only, when developed well achieved band two marks as full economic impacts were not considered. Most candidates that attempted this question were able to demonstrate understanding of multiple consequences as a result of the growth of firms. The differentiator between strong and weak responses was the level of depth these consequences and the ability to explain these consequences to multiple stakeholders considering micro and macro impacts.

As per Q1b, top band AO4 marks were not commonly awarded and for the same reason as Q1b. Many candidates considered positive and negative impacts of growth in isolation to each other, often looking at the benefits first then the costs. Unfortunately, many responses did not evaluate the positive and negative impacts throughout the answer and/or did not compare their benefits to the costs to provide a weighted judgement.

Section B

Q.3 The mean mark achieved for part (a) was 4.9 out of 10. While the mean mark for part (b) was 10.9 out of 20. This demonstrated that it was the most challenging 10-mark option out of all questions available. A reason for this was due to candidates confusing LRPC with the SRPC.

In part (a) candidates had to explain how the LRPC could shift using a LRPC diagram. A large number of candidates were able to use a LRPC diagram to demonstrate a shift in the LRPC. In some instances, the correct diagram was used but with incorrect labels. In other instances, candidates used AD AS diagrams and therefore did not provide an accurate LRPC diagram. AO1 was also awarded for the identification of factors that could shift the LRPC (either left or right). Supply side factors were commonly used to demonstrate this understanding. Candidates that were able to draw a fully accurate diagram and identify a small number of policies that could shift the LRPC were awarded top band AO3 marks. Incorrect diagrams, labelling errors or incorrect policies resulting in band 1 or 2 AO1 being awarded depending on the number of mistakes being made. Candidates found AO3 more challenging. To achieve top band AO3, candidates not only had to explain these

supply side policies but to also explain how the trade-off between inflation and unemployment would occur at a different level of unemployment as determined by the LRPC. The majority of candidates failed to do this and failed to reference their diagram within their answer, and instead achieved limited AO3 marks just by explaining their supply-side policies.

In part (b) candidates had to assess the possible impacts of UK economic growth on the Welsh economy. Linking answers specifically to Wales was the key differentiator between band 2 and band 3 responses. The majority of candidates were able to demonstrate understanding of possible impacts of economic growth but struggled to relate these specifically to Wales. For example, if growth mainly occurred in other parts of the UK, Wales may see a growth in tourism from other parts of the UK, to which would benefit Welsh towns and cities that depend on tourists e.g., Porthcawl. However, there could be fewer staycations and more international travel instead. This is one of many “Wales” examples that could have been used to link the impact of growth specifically to Wales. Many candidates developed generic, theoretical responses to this topic and although written very well were limited to band two due to missing the “Welsh” element. The exam specification states that there is a requirement for a Welsh context which can appear in any of (or each of) the units.

Top band AO4 marks were again achieved by few. This was the same reason as the micro 20-mark questions. There is a requirement for a weighted judgement that weighs up both sides of the arguments. A good strategy is to consider evaluating each impact at the end of each paragraph which will help aid an overall weighted judgement.

- Q.4 The mean mark achieved for part (a) was 5.3 out of 10. While the mean mark for part (b) was 10.8 out of 20. This suggested that both macro essay choices had a similar level of challenge with mean scores close to one another. However, due to the lower performance in question 3a compared to 4a, question 4 on average allowed candidates to perform slightly better on the macro options.

In part (a), candidates had to explain the problems when measuring the rate of unemployment. The best responses considered problems that exist with both the LFS (ILO) and Claimant Count measure. Weaker responses considered generic problems, or only focusing their answer on one of the main measures of unemployment. This meant that there was a wide variation in AO1 marks being awarded. To achieve top band AO3 marks, candidates had to explain the problem and link their explanation to why the actual unemployment rate generated would be inaccurate. A large number of responses didn't link their answer back to why the recorded rate of unemployment would be too high / or low as a result of the identified problem. Some candidates also got confused with people who would be considered as economically inactive rather than unemployed when developing their answers.

In part (b) candidates had to discuss the causes of unemployment in Wales. Similar to Q3B, linking answers specifically to Wales was the key differentiator between band 2 and band 3 responses. The majority of candidates were able to demonstrate understanding of possible reasons why people are unemployed such as structural and cyclical reasons but were unable to link these to Wales. For example, coal miners (structural), effects of the covid-19 recession (cyclical), and Wales tourist towns (seasonal). A large number of candidates developed generic, theoretical responses to this topic and although written very well were limited to band two due to missing the “Welsh” element. The exam specification states that there is a requirement for a Welsh context which can appear in any of (or each of) the units.

Top band AO4 marks were again achieved by few. This was the same reason as the other 20-mark questions. There is a requirement for a weighted judgement that weighs up both sides of the arguments. A good strategy is to consider evaluating each cause throughout the response, by justifying whether that particular cause was more or less prominent for Wales at this time.

Section C

Q.5 The mean mark achieved for part (a) was 5 out of 10. While the mean mark for part (b) was 10.4 out of 20. This meant that this question was the lowest scoring out of all the questions suggesting it was the least accessible. Part (a) scored the second lowest overall mean mark with part (b) scoring the lowest mean mark out of all the 20-mark options on the paper.

In part (a) candidates had to demonstrate understanding of the difference between GDP and GNP as well as demonstrating understanding of PPP and how it is significant for determining living standards in a country. Most candidates that picked this question were able to demonstrate understanding of GDP (within the borders of a country), and GNP (plus net factor incomes from abroad). However, explaining the difference between these two terms proved challenging and resulted in very few candidates picking up AO3 marks for this part of the question. The key differences that examiners were looking for including reference to MEDCs being more likely to have a higher GNP than its GDP (and why), and vice versa for LEDCs. Candidates had greater success when analysing how PPP was significant in determining living standards. Top answers used real world examples to demonstrate understanding. For example, comparing countries like Norway (with very high prices) to India (with low prices), and how PPP would consider the cost of living within these countries.

In part (b) candidates were asked to evaluate the use of HDI as a measure of development. Most candidates were able to provide some understanding of the HDI, however, many candidates made mistakes. For example, using GDP instead of GNI, mortality rates rather than life expectancy, education generically rather than expected and mean years of schooling. Most candidates were able to demonstrate understanding of the usefulness of the three main indicators within the HDI and why they are better than simply looking at national income. Therefore, AO3 marks were awarded highly on a number of occasions. Stronger candidates were also able to identify and explain issues with each of the three parts to the HDI index. Similarly, to the other 20-mark questions, top band AO3 marks were only awarded to a small minority. It was more common for candidates to consider the pros and cons of the HDI index in isolation to each other and therefore did not come up with a justified weighted judgement which was key to reach band 3 AO4. It is recommended to evaluate throughout. For example, having a developed paragraph on one component of the HDI index at a time, such as life expectancy. Analysing why it is a suitable measure of development, which is finished with considerations where it might not be so useful, before focusing on a different part of the HDI index in a separate paragraph. Using this approach for each of the three parts of the HDI index would allow evaluation throughout. Candidates could then provide a weighted end judgment that is based around the evaluation points made throughout. A minority of candidates did approach their responses in this way and were able to access top band marks more successfully than alternative approaches.

- Q.6 The mean mark achieved for part (a) was 5.3 out of 10. While the mean mark for part (b) was 11.1 out of 20. This suggested that it was overall more accessible than the alternative question 5 choice for global economics.

In part (a) candidates were asked to explain why a currency devaluation may not improve a countries trade balance. For AO1, candidates had to demonstrate understanding of a currency devaluation, its impact on export prices and import costs and the identification of reasons why the trade balance may not improve. Most candidates that selected this question were able to demonstrate some understanding of the above points. It was common for band 2 and band 3 AO1 marks being awarded. Stronger responses utilised understanding of economic theory to demonstrate why a devaluation may not improve the trade balance. Using concepts such as the J-Curve, Marshall-Lerner condition, how firms compete internationally (price and quality), and protectionism. Using economic terminology differentiated top band to mid band AO1 marks. AO3 marks were awarded when these economic concepts were explained in detail suggesting why exports may not rise and why imports may not fall. Many candidates described these economic models rather than explained why they did not improve a countries trade balance. This prevented AO3 marks being awarded.

In part (b) candidates were asked to discuss whether free international trade benefitted MEDCs or LEDCs more. Responses to this question were very mixed. A number of candidates did not consider the benefits of free trade from both MEDC and LEDC point of view. Furthermore, many candidates considered other factors other than free international trade between these countries. For example, movement of labour and FDI, which was credited when it was linked to free international trade, however, not when it formed the main part of the argument. Stronger responses consistently compared MEDCs to LEDCs throughout their answer on factors such as comparative advantage, specialisation, sector dependency, employment, and wages.

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ⁱ *Please note that where overall performance on a question/question part was considered good, with no particular areas to highlight, these questions have not been included in the report.*