Examiners' Report
October 2025

Pearson Edexcel International Advanced Level

In Economics (WEC12/01)

Unit 2: Macroeconomic performance and policy

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General comments

This is the October series for assessment of WEC12/01: Macroeconomic performance and policy.

Section A

In this multiple-choice section, learners performed the best on multiplier and investment (1 and 4 respectively). The two questions with the focus on imports and index numbers were least well answered questions in this section (3 and 6 respectively) and this part of the specification may need attention by centres. On the remaining two questions, learners performed marginally better.

Section B

In this short answer section, learners were able to access application marks on most questions but found the knowledge and analysis marks more difficult to obtain.

7: Learners had to draw an AS/AD diagram to illustrate a negative output gap. Almost all learners did this correctly. The most common cause for dropped marks was in the labelling of the axes or the labelling of the equilibria before and after the change.

8: Learners were required to study the chart and explain the term productivity. Most learners attained all marks for knowledge and found it easy to gain application marks. The attained one mark each for using the data.

9: For this calculation-based question, learners had to work out the rate of inflation for a person between Year 1 and Year 2. Many did not use the correct equation and found it challenging to access all marks.

10: Most learners could attain the one application mark for correctly identifying the data. Many learners were able to identify an impact but often found it hard to analyse their point effectively in context of the circular flow of income.

11: The question asked the learners to explain one likely cause of this change in the savings ratio. In general, they were able to explain a cause and get the application mark. The last mark on analysis should have required a development of the point identified; but this was the least likely mark to be recorded by learners.

Section C

The data response section, questions are based on information provided in the source booklet.

12a: Learners only access two marks by correctly defining the term inflation target. Most learners scored one mark for the definition as many explained it in the context of only inflation.

12b: This question required an explanation of the term a balanced government budget. Two relevant pieces of data were required to attain the two application marks. Some learners only defined unemployment and they were only able to access one mark.

12c: A vast majority of learners were unable to analyse **two** factors that have caused a 'slowdown in the rate of economic growth' in India. Two application marks were awarded for relevant use of the source. However, several learners copied paragraphs from the extract and were not able obtain analysis marks. This is an area which all the centres are advised to address. Some learners evaluated their analysis points, but this was not credited as it is not a requirement of the question.

12d: Most learners were unable to fully examine how rise in the prices of imports may affect real GDP. However, only a small percentage of learners could explain the effect to access analysis marks. Application marks were awarded for appropriate references to Extract B. Many responses were not able to access any evaluation marks as they offered solutions to reducing imports rather than answering the question directly.

12e: Most learners made effective use of the information provided and discussed the likely effects of the reduction in the base interest rate on the rate of inflation in India. A low proportion of learners developed their analysis with clear chains of reasoning to achieve at least Level 3 KAA marks. A common feature in this response was to cover as many effects as possible but without any development in their analysis or evaluation.

Section D

Learners had the opportunity to choose one out of two questions. The section was less demanding than previously, and this is reflected in the mean scores on both questions. Question 13 was more popular than question 14.

In both questions learners' knowledge of relevant economic concepts was sound but they often struggled to apply it to the context of the question. Another challenge was the level of analysis. As in question 7e, answers often lacked a fully developed chain of reasoning. This is because they focussed their explanations on several points, and this meant they did not have time to

develop them. Some learners drew appropriate and accurate diagram(s) and incorporated it with sound analysis. This facilitated them in consistently achieving within the top levels.

Evaluative comments were often made and, whilst some offered supporting evidence and were linked to the context, many were unable to offer logical chain of reasoning. It should be stated that 8 marks are now awarded for evaluation in the essay section. Application will always form part of the questions in Section D. Learners are expected to include this in their arguments to achieve the highest levels.

The questions were accessible at all levels and offered good opportunities for learners to differentiate by ability. Answering the exact question asked, integrating the data with analysis and strong evaluation continue to remain the essential ways that the A-grade learners achieve higher marks. It appears that most learners were not actually able to complete the paper in the time available.

Moreover, learners are highly encouraged to have better structure to their answers. Many have written essay questions in bullet points, and some have written in long blocks/ paragraphs without making a clear distinction between analysis and evaluation. This was also seen in the higher mark question in Section C.

The performance on individual questions is considered in the next section of the report.

Section A

Question 1
This question concerned identification of the value of the multiplier for China. This was a well answered question of this section with many learners obtaining the one mark. The correct answer is option D – value of 2.50.

Question 2
Learners tended to perform reasonably well on this question, which asked learners to identify supply-side policy that is most likely to shift the LRAS curve to the right. The correct option is C – A reduction in government spending on benefit payments.

Question 3
Not many learners were able to deduce from the stem that the correct option is C – A reduction in income tax rates. Careful consideration needs to be given to trade balance. It was important to read the stem carefully, which asked about the impact of the end of the quantitative easing programme.

Question 4
For this question learners needed to identify of an increase in investment. The correct answer is option A – An increase in the rate of economic growth. It is important to read the question carefully.

Question 5
For this question, learners needed to calculate from the table to deduce the correct option. The correct answer is B – Real GDP per capita decreased. Some learners used the wrong equation and hence did not attain the mark for this question.

Question 6
The only correct answer is option D – Between 2020 and 2023, economic growth was higher in Italy than in Spain. Learners were not always able to correctly deduce this from the chart. It is important to have an understanding of the QS skills.

Section B

Question 7

Almost all learners managed to draw the initial equilibrium position for AD and AS. A few drew the SRAS and labelled it LRAS, and others mentioned price and output on the axes; this got no credit for the knowledge mark. There are no marks for additional text, which some learners have included to support their diagram.

Question 8

Learners performed reasonably well on this question, which asked them to explain the term productivity. They had to use the chart to gain the application marks, which many did and hence able to access application marks for this question.

Question 9

Many learners were not able to correctly calculate the calculate the rate of inflation for a person between Year 1 and Year 2. This is because they were misinformed of the equations and hence arrived at the correct workings. It is advisable that learners show their workings so that they could attain either knowledge or application marks if some stages of their calculations are correct, but not the final answer.

Question 10

Many learners could access the knowledge mark and the application mark. It required explanation of the impact of changes in the value of exports and imports on the circular flow of income. Some were unable to explain the impact and therefore were limited to no analysis marks.

Question 11

Learners were asked for one likely cause of this change in the savings ratio. Most were able to explain the effect as their one knowledge mark. Many were also able to explain the cause. However, some learners often struggled in developing their knowledge and therefore were not able to access both the analysis marks. They attained the application mark for using the data correctly.

Section C

The source booklet focused on the economic outlook of India. It comprised of two graphs showing budget balance and the rate of inflation. There were two extracts that provided information on monetary policy and inflation and economic growth.

Question 12a

Learners needed to define the term inflation target. Although 50% of total learners scored the maximum of two marks, this still indicates that 50% were not able to define the term correctly. It is important to explain the definitions clearly and accurately.

Question 12b

Many learners were not able to successfully explain the term a balanced government budget. Most were able to define rate correctly and hence unable to get their knowledge marks. To access application marks, learners had to include two separate pieces of data from Extract A and Figure 1. Given the nature of the question, it is important to cover all aspects of the answer in knowledge and application.

Question 12c

This question required learners to analyse two factors that have caused a 'slowdown in the rate of economic growth' in India. Most responses achieved both knowledge and analysis marks. Some were only able to identify their reasons but were not able to develop this further. They were able to access the two application marks by using the relevant data from Extract A and Figure 2. It is important to recall that there are two marks for knowledge, application and analysis for a six-mark question.

Question 12d

The question required learners to examine how a rise in the price of imports may affect India's real GDP. Most learners were unable to identify the effect. They could gain two application marks required by effectively using Extract B. However, many found it difficult to analyse the identified effect and were unable to get the analysis marks.

Evaluation was lacking and not very well written with some only identifying a point and not explaining it well. There were some learners who did not try writing any points. For eight-mark questions and above, evaluation is an essential requirement and should be included. It is also important to remember that there

are two marks for knowledge, application, analysis and evaluation for an eight-mark question.

Question 12e

Learners needed to use the source to discuss the likely effects of the reduction in the base interest rate on the rate of inflation in India. It is important that learners refer to the effects and develop their analysis by focusing on those points rather than trying to cover as many effects as possible. This will allow the learners to access the higher levels of response.

Many learners could successfully explain the impact on the rate of inflation through consumption and investment. They were able to integrate this with application. Although not required, they supported their analysis with accurately drawn and labelled diagram. This gave them access to Level 3. However, some learners copied text from the source and did not explain their points. This gave them access to Level 1 only.

Evaluation points made were fairly sound. Learners included references to magnitude of the increase. Many included time lags as an evaluative comment but were not able to successfully support this point using logical chain of reasoning. Learners should ensure that they do this as opposed to listing a number of separate undeveloped points.

Section D

General points

Learners often make a number of valid separate points but do not develop a coherent chain of reasoning. In addition, a large number of learners do not include any form of contextual reference and consequently will not achieve the higher level marks. Context can be from the stem provided in the question and/or from other examples effectively used by the learner. A reminder that just writing a country name in the answer does not merit as application.

For evaluation, learners should provide a partially developed chain of reasoning to attain at least Level 2. Writing a list of points will only give learners access to Level 1. An informed judgement is needed in order to gain a Level 3 evaluation mark.

Learners are not expected to write up to four analysis and three evaluation points. They can select two analysis points and develop them by focusing on those points rather than trying to cover as many points as possible.

Question 13

This question asked learners to evaluate the view that the pursuit of economic growth must always conflict with other macroeconomic objectives.

Most learners were able to analyse the conflicts, especially economic growth and inflation, and economic growth and environment. There were many who were unable to explain their points identified in depth by adding multi-stage chains of reasoning. Most of the answers only carried a two-stage chain of reasoning, and hence, they were not able to access Level 3 KAA. Those who identified range of policies without any linked development were only able to access Level 1 KAA.

Evaluation included an attempt to discuss the short run versus long run impact and the magnitude of the change in economic growth. These were under developed and did not contain many stages of arguments. Those who listed evaluation points achieved Level 1.

Question 14

This question asked learners to evaluate the possible causes of a rise in the rate of unemployment. Moreover, to access high Level 4 for KAA, learners are required to include application in their answer by referring to a country of their choice.

Points included contractionary fiscal and monetary policy. Most answers demonstrated some chains of reasoning, but they were not always fully developed or had some key stages omitted. These learners were not able to

access more than Level 3 KAA. Those who mentioned causes of recession did not attain many marks.

Evaluative comments were not very well written. Some offered solutions to reducing unemployment and this was not credited. For points that were quite generic and did not have any chains of reasoning, did not achieve more than Level 1.

Paper Summary

The main implications for centres regarding future teaching, learning and examination preparation are:

• Ensure that all parts of the specification are taught and internally assessed. This needs to include addressing all the quantitative skills (as found on page 69 of the specification).

• Learners must read all questions carefully, and make sure that they have addressed all parts of a question in their response. In a few different questions on this paper, not understanding requirements of the questions, in terms of its depth and breadth, was the main reason for low scores.

• Encourage learners to draw accurate, appropriate, legible and labelled diagrams to support their arguments, even if not required. This would help add depth to arguments.

• Section B: for diagram-based questions, all marks can be achieved through a diagram and no written explanation is required. This is an inefficient use of time. For calculation-based questions, all marks can be achieved through working out the right answer. Four questions where a text response is required, learners should focus on identifying one point and developing it. Giving a list of points will only give knowledge marks.

• Section C: Ensure that learners refer to the relevant extracts but do not copy from them. Brief quotations are acceptable but, in themselves, will not achieve higher level marks. Remember that the 4- and 6-mark questions do not require evaluation, so please use the time given effectively and avoid assessing the analysis points made.

• Section C 14-mark question and Section D essays: Encourage learners to develop a chain of reasoning by analysing two salient points in depth. By contrast, covering a lot of points in a superficial way will limit the mark to a low Level 2 at best. In addition, analysis needs to be contextualised by using relevant source information (Section C), appropriate examples (Sections C and D) or context at the start of Section D questions.

In addition, ensure that learners are aware that evaluative comments should be linked to the context of the question being asked. These should have a chain of reasoning or sufficient development to be able to achieve at least Level 2. To achieve Level 3 for evaluation in Section D it is necessary to include an informed judgement.

• Learners are encouraged to have a clear structure to their answers. They must avoid writing essays in bullet points or in long blocks/paragraphs without making

a distinction between their analysis and evaluation points. The nature of essay questions means that they draw on a student's knowledge accumulated throughout their course, and on their ability to apply that knowledge directly to the question.

- Encourage learners to make full use of the specimen papers, previous examination papers, mark schemes and principal examiner reports. Paying greater emphasis on time management is also vital for the completion of the paper.

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