# A-LEVEL

# ECONOMICS

7136/2 National and International Economy
Report on the Examination

7136/2
June 2023

Version: 1.0

**General introduction to the 2023 series**

The overall standard of the responses to the questions was similar to last year. Most students were able to demonstrate reasonable knowledge of relevant economic concepts and principles and many were able to apply these appropriately to the contexts. Many students made good use of the extracts in the data responses, but the less able students just quoted from parts of the text without using it effectively to help them develop arguments and support conclusions. Some students misinterpreted some parts of some of the extracts and this often led to a confused response. It is important that students devote sufficient time to reading the extracts to try to avoid such problems.

The vast majority of students didn't seem to struggle for time in the examination, and most wrote answers of appropriate length for each question, although fewer seemed to use additional answer booklet pages than in previous years. Having said this, a small number of students wrote far too much for the 4 and 9 mark questions, which will have reduced time available for longer questions.

Economics is one of the subjects where up to date knowledge of current issues plays a vital role in understanding contexts, and it was encouraging that many students were able to quote recent growth statistics or inflation rates in their answers. It is clear that centres are teaching students good habits of trying to apply "real-life" situations to economic concepts and theories.

In total, almost 15000 students sat this series which shows a significant rise in the number of students studying Economics. In this series, more than any other in recent years, the number of students gravitating to one context in particular was more profound than ever with 88% of students opting for the context on Ireland's proposed corporation tax changes.

In terms of the split on the essays. Approximately 2/3rds chose essay 3 on growth and living standards, almost a quarter chose essay 1 on globalisation, and the rest chose essay 2 on aggregate supply and conflicts

In this report, senior examiners will summarise the performance of students in this series in a way that is as helpful as possible to teachers preparing future cohorts.

**Comments on individual questions**

**Question 1**

It was surprising how many students did not answer the question to 1 decimal place or to omit the term "percentage points" or the "%" sign from their answer. Most of the students did achieve 2 marks on this question though. It is worth reminding students that a method mark is available, as long as the correct symbols and the correct number of decimal places are given in the final answer, on these types of questions.

**Question 2**

In order to gain full marks on a 4-mark question, students need to include evidence (data) which supports the proposition with a clear explanation of how this data supports the proposition. Far too many students took the absolute figure for the number of people unemployed in each country, and incorrectly explained this as an unemployment rate. Students also struggled to consider the relative size of the Irish economy when interpreting data on exports. Better responses clearly use data and back up the relevant data with accurate explanation.

**Question 3**

Most students were able to successfully draw suitable economic growth diagrams, both in the short-run and long-run and relate economic growth to a budget surplus. Having said this, a minority of students only considered *either* taxation or government spending and not both. Students sometimes limited to their response to one form of taxation such as income tax when others such as VAT or corporation tax could have been analysed. On occasion, some students confused the budget with the balance of payments on current account. It is worth reminding students that there are no AO4 marks on this question and there is no need to evaluate.

**Question 4**

Many students used the extracts successfully and were able to accurately discuss the pro's and cons of Ireland operating with a higher rate of corporation tax rate. Some students did not fully understand that corporation tax is from the taxable profits of companies and as a result did not correctly analyse the issues faced. Many quoted the extracts and used the information provided to explain how Ireland could possibly gain or possibly lose out from this increase in corporation tax in terms of macroeconomic performance. It was also refreshing that many students brought in their knowledge of recent planned changes to UK corporation tax rates in order to compare and contrast. It is clear that some centres have carefully scaffolded students essays to enable them to hit the top band with "supported evaluation throughout the response and in a final conclusion".

**Question 5**

Although context 2 was by far the least popular choice, most students correctly calculated the correct answer for this question along with a "£" sign, although a minority confused issues by including "Billion" in their response. Although full marks can be gained by just displaying the correct answer, it is advised that working out is also shown as marks can still be awarded even if the student has an incorrect final answer.

**Question 6**

This question required students to explain why quantitative easing had helped the UK achieve its macroeconomic objectives. Better students drew on the information in figure 3 which clearly demonstrated an overall rise in QE over time, then link this to why either the unemployment rate had fallen or that the UK had avoided deflation in figure 4. Again, suitable data needs to be presented and explanation needs to be carried out to back the proposition. Normally, two separate pieces of data with explanation are enough for maximum marks. There are no marks for giving counterarguments.

**Question 7**

In the responses to this question, it was surprising to see that the majority of students considered the lack of credit availability as a factor affecting aggregate supply, rather than impacting on aggregate demand and the derived demand for labour. Although some students successfully used loanable funds diagrams and argued the costs of borrowing may rise, which is acceptable, many could not then link this to why unemployment may rise. Some students also tried to create multiple unnecessary shifts in SRAS or AD. Students are advised to make simple but effective use of diagrams to aid analysis, rather than overcomplicate things.

**Question 8**

Question 8 required students to consider whether the continued use of QE was damaging to the UK's macroeconomic performance. Again, there were lots of cues in the extracts which should help students to analyse the issues. On the responses to this question, many students picked up on the cues, such as inequality or inflation, but didn't then successfully analyse why these occur. In terms of the AO's, analysis is a higher order skill and there is more weighting to analysis and evaluation in these types of questions. Students should be demonstrating the full range of skills to reach the higher-grade boundaries.

**Question 9**

The first of the essays asked students to identify and explain causes of the rise in globalisation. Many students began by successfully identifying how the world has become more interconnected in terms of trade, capital and labour. A minority of students focused solely on trade which limited response. Some students confused the command word in the question and instead with described the "features" of globalisation. Some students struggled to develop logical chains of economic analysis or use diagrams satisfactorily even when there were many opportunities to use them.

**Question 10**

This essay asked students to consider whether the UK had benefitted or not from globalisation. The strongest answers used economic theory combined with an impressive awareness of recent events to assess whether globalisation has been beneficial for the UK economy. Although most students considered globalisation as a whole, a minority of students still focused solely on the development of free trade. Further to this, a minority of students decided to analyse the benefits of protectionism which was a bit surprising in terms of the context. It was encouraging that many students were able to bring in recent geopolitical events to their answers which have impacted the UK. Also, they were able to quote accurate macroeconomic data, however some students did not focus their analysis on the UK despite being prompted to do so in the question. Weaker answers tended to present one or two theoretical effects of globalisation but failed to relate these to the UK economy in any meaningful way.

**Question 11**

In this question, students were expected to explain reasons for shifts in short-run aggregate supply to the left. Most students started with explanations of what short-run aggregate supply is or assumptions made about the curve. Most students successfully drew a shift in SRAS, although a minority confused this with productive capacity and LRAS. Most students then gave two or three developed reasons as to why this would occur although some students struggled to analyse exactly why the shift was occurring. Some weaker answers misinterpreted a leftward shift of SRAS as an increase in aggregate supply.

**Question 12**

The key to question 12 was to firstly, recognise the potential trade-offs in macroeconomics, and then identify policies which reconciled the problems or solved both simultaneously. In essence, it was hoped that students would identify the potential conflicts and identify individual solutions. Some of the better responses identified specific, real-life, scenarios and analysed the various supply-side policies which may resolve the issues. Weaker responses did not fully understand what the resolution of these conflicts meant and more often than not, resolved one of the issues by

causing conflict with another, which was clearly not what was being asked. Too many answers however simply outlined potential conflicts but then lacked any explanation of how governments could attempt to reconcile these.

**Question 13**

By far the most popular of the essays, question 13 was a very straightforward question asking for the causes of economic growth. Better students split this into long-run and short-run growth and produced logical chains of analysis with accompanying diagrams for both. Less able students did not consider the differences between long-run and short-run and didn't fully consider the "causes" as such. Better answers considered government demand-side or supply-side policies events such as the growth of a trade partner. A minority of students considered why recessions would occur which is not creditworthy. Some students need to be trained in terms of directly answering the question set.

**Question 14**

The majority of students were able to identify what constitutes living standards at the start of the answer and then successfully analyse the costs and benefits of economic growth and their effects on living standards. Having said this, quite a few students had a very narrow definition of living standards and stuck to employment, wages and inflation, rather than wider issues regarding quality-of-life indicators. Some responses from students appeared slightly one-sided and did not consider the negative issues that could be associated with economic growth. The best responses brought in aspects of inequality, the environment, and aspects of human development including real-world examples.

**Summary**

Centres should be reminded that in addition to the Report on the Examination there is a range of exemplar materials, such as students' responses and examiner commentaries available on the Centre Services section of the AQA website to assist them in preparing students for the examinations.

**Mark Ranges and Award of Grades**

Grade boundaries and cumulative percentage grades are available on the Results Statistics page of the AQA Website.