Examiners' Report
Principal Examiner Feedback

Summer 2025

Pearson Edexcel International GCSE
In Economics (4WEC2) Paper 01

UNIT 2: Macroeconomics and the Global
Economy

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General

Overall, candidates generally demonstrated a secure understanding of economic concepts, and responses indicated that they had been well prepared for this paper. Across all sections, there was frequent use of accurate economic terminology. More able candidates showed strong application of their knowledge to the specific demands of the questions, while weaker responses tended to rely on general reasoning rather than economic principles. The paper required candidates to apply their understanding, and the strongest responses showed clear development of arguments. Timing was handled well by the majority of candidates.

Guidance on how the levels based questions (6, 9 and 12) are marked:

When marking levels-based questions, such as those worth 6, 9 or 12 marks, examiners apply a holistic approach. This means we do not award marks for individual points of Knowledge, Application, Analysis or Evaluation, as we do with the shorter 2- and 3-mark questions. Instead, we assess the overall quality of the response and place it in the level that best fits, using the level descriptors in the mark scheme.

Key Principles:

- Examiners always read the entire response first before making any judgement.
- Examiners use the descriptor table (not the AO grid at the top of the mark scheme) when deciding on a level and a mark.
- The indicative content in the mark scheme is not exhaustive; it offers examples of what candidates might include. Valid responses that are not listed are always credited if they fulfil the descriptors.
- Examiners do not cap marks for lack of balance, generic responses or the absence of context. A one-sided response may still reach a higher level if the quality of reasoning and explanation is strong.
- Similarly, the presence of a brief or simplistic evaluation does not automatically lift a response into Level 2 or above.

Marking within Levels:

For 6-mark questions (2 marks per level):

- If both bullet points in a level are clearly met, examiners award the higher of the two marks.
- If the response only partially meets one or both bullets, examiners award the lower mark.

For 9-mark questions (3 marks per level):

- Examiners will identify the most appropriate level and then begin at the mid-point (e.g. 2, 5 or 8 marks).
- Examiners will then move up or down within the level depending on how well the response matches the descriptors.

For 12-mark questions (4 marks per level):

- Examiners read the whole response and then begin by selecting the appropriate level.
- Although there is no 'true' mid-point, 3 marks would represent the mid-point of L1, 7 marks for L2, and 11 marks for L3.
- Examiners then adjust within the level according to the strength of reasoning, development, structure and application to context.

Additional Points

- Context can be taken from the extract or drawn from wider economic understanding. Responses can still achieve high marks without referring directly to the stimulus material.
- While a conclusion is expected in 12-mark questions, it is not awarded a separate mark. However, strong concluding judgement may strengthen the overall impression of the response.
- Examiners do not reward formulaic writing or the number of points made. What matters is how well the candidate develops and supports their argument.

This approach ensures that candidates are rewarded fairly for the overall quality of their work, not just for ticking off a checklist of features.

Report on individual questions

Question 1a:

Most candidates were able to correctly identify the correct answer.

Question 1b:

Most candidates were able to correctly identify the correct answer.

Question 1c:

Questions beginning with 'What is meant by...' are worth two marks and require a two-part explanation of the economic term. Examples are not credited in these responses. In the marks scheme one mark was awarded for a trading bloc is a group of countries that join together and the other mark was awarded for to reduce/eliminate trade barriers between themselves. Any other relevant answers were also accepted.

Question 1d:

Candidates were awarded 1 mark for reference to the impact and 1 mark for the development of the impact. Most candidates recognised that consumer spending was going to fall because either the cost of borrowing had increased or that they could gain more interest through saving.

Question 1e:

This calculation required candidates to calculate the visible trade balance, which was relatively straight forward, providing they had paid enough attention to the word visible. Candidates could only be awarded 2 marks if the units (€bn) were present. Many candidates accurately calculated the visible trade balance but omitted the €bn, resulting in only 1 mark being awarded for any workings shown. Marks were not awarded for providing a formula or definition. It is essential that candidates show their workings to gain 1 mark if an incorrect answer is given or if units are missing. If an incorrect answer is given and there are no workings shown, then examiners can only award 0 marks.

Question 1f:

This question required candidates to draw a new quota curve. This question was much more challenging than the other diagram questions with many candidates shifting the demand curve rather than drawing a new vertical quota curve. As often seen, there were some candidates who did correctly draw a new vertical quota curve but did not label the new curve so could not be awarded the mark. Labels should be clear and appropriately suitable to indicate the changes in price and quantity.

Question 1g:

This was the first 'explain' question on the paper asking candidates to explain a possible benefit of a fiscal surplus for a country such as Portugal. No marks were awarded for a definition of a fiscal surplus, yet many candidates started their answer with this. The response needed to identify a valid benefit of a fiscal surplus to gain the first mark and then the other two marks were awarded for developing the benefit to explain why it is a benefit to a country

Question 1h:

This question was marked using a levels-based approach, meaning individual points of Knowledge, Application or Analysis were not awarded in isolation. Examiners were instructed to take a holistic view, reading the entire response before assigning it to the most appropriate level based on the descriptor table. There were three levels available, with Level 3 requiring a contextualised argument that clearly showed causes or consequences and linked points effectively through analysis. No marks were awarded for simply providing a definition of unemployment or recovery and responses that did only this were awarded 0 marks. Many weaker responses relied heavily on copying from the stem and lacked meaningful analysis,

placing them in Level 1. Typically, Level 1 responses listed undeveloped benefits without explanation. To reach Level 2 or Level 3, candidates needed to show why unemployment was likely to fall during a recovery phase with at least some consequence or link in their reasoning. The presence of developed cause-and-effect analysis often indicated a Level 2 or above response. Although some candidates included evaluation, this was not required and was not rewarded. Overall, the majority of responses were placed in Level 1 or Level 2 and the question was not well attempted by many candidates.

Question 2a

Most candidates were able to correctly identify option C as the correct answer.

Question 2b

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

Question 2c:

There is only one mark available for 'state' questions. Examiners do not expect candidates to write a lot for this type of question. There were a lot of different disadvantages given and all valid ones were credited such as avoiding paying taxes, environmental damage and the negative impact on traditional industries.

Question 2d:

Questions introduced with "What is meant by …" carry two marks and must be answered with a definition split into two clear parts. Including examples will not earn any marks. Some candidates gave an incorrect answer for direct tax and therefore could not score any marks.

Question 2e:

In this question candidates were awarded 1 mark for identifying a relevant way, 1 mark for developing the way and 1 mark for the response being in context. A definition is unnecessary for a 3-mark question as it will not be rewarded by examiners but many candidates started their response with one. Many candidates did not manage to fully develop their response to explain how their identified way would reduce poverty. Context marks were only awarded where the context from the stem such was used meaningfully within the explanation; simply copying out terms or inserting them without development did not meet the threshold. Responses could still be awarded full marks even if they were entirely generic. Stronger responses used appropriate economic terminology and reasoning, while many candidates were limited to 2 marks for identifying a valid way and offering a brief explanation of its cause or consequence.

Question 2f:

To achieve all marks in this question candidates needed to label a rightward shift of the demand curve, label the higher equilibrium exchange rate and label the higher equilibrium quantity. Many candidates achieved all 3 marks on this question.

Question 2g:

This is the first of the 9-mark questions on the examination paper and like the 6-mark questions, it is marked holistically by applying the levels in the mark scheme. This question was marked using a levels-based approach, meaning individual points of Knowledge, Application, Analysis or Evaluation were not credited in isolation. Examiners took a holistic view, reading the full response before placing it in the most appropriate level based on the descriptor table. There were three levels available, with Level 3 requiring a contextualised, two-sided argument that demonstrated clear analysis and understanding. Responses did not automatically achieve Level 2 or above simply by including a statement of evaluation, nor were they restricted to Level 1 if evaluation was absent. The level awarded depended entirely on how well the response matched the descriptors. A two-sided argument with developed chains of reasoning and use of the evidence was presented by more able candidates. However, some responses did not read the question properly and gave the benefits for South Korea rather than the car industry. A conclusion was not required, but examiners were advised to read it in case it contributed something of merit. Most responses fell into Level 1 or low Level 2, with a significant number unable to move beyond the lowest level due to limited development or lack of balance.

Question 3a:

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

Question 3b:

Many candidates were able to calculate the correct answer as 5% (option C).

Question 3c:

Again, many candidates started this 3-mark answer with a definition of structural unemployment and definitions cannot be rewarded. The more able candidates used the information provided and identified a skills mismatch, that they had the wrong skills for the structure of the economy (high skills for a low skill economy) and therefore could not find an appropriate job to achieve 3 marks. There were several candidates who could not answer this correctly as they did not have an understanding of structural unemployment.

Question 3d:

This question was marked using a levels-based approach, with no credit given for isolated points of Knowledge, Application, or Analysis. Examiners were instructed to take a holistic view of the response and place it in the most appropriate level based on the descriptor table. There were three levels, with Level 3 requiring a contextualised argument that clearly linked causes and consequences through developed analysis.

Candidates who achieved Level 3 on this question used the evidence appropriately; they showed a good awareness of understanding in their developed points. There were some candidates who ignored the term menu costs and just discussed the impact rising inflation on small firms which was not what the question asked and therefore their answers could not be rewarded. No marks were awarded for simply defining inflation or shoe leather costs, and responses that referred to literal shoes such as the cost of making or buying footwear were also given 0 marks, as this demonstrated a misunderstanding of the economic concept, which is clearly stated in the specification. To achieve credit, candidates needed to explore how and why shoe leather costs might increase, for example, by referring to the increased effort or time spent searching for better prices during periods of inflation. Any valid line of reasoning was accepted.

Question 3e:

Good responses were able to provide a two-sided response which used economic theory and the information provided to analyse and evaluate. Many candidates used valuable time defining progressive tax systems or expansionary fiscal policy, which was unnecessary. It was pleasing to see a large number of candidates effectively using the information to build their analytical and evaluative argument. Application could come from the data provided in the extract or through use of relevant economic theory. Many candidates used the data table effectively to support their arguments. One-sided responses were not capped and could still achieve the higher levels, provided the analysis was well developed and contextualised. A conclusion was not required, but examiners were asked to read it in case it added anything of merit. A large number of responses copied heavily from the stem or misunderstood the focus of the question. Many were unable to move beyond Level 1, or only just reached Level 2. Confusion between monetary, fiscal and supply-side policy was common, and where responses focused entirely on the wrong policy area, 0 marks were awarded.

Question 4a:

This answer required the correct calculation to 2 decimal places and the % sign to be awarded all the marks. Examiners were looking for a final answer of 2,282.61%. If the answer was missing the % or the correct 2 decimal places, then examiners could award 1 mark for the correct working. If no working is shown, no marks can be awarded so it is essential candidates do show their working and this is stated in the question itself. No marks were

given for stating a formula or definition alone. Most candidates answered this correctly.

Question 4b:

Some candidates just repeated the information; however, many candidates showed some understanding of why the UK Government protects the environment as one of its main macroeconomic objectives. The higher ability candidates analysed one or two points in detail, whereas the less able candidates had answers which were more like a list of reasons rather than an analysis of why this could benefit the UK economy. Candidates could access Level 3 with a well-developed explanation of just one reason, provided the analysis was detailed and demonstrated a clear chain of reasoning. Application could come from the context in the stem or through the use of economic concepts and theory. Basic assertions, such as stating it could help to reduce healthcare costs and increase productivity without explaining why, were characteristic of Level 1. To reach Level 2 or 3, responses needed to go beyond assertion and show cause-and-effect reasoning. Overall, candidates did perform better on this question compared to other 6-mark questions on the paper.

Question 4c:

This question was marked using a holistic, levels-based approach, with responses placed in one of three levels according to the descriptor table. Examiners were looking for a contextualised, two-sided argument focused specifically on the impact of increasing fines to protect the environment, culminating in a supported judgement or conclusion. A response did not automatically reach Level 2 or above simply by including a statement of evaluation, nor was evaluation required to move out of Level 1. The mark awarded was based entirely on the overall quality and coherence of the response, rather than the presence or absence of individual components. No marks were awarded for definitions and responses that simply defined fines without further development were given 0 marks. Valid advantages of using fines to protect the environment often stemmed from how the government could use the revenue from these to help protect the environment and how the large fines might provide a financial incentive to firms to reduce pollution into the rivers. Valid disadvantages, most often drawn from the extract, included many firms will simply pay the fines or cost to effectively monitoring, prosecuting and collecting fines can be resource-intensive and challenging requiring substantial government effort and resources. While many candidates covered multiple advantages and drawbacks, the number of points made was not assessed; instead, credit was given for the depth of analysis and the clarity of reasoning. Application was rewarded whether it came from the data provided in the extract or from accurate use of economic theory. Weaker responses tended to rely heavily on the wording of the stem or offered lists of advantages and disadvantages without development, typically placing them in Level 1 or low Level 2. Stronger

responses offered more balanced reasoning and made clear links between cause and consequence, often moving into mid-Level 2 or higher. Although a conclusion was required for the 12-mark question, but many conclusions simply repeated earlier points. While a few candidates demonstrated the depth and balance required for Level 3, the majority of responses remained in Level 1 or Level 2.

Summary

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

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