

# ECONOMICS

Paper 9772/01  
Multiple Choice, Short  
Answers and Data Response

## Key Messages

- It remains important for candidates to answer the set question, especially in terms of what ‘depth’ is required when answering **Section B**.
- It is important for candidates, when answering the Data Response questions on Paper 1, to read the set questions and the stimulus materials carefully. Candidates are rewarded for directness in answering the question rather than trying to answer a question of their own choosing. Equally, when instructed to refer to the Extracts, candidates must do so.

## General Comments

Good candidates continued to demonstrate high order skills in applying economic principles to challenging and unanticipated contexts. Some of the questions in **Section B** covered areas that have not previously been examined and **Section C**'s focus on productivity was apt. Paper 1 expects familiarity with a range of theoretical principles across the syllabus, and the ability to apply them. Although most candidates managed to produce comprehensive answers, there remains the odd candidate for whom getting timing issues right remains problematic.

## Comments on specific questions

### **Section A**

The following are statistics for the 30 multiple choice questions with comparisons with previous years. Note that Questions 10 and 21 were not included in the 2015 assessment in as they did not work as intended; all candidates were awarded 1 mark for each of these two questions.

	2015	2014	2013	2012	2011	2010
Average	18.0	15.7	20	17.9	17.5	17.6
Mode	17	16	20	20	17	17
Min	6	5	9	7	9	9
Max	27	30	28	28	29	27

Candidates continue to find the multiple choice questions to be challenging. There are now six live past papers, not including specimen papers, and practise in this area helps improve performance. Of all the sections in this paper, the weaker candidates find this hardest.

*All the following comments should be read in conjunction with the published final mark scheme for this paper where greater guidance can be obtained as to what exactly it was that the Examiners were looking for/expecting – always bearing in mind that the unexpected answer is well-rewarded at Pre-U – providing that it is both accurate and relevant.*

### **Section B**

Generally speaking, this section was answered far better than had been the case in the previous year with many candidates producing solid answers across all four questions. As always, this section covered a wide cross-section of the syllabus.

### Question 1

- (a) It was intended that this question would allow all candidates to get off to a reasonable start. Where candidates failed to score, they often focused on defining price discrimination rather than highlighting the conditions necessary for it to occur. Another observation is that for this type of question some candidates continue to write too much: two concise relevant bullet points will get full marks.
- (b) This question was unusual in that the Examiners were prepared to accept answers that suggested it had made price discrimination easier but equally those who asserted that it made it harder could also get full marks. Candidates that scored full marks were able to use the appropriate economic terminology to frame their thoughts rather than writing in a generalist fashion.

### Question 2

- (a) Again, the opening part of this question hoped to solicit brief responses, identifying that a negative income elasticity of demand was sufficient to see a good classified as an 'inferior good'. Candidates who referred to price elasticity of demand showed a lack of understanding of elementary elasticity material.
- (b) This question was generally answered well: most candidates got 2 marks, the final mark being awarded for either being able to relate the fact that the price elastic demand for bus tickets would mean that a rise in their price would result in falling revenues, and most likely profit, or the quantification of the decrease in quantity demanded.

### Question 3

This was probably the most demanding question in this section of the paper. Good candidates demonstrated secure understanding of the economic principles involved and could explain a well-drawn, correctly labelled diagram. It was particularly pleasing when candidates were able to explain that the income and substitution effects operated all the time, with the slope of the curve being determined by which effect predominated.

Weaker answers still received some credit for generalised definitions of income and substitution effects, but it had been hoped that a clearer distinction between product and factor markets could be drawn.

### Question 4

- (a) Almost all candidates could identify that charging £10 ensured that neither firm A nor firm B made a loss, but there was little awareness that choosing to charge £10 was economically rational because *irrespective* of what the other firm chose, there was no incentive for either firm to want to change its strategy. Candidates were also rewarded if they could identify the situation as a Nash equilibrium and conveyed a sense of what this meant.
- (b) Candidates were looking to identify reasons why collusion was unlikely to occur. Good candidates found this straightforward; some, a minority, struggled to apply their knowledge.

## Section C

### Question 5

The aim of this section has always been to test both candidates' ability to read articles, manipulate and interpret data, and to apply economic principles. It was hoped that this year's question on productivity and its determinants would allow candidates to refer to contemporary economic thinking in their answers. Good candidates showed a pleasing ability to be direct in answering the question and in applying economic principles, which implied that candidate understood the complexity of Britain's productivity puzzle and the difficulties involved in solving it.

- (a) This question was often poorly answered, with many candidates struggling to interpret the productivity data in Table 1 in a meaningful manner. Almost every candidate scored one mark on this question, but the number of candidates who could identify that Japanese workers were approximately 10% less efficient and Italian workers 10% more efficient was smaller than anticipated.

- (b) Most candidates gained at least two marks for a working definition of international competitiveness. However, a distinction between price and non-price determinants was not always clear; skilled explanations focused on one of those factors in a sophisticated way, perhaps using the term ‘unit labour costs’ when looking at price competitiveness.
- (c) The majority of candidates were able to spot the likelihood of a positive relationship between the level of R&D expenditure and the long-term rate of growth of GDP. The very best candidates used the data to reveal that the relationship between the two variables was not always the most obvious – with specific reference to the data given in Extract 1 – and then went some way towards offering an explanation for this, often either referring to the existence of time lags or the complex nature of growth.
- (d) There were relatively obvious leads contained in the stimulus material. The Examiners felt that good answers should be able to put a case for a mixture of state and private sector funded R&D. It was hoped that good candidates would refer to things such as ‘catapult centres’ or perhaps highlight the fact that even seemingly all-powerful private sector firms, such as Apple, were often initially reliant upon state-funding, a point made by Mariana Mazzucato in ‘The Entrepreneurial State’.

The best evaluation here took a variety of forms: simplistic awareness of the opportunity cost, risk of government failure and distributional implications of state provision; more complex evaluation of how any answer to this question depended upon the context, be that the industry concerned or the present state of the public finances.

- (e) This question was the most ‘open’ of the extended answers: indeed, a number of answers emerged that went well beyond the scope of the original mark scheme. Given the stimulus material provided, it was expected that the majority of the answers would look at other supply-side policies that governments might adopt to boost international competitiveness. However, a surprising number of candidates devoted the bulk of the answer to demand-side measures such as protectionism and competitive devaluation. This was rewarded as much as supply-side material was, both in analytical and evaluative terms.

However, note the use of the phrase in the question: ‘With reference to Extract 1 and your own knowledge’. As highlighted in the mark scheme, there needed to be some reference to other supply-side factors that Governments might try to influence so as to affect international competitiveness..

As in previous years, these extended questions are set in the hope that good candidates can pursue a variety of analytical lines of inquiry in a non-prescriptive fashion that rewards good economics, and evaluate them appropriately. If candidates are willing to engage directly with the question they will be rewarded.

# ECONOMICS

---

Paper 9772/02

Essays

## Key Messages

The most important single message for candidates is that they must answer the question asked, rather than the question they would have liked or the question that they expected. Further, it is always good examination technique to ensure that the conclusion of an answer should refer explicitly to the particular form of expression in the question asked. For example, four of the six questions in this paper asked 'to what extent -- ----?', so that it is sensible to address this issue directly in the conclusion to one's answer.

## General Comments

The structure of the paper was unchanged from previous years, with the overall response by candidates also broadly unchanged, though with a few areas of some concern in the way in which some questions were answered by quite a number of candidates. All six essays were answered by significant numbers of candidates, no candidates committed rubric errors, and there was overall no significant evidence of problems completing the paper in the time available.

As usual, **Section A** asked questions on micro-economics and **Section B** on macro-economics, but there was no significant difference in the overall standard of answers to each section.

Most candidates showed a good understanding of relevant economic concepts and principles, with only a small number of cases where there was serious confusion – most particularly over public goods in question 2. The quality of explanation of required economic theory was almost invariably sound at least, and also generally relevant and appropriate to the context of the question being answered. Variability of performance was much more to do with the extent to which candidates answered explicitly the precise question asked.

It is vital, if candidates are to do themselves full credit, that they attempt to answer each aspect of a question, and in the precise terms in which the question is expressed. Both types of weaknesses occurred disappointingly often. Perhaps three particular examples will illustrate the point – but both weaknesses were apparent in some answers to all six questions. In **Question 3**, many candidates largely or entirely ignored the productivity element of the question, even though it was quite clearly one of three equal aspects pointed to in the question. And in **Questions 1** and **6**, 'greater importance' and 'still' respectively represent aspects of the issue at hand that ought to be addressed in a full consideration of the question.

Below are more detailed comments on individual questions; they should be read in conjunction with the extensive mark scheme.

## Comments on Specific Questions

### **Question 1**

This was a question that clearly hinged on the difference between factors causing a shift in the demand curve for a product and those that cause a movement along the curve, and almost all candidates who chose to answer the question recognised this. There was some good understanding of relevant factors demonstrated, and advertising as an example was almost universally recognised as being a factor aimed at increasing demand, shifting the position if not also the slope of the demand curve. Many candidates also addressed the issue of the extent to which changes might occur, and explained the relevance of elasticity concepts in this regard, though some more accurately than others. However, since the question related to the relative importance to firms of different demand-influencing factors it was vital, for a good answer, that this element was tackled explicitly. This in turn required consideration of what the aim of the firm might be, given that the relative importance of curve-shifting factors or price cutting would almost certainly be different according to whether the firm was essentially a profit-maximiser or followed other objectives. It was this aspect of a good answer that was most often lacking in scripts of a lesser quality.

## Question 2

This question was probably the one on the paper that was least well answered by quite a sizeable minority of candidates – because they did not have a good understanding of the meaning of a public good. The weakest answers generally showed confusion between public and merit goods. Slightly better were answers that defined a public good generally acceptably, but then went on to use examples – often the health service or education – that demonstrated a lack of real understanding of the concept. The issue of market failure was generally well dealt with by virtually all candidates who chose to answer this question; reasons for public goods – where these were correctly understood – generating market failure were also usually well explained. The issue then that generally distinguished good answers was the extent to which the question of difficulty or otherwise of correcting the market failure was addressed. And there was a minority of answers that showed a very impressive awareness of this issue, often with a quite sophisticated consideration of whether or not some provision by the state was necessarily better than no provision at all.

## Question 3

This was the most popular of the questions in **Section A**, and many candidates' answers showed good knowledge and understanding of different theoretical models relating to the possible impact of an increase in wages on numbers employed in different labour market structures. Good answers went further than this, with many using examples from the real world in attempts to illustrate the point they were attempting to make. However, there were two aspects where the quality of answers was rather more variable. Some candidates largely ignored the issues of productivity and of 'justified', even though both were explicit in the question. Others at least did attempt to consider one or both, though not always very convincingly. For example, many seemed to think that an explanation of a backward-sloping short-period supply curve of labour would suffice for a consideration of the issue of productivity – which was certainly not the case. On the question of whether or not wage increases secured through trade union action might be regarded as justified, although there was some very simplistic discussion, there were also a few excellent responses which recognised that this was very much a normative issue.

## Question 4

This was another popular question, with answers that were generally at least sound. Most candidates were able to identify and explain a number of possible causes of unemployment, and then usually to go on to look at possible alternative policies aimed to address each cause. Some answers indeed dealt with this aspect of the question using relatively sophisticated concepts and theories, though a few showed a degree of poor judgement by concentrating mainly on seasonal and frictional categories with little or no consideration of the more significant structural and demand-deficient ones, or indeed of other possible type-categories, such as youth unemployment or under-employment. However, in order to access the highest level of the mark scheme, an answer had also to relate to the question by considering the overall rate of unemployment too, and the issue of whether the actual overall rate has greater or less relevance than the type to a government when it formulates appropriate policies. Some candidates did this very well, but many did not seem to feel that they needed to be so explicit in answering the question asked.

## Question 5

This was also a popular question. It was another one where a number of candidates failed to answer the question directly enough. These candidates may have preferred a question on general causes of inflation rather than one on inflation target-setting in the UK. However, there were also many good answers that demonstrated good knowledge of the recent past's experience in setting and meeting or not meeting inflation targets in the UK. Such good answers also addressed directly the issues of factors contributing to targets not being met, and also the extent that such factors are within the control of the Bank of England. Finally, a number of answers – and these tended to be of the highest quality overall – were also explicit in considering the reasons for inflation targeting in the first place; this was an essential element in any attempt to evaluate the statement fully.

## Question 6

Although this was the least popular of the **Section B** questions, it was nevertheless answered by quite a number of candidates. The quality of answers was also more variable than to the two previous questions. The weaker ones tended to be less than fully secure in their explanations of comparative advantage as the basis for trade; then very descriptive in their response to the question asked, often in effect saying little more than that there are several other factors, such as political considerations, that also drive international trade.

Cambridge Pre-U  
9772 Economics June 2015  
Principal Examiner Report for Teachers

Better candidates clearly had a reasonable grasp of the theory – though many confused comparative with absolute advantage – but then were more hazy in making clear how it may be thought to be, or to have been, a ‘main driver’ of international trade. However, some candidates went on to consider, some very impressively, a range of factors that might also be thought to be influential in affecting the pattern of trade. The most common such factors were modifications to some of the restrictive assumptions on which the basic theory is based and the impact of regional trade blocs or of changing exchange rates. A few top quality answers also considered the question of whether comparative advantage had indeed ever been the ‘main driver’, thus linking to the word ‘still’ in the question.

# ECONOMICS

---

Paper 9772/03  
Investigation

## Key messages

- On this paper, the aim to ask a specific question, but in a manner that does not prescribe responses. Questions are open-ended and yet specific. The questions offer candidates different approaches to develop their answer and interpret the question in a way that allows them to show their analytical and evaluative abilities, as well as their independent research. Whilst there is no 'set' answer expected, to do well on this paper, candidates must engage and grapple with the **specific** question set, interweaving evidence of independent investigation.
- This is an Independent Investigations paper and is distinctly different from Paper 2 9772/02 in that key preparation involves pursuing independent research and delving much deeper into the chosen area of research than in Paper 2. Thus, economic arguments written by candidates should go beyond the theoretical and be supported by evidence of wider research (for example by data or contextual awareness).
- The weakest performing candidates decided to ignore the specific question, at times with no reference whatsoever to the question asked, and presented a rote-learned (although factually correct) response. Such responses scored poorly due to not engaging with the specific question that was asked.

Specific comments are made below on each question in this regard.

- Candidates **must** structure their response around the specific quote or statement presented to them – those candidates who did well really engaged with the quote/statement presented to them and were able to both analyse it and critique it.
- A conclusion should be more than just a summary of previous points. It may involve a final concluding judgement and justification on which side of the argument has the greatest weight in the candidate's opinion, or why any judgement is difficult and challenging the premise of the question.

## General comments

This session saw more candidates than before engaging with the specific question and bringing in independent research.

It is pleasing to see that, given the time constraints on the candidates, there were some very high quality responses, where candidates were able to exhibit *the ability to engage with the question, critique the question, and interweave their own independent research to support their points*. It is clear that some candidates had really delved quite deep in their research of their chosen topic area.

There were two common pitfalls – firstly, *candidates ignored the specific question set and engineered their own one, (often a previous year's one)*; secondly, *candidates wrote a Paper 2 style response, focussing almost entirely on a 'textbook' theoretical argument, with no supporting evidence of research*.



The best candidates showed an impressive array of independent research to support their points, rather than making general assertions in the direction of the context or argument they were discussing - for example, weaker candidates asserted that MDG2 could promote development, but stronger candidates had empirical evidence on this to support their point. Similarly, weak candidates made the assertion that China's slowdown would be bad for the USA, whilst stronger candidates were able to explain why and support this with evidence e.g. how much US debt China holds or how much FDI China does into the States. Paper 3 is specifically looking for evidence of in depth independent investigation (differentiating it from Paper 2 in some respects).

Contextual awareness is key – it is clear from a candidate's response, from the way in which they write their arguments, whether they have a contextual awareness of the topic or they are discussing it in generic terms. This contextual awareness helps convince Examiners of evidence of independent research – for example, weaker candidates still discuss China's fixed exchange rate as a reason why their exports are rising. Stronger candidates know that it was fixed 1995-2005 but has since appreciated significantly and the best knew that the IMF now estimate to be at its fair value. Similarly, discussing China's role in Africa by generalising FDI into all of Africa shows a lack of contextual awareness, whereas stronger candidates can discuss certain countries in Africa whose Sino-African relationship has been stronger e.g. Angola and Zambia.

Examiners always allow for innovative, original answers – but candidates will not do well if they rephrase the question in their opening page and then think this allows them to present a pre-rehearsed answer. For example, on the MDG question, it was a very valid (and expected) argument to make the point that there are other goals that are more important to development than MDG2 and 7. But that did not mean it was valid to completely ignore MDG2 and 7 and discuss every other single goal and how it promotes development. The question had clearly asked for a judgement and so any discussion of the other goals should have linked back to why they were more important than MDG2 and 7. In this way, Examiners rewarded candidates for their unique responses, but in a way that still focused on the question asked, rather than the candidates who could not relate it back to the question and thought it was acceptable to just analyse each goal on its own in what was often quite clearly a rote learned answer. The worst example of this was on the China topic where some candidates did not mention the global economy at all in their answer – clearly a Level 1 response – although they wrote very eloquently and knowledgeably on why China was slowing down and the supply side constraints it faced. Some candidates wrote significantly less than others but scored significantly higher because their response focused clearly on the question in hand – this was most noticeable on the China question.

**Strong candidates always brought all their arguments back to the relevant context of the specific question set.**

The questions on this paper made an assertion which it asked the candidate to assess. The best candidates looked at the specific points in that assertion, whilst the weaker candidates broadly ignored the specificities of the assertion and wrote an over-arching themed essay which simply looked at some of the recent issues, with just a mention of the quotes/statements.

Generally, Examiners felt that candidates were, on average, much better at looking at the specific assertion. For example, Examiners were pleased to see some candidates looking at the provenance of the Transport quote or actually engage with the 'unlocking economic potential' aspect of the question. But it was a significant number of candidates did not take the guidance from the quote offered – for example very few looked at the 'once-in-a-generation' hyperbole used or, in the case of the MDG question, looked at the words 'most important'.

It was pleasing to see that candidates were, on the whole, better than last year on not making sweeping generalisations, showing some critical awareness of the current context, but there were still statements that were unsupported with evidence. The best responses were able to interweave economic models with the independent investigation – those that did this scored very highly.

**Across the different questions the main error was to ignore the specific question set and to write much of the essay with little reference to the specific context asked.**

This Paper rewards independent thinkers who can bring together their research to justify a particularly relevant and original perspective – but put in reference to the specific context identified.



## **Comments on specific questions**

### **Question 1 Transport and the Environment**

Reflecting the trend from previous years, this question is not as popular as it once was, and is now behind China and the MDGs in terms of the number of candidates attempting it.

The candidates that did attempt it, however, did well and the general standard was high.

Paper 3 is looking for more than just standard textbook evaluation, and more context specific awareness. And this was generally very strong across the candidates attempting this question.

Candidates on this question had the scope to show their knowledge of HS2 and other transport modes in the UK – the most common one mentioned was aviation as an alternative for unlocking economic potential. Candidates understood rail transport in the context of both passenger and freight transport (which was better than in previous years) and had supporting data. *Crucially the link back to economic potential for the UK was made regularly.* There was still a variance in those that did discuss economic potential – stronger candidates were able to link in both micro and macroeconomic concepts but the best introduced the 12 Pillars of Competitiveness and UK's infrastructure position.

All candidates were able to discuss negative externalities of rail expansion, but the weakest did it in a purely theoretical sense, whilst stronger candidates had data on emissions from rail vs other modes, and only the best managed to look back to the consequence for economic potential. A good example of this is when discussing negative externalities of HS2, a weaker response would just focus on it as a negative of HS2, whereas a stronger response then linked it to evaluate what the UK government mean by 'economic potential' since it depends if it includes the notion of maximising welfare and sustainability or just economic growth. The latter was evidence of the candidate showing they were able to engage with the specific quote.

There were a couple of candidates who still wrote in very nebulous terms – that HS2 rail will cost many millions and take a long time to build. A differentiator between Level 2 and beyond responses were evidenced for example when discussing opportunity cost – a strong response would have said that the c.£50bn cost of HS2 could be spent elsewhere to unlock economic potential such as a third runway at Heathrow or a more integrated sustainable transport policy; but the weaker responses just said it was expensive with a high opportunity cost.

It was pleasing to see more candidates than usual evaluating the provenance of the quote e.g. the bias inherent in Manchester City Council. Though only a couple of the strongest candidates were able to interweave this evaluative idea further into the resulting bias on the shadow pricing / discount rates used in the cost-benefit analysis to conclude that HS2 is a good thing.

There were not many weak responses but these focused on a Paper 2 style response, embedding economic theory with unsubstantiated assertions and a lack of independent research to support their analysis. There was scope in this essay to bring in their knowledge of other transport projects, other modes of transport, wider UK government policy on infrastructure, comparing rail with other options – and pleasingly it was often done in a relevant way by bringing it back to the specific question set on whether HS2 would unlock economic potential.

Very few candidates engaged with the 'once in a generation opportunity' phrase which surprised the Examiners given how strong a statement it is. But those that did engage evaluated it well regarding uncertainty over the future. They also showed very good critical awareness over HS2 itself, for example the fact that it only reduces commuting time by 1 hour and 10, whereas China's HS2 reduces commuting times by 14 hours. So the 'once in a generation opportunity' may have been true more for China than for HS2.

Candidates were able to support their arguments by looking at alternative solutions to unlocking the UK's economic potential, but they had to do this within the context of the quote. For example, there were good challenges to the question from some candidates who proposed that economic potential can be unlocked in other ways too, such as other modal shifts, so it is not a 'once-in-a-generation' opportunity. There are many alternatives available to the government and currently the energy to run HS2 comes from polluting and unsustainable forms, so for the moment it is one of many opportunities.

Few candidates looked at disaggregating the UK though. This was surprising – since unlocking economic potential for the UK is not the same as unlocking economic potential for the North West vs London or small

independent retailers vs large national chains. But there was good contextual awareness displayed by many on whether HS2 would create more regional inequity or whether lower commuting times actually boost productivity.

The key to the question (and explicitly mentioned in the quote) was whether it would unlock economic potential for the UK and it was pleasing to see that candidates engaged with this. Overall, this question was answered well.

## Question 2 China and the Global Economy

This was the most popular question and, at the top end, responses were well structured and demonstrated a clear awareness of the nature of global influence.

Key weakness on this question: Not addressing the specific quote about the global economy and answering a different question to the one proposed (often treating it as purely a 'slowdown in China' essay).

Weaker candidates presented a discussion of reform to China's growth model with no link to the global concern aspect of the question e.g. many candidates knew about the reform to the Hukuo system but the link to why the growth rate may thus improve again and thus be less of a concern for the global economy was not always made. Similarly, discussion of China's pollution was often not linked back to the global economy. The weakest candidates decided to write almost a whole essay on how China could re-balance their economy, and made no attempt to even begin to discuss the issue of concern for the global economy. This was not the question set – and showed evidence of a pre-rehearsed answer that candidates wanted to write down. Evaluation was far more based around the question of whether China is really slowing down rather than the conditions under which a country may or may not be concerned about the slowdown. This again showed an unwillingness to engage with the global economy.

Some candidates spent a couple of pages discussing the economic history of China and how it got to its current position. Whilst this background can help answer the question, better candidates got straight into whether the slowdown was of global concern and integrated China's path to prosperity within their answer. The best essays got into the crux of the specific essay quickly.

A distinguishing feature was the willingness of candidates to **develop the analysis** for why it could be an issue for the **global economy**, in a way that showed sophistication used to explore the transmission mechanism between the slowdown and the global economy. At the weakest end, candidates ignored the global economy and kept focussing on why it was a problem for China itself, failing to link it to the global economy. Not enough candidates moved from identifying the link to the global economy (e.g. lower exports) to then explaining why or to what extent this was a problem for the countries affected. There was a lack of willingness to engage with the economies outside of China. The best responses focused specifically on why the slowdown in China would have knock-on effects in other parts of the world. Even within these responses though, the weaker ones simply did a 'reversal of the boom' style analysis – that is to say, they explained how China's growth had benefitted the global economy and then only added a sentence at the end to say 'thus the slowdown will be bad for the global economy', implicitly implying a reversal of all the above analysis. Whilst clearly this could happen, it was a simple approach. Better candidates showed more critical awareness of how and why these effects would manifest themselves, and crucially explained this link with depth. For example, many candidates asserted that the price level in China would rise due to the slowdown but very few explained why and/or the link to global prices.

The very weak candidates presented pre-rehearsed essays on supply side issues to China's slowdown and whether it would reverse itself – often even structuring it very similar to mark schemes from previous years (discussing the four factors of production and supply side constraints). Whilst there was some relevance, the candidate was exhibiting a failure to analyse it from the perspective of the statement offered in this particular paper. Re-reading the question every 10 minutes would be a good suggestion, to ensure candidates keep their focus. **It is important to stress to candidates that they must answer the specific question in front of them, not give a pre-rehearsed answer.**

Candidates who explored the different facets of China's role in the global economy did well. The standard approach remained to focus on trade, but better candidates showed they understood a wider range of issues and expanded into FDI, debt, commodities, environment etc. Similarly, candidates who showed an understanding of China's different relationships with different parts of the global economy did well – though weaker candidates failed to disaggregate the global economy. Only the strongest managed to go beyond LEDC vs DC and many still generalised Africa and the EU. Conversely, some candidates used the examples of one country in a continent to represent the whole continent – with the UK used to represent 'the West' and Angola used to represent 'Africa'. Specific evidence of research was lacking in the weaker candidates' scripts – making broad generalisations of China's outward FDI or trade links but reading more like Paper 2 – in both cases, Examiners expected something more specific to support points **and** to link it to why it could be a concern for the global economy.

It is worth stressing that superficial short one sentence evaluative comments will score poorly – particularly assertions that are unsupported with evidence. For example, many candidates knew that 7.7% was not a low growth rate vs other countries, but better candidates could give a comparison with either a developed country growth rate or the global average; or a comparison with Japan's rise and stagnation (or South Korea's) and understood concepts such as the Middle Income Trap and transition to a lower but more sustainable growth path. Similarly, many candidates knew they were meant to say that whether it is a concern depends on who you are in the global economy but, apart from saying that we needed to be aware of this, weaker candidates could not actually put any development or judgement on this point in their essay. Similarly, it was surprising how few candidates managed to disaggregate the global economy into more than just a country basis, in terms of workers, or firms or consumers.

The best candidates kept the focus on the specific quote given to them about China's slowdown concerning the global economy. Good candidates evaluated whether China's slowdown was a foregone conclusion – but again stronger candidates understood policy changes in China that may help this, citing Third Plenum reforms. Some candidates tried to discuss the rise of other countries to step into China's shoes such as Vietnam and Bangladesh but lacked critical awareness on the likelihood of this or under what time frame. Stronger candidates were able to nuance their point more to make a judgement on the probability of this happening. It was pleasing to see candidates understand China's changing economic landscape and growth model – with the constant conflict between growth and sustainability. Confident candidates were able to challenge the accuracy of the data, but again only the better candidates could offer judgement on why the GDP data may be wrong e.g. if compared to electricity consumption it looks like the slowdown may be even more severe or because GDP has historically inflated due to GDP linked to promotion for regional officials. The weakest got distracted by this and wrote extended essays on corruption and politics.

Whilst candidates knew why China was slowing, some struggled to use their knowledge to answer why this would cause a concern for the global economy. Conversely, other candidates wrote a whole essay arguing there was no reason for anyone to be concerned. Candidates at one Centre showed a particular lack of awareness around China's role in Africa, assuming it has only plundered resources and restricted development and hence a slowdown and reduced FDI in Africa must be a good thing. This approach shows a lack of critical awareness and nuance.

It is worth reiterating again here that this is a paper that is titled Independent Investigations and we are looking for evidence of this skill. Assertions made must be supported with evidence of independent research.

Use of diagrams was relatively poor again this year; for example, to show the effect of China's slowdown on cost-push inflation for the global economy or for FDI in LEDCs. When discussing China and the global economy, it is important that candidates label diagrams clearly and make it clear to the Examiner which economy the diagram is drawn for – China/LEDC/EU/Africa/Zambia – given the nature of the essay topic, it was not always clear.

The weakest candidates took China's slowdown to mean a recession, showing a total lack of knowledge of current context, whilst the strongest understood that it meant a decrease in the rate of expansion.

Candidates were better this year on not taking a mainstream media bias (although China's undervalued yuan still kept repeatedly making an appearance) and extrapolating it into a generalisation for the whole country. This was pleasing to see and was rewarded as good critical awareness.

A reminder to Centres that the conclusion should be the final judgement – candidates should take a step back from what they have written and make a final assessment of the topic – but it must be done in a rigorous way. Conclusions that summarise or list the points already made add very little. We are looking for a final judgement, supported by some reasoning. For example, some strong candidates chose to summarise their essay by arguing that the real issue is not the slowdown, as that is inevitable as it transitions to an efficiency driven economy, but whether it is a soft or hard landing. But only the best candidates could offer a judgement on what the latter depended on, for example the Third Plenum Reforms.

Some of the weakest candidates accepted the premise of the question as gospel, that China's growth story was over and/or undesirable from a global perspective – showing a lack of critical awareness about policy reform, the transition-model and the global economy. Even if one were to conclude this, one would expect candidates to show some critical awareness with reference to risks.

It was strong evaluation to question the premise of the question by suggesting that the slowdown may be intentional and deliberately engineered by the Chinese government as part of its rebalancing growth model. But this should have been **one strand** of a wider essay that focused more directly on the slowdown. However, in one Centre, almost all candidates used this point as their starting point and then proceeded to discuss the consequences and benefits of the rebalancing policy, rather than on the slowdown per se. The question was not on rebalancing, first and foremost, but on the slowdown, of which the rebalancing is one element. Some candidates focused too much of their essay on how China's government could continue its growth – while relevant, it is worth stressing to candidates that the question was first and foremost specifically about their slowdown's impact on the global economy.

The best candidates exhibited the skills required for this paper exceptionally well, having a clear and thorough focus on China's global influence and their impact on a range of facets, with an impressive display of independent research to support their assertions, analysis and evaluation.

### Question 3 Millennium Development Goals

This was the third year this topic area had been examined. It is a popular question.

Key weakness: Candidates knew a lot about the MDGs and development and, if they had taken a few minutes to analyse the specific question, they could have actually written good responses. They had clearly learnt lots of figures and ideas, and were determined to get them into their essay.

Candidates who scored well on this question were ones who engaged with two key aspects of the quote: firstly, the focus on MDG2 and MDG7 and, secondly, the focus on the words 'most important' inviting a judgement. Strong candidates attempted to prioritise whether MDG7 was more relevant for MEDCs whilst MDG2 was more important for poor LEDCs; but if the focus is really on development and not growth, then MDG7 sustainability is important too. Use of the Kuznets curve on environmental degradation was used by strong candidates to illustrate their point.

Almost all candidates were able to explain why MDG2 was important for economic development (although only the best candidates understood the nature of economic development vs economic growth, with many candidates stopping at economic growth). But many candidates gave only a superficial account of why or how MDG7 promotes economic development – they did not seem to understand how environmental sustainability could do so, and this was a differentiating feature between candidates.

There was a lack of contextual awareness from the weaker candidates, going from primary education in MDG2 to boosting innovation and exports, whilst stronger candidates understood the need for secondary and tertiary education as well as good institutions. Strong answers incorporated development growth models, including Endogenous Growth and Rostow's model and the roles of MDG2/7 in these.

The quote was vague by grouping all LEDCs and yet there was very little attempt by candidates to disaggregate LEDCs – only the best managed to understand that they were not homogeneous and that different LEDCs needed different goals for development at any point in time (with a judgement with examples being even rarer). However, there is an almost standard comment now that ‘the MDGs lack context of different countries’ problems’. This low level assertive comment, while valid, is different from a high level candidate who demonstrates they understand the true implications of this with data and analysis linked to the question e.g. for some countries achieving MDG 2 is about girls’ participation, for others it depends on good governance.

Many candidates had China in mind for their example of a country that has pulled many out of poverty without a focus on the MDGs but via trade. This is fine but strong candidates were able to discuss this in the context of the specific quote whereas weaker candidates simply stated this fact. Furthermore, using one country (China was the most common) as an example for everything development related also showed a narrow focus on the term LEDCs. A range of case studies helped stronger candidates show contextual awareness.

The way the question was phrased clearly invited candidates to make a judgement on whether MDG2/7 were the most important, whether the other goals were more important, whether none of them were important etc. – but weak candidates simply discussed every single goal, often in list-like fashion. Given the time constraint, any attempt to discuss all 8 goals was going to carry an opportunity cost and lead to a sacrifice in depth of analysis. A small but vital tweak in the focus of their essay would have helped them a lot.

It was absolutely valid to discuss the importance of other goals, but it had to be in the context of the specific question asked – good candidates could prioritise other goals such as MDG1 vs MDG7 for example, but weak candidates looked at all the goals disparately.

Strong candidates had the confidence to challenge the premise of the question discussing the debate over whether the MDGs actually help development citing Collier, Sachs, Moyo et al, whilst others said they were all needed and it was better to view them as a collection rather than individually. Others felt that the road to development was via trade and not via any specific goal. Again, with reasoned justification, this kind of original response is encouraged and rewarded well.

Many candidates challenged the accuracy/reliability of measuring the MDGs and thus their usefulness for promoting development – but weak candidates repeated this evaluation point repeatedly throughout their essay for each goal. Stronger candidates were able to offer a range of evaluation – for example very few candidates looked at ‘more important’ for whom: firms, workers, or the government. MDG2 may provide for primary education but without gender equality (MDG3) women will always face a barrier in LEDCs.

It was pleasing to see strong candidates make judgements on the importance of MDG7 by bringing in their knowledge of the Sustainable Development Goals – for example how the environment features prominently on the latter. Thinking beyond the obvious points and showing that a candidate understands the nuances around an argument is a good skill to exhibit.

#### **Question 4 Economic Thinkers and their relevance today**

This question was not attempted this year.