Economics

Timezone 1

To protect the integrity of the assessments, increasing use is being made of examination variants. By using variants of the same examination, students in one part of the world will not always be responding to the same examination content as students in other parts of the world. A rigorous process is applied to ensure that the content across all variants is comparable in terms of difficulty and syllabus coverage. In addition, measures are taken during the standardisation and grade awarding processes to ensure that the final grade awarded to students is comparable.

Contents

Grade boundaries

Higher level overall

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 11	12 - 23	24 - 36	37 - 49	50 - 61	62 - 75	76 - 100

Standard level overall

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 11	12 - 23	24 - 39	40 - 52	53 - 66	67 - 79	80 - 100

Internal assessment

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 6	7 - 12	13 - 20	21 - 25	26 - 31	32 - 36	37 - 45

Higher level paper one

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 3	4 - 6	7 - 8	9 - 11	12 - 14	15 - 17	18 - 25

Standard level paper one

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 2	3 - 4	5 - 8	9 - 11	12 - 15	16 - 18	19 - 25

Paper two

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 5	6 - 10	11 - 16	17 - 22	23 - 27	28 - 33	34 - 40

Higher level paper three

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 5	6 - 11	12 - 16	17 - 24	25 - 31	32 - 39	40 - 58

Internal assessment

The range and suitability of the work submitted

The majority of students had completed three commentaries and addressed three different syllabus areas using three different sources. The choice of articles was usually suitable, although some were too short and contained insufficient information for the writing of a comprehensive commentary. Some articles were studies or reviews such as blog entries and these are not actually news items, so they are not the best choice. There was a wide range of ability seen.

The three rubric requirements were nearly always adhered to, which was very pleasing. The maximum time lapse allowed between the date the source article was published and the writing of the commentary is one year and this was occasionally not applied. Also, occasionally the same source for the chosen article was used more than once.

Highlighting of long articles was variable and a few centres highlighted short articles, which is unnecessary. Also, the amount of highlighting varied; a few words or sentences is not effective at all; full sentences and paragraphs relevant to the commentary should be highlighted if the article is long.

Student performance against each criterion

Criterion A: Diagrams

Most students included at least one relevant diagram, although these were fairly often not well explained or just generic. Occasionally diagrams had been copied from textbooks or websites and labelling of axes and application was purely generic and theoretical. It is preferable that students produce their own diagrams, either by hand or using computer skills. Neatly hand drawn diagrams are very much preferable to copied ones. Although this criterion does say 'diagrams' in the plural, students are able to gain full marks if they use only one diagram. However, it often was the case that students did not attain full marks on criterion A with a single diagram because the article lent itself to more than one diagram. Also diagrams that have been adapted to the article using the correct product and actual prices (if known), were more likely to gain full marks than generic labelling.

Criterion B: Terminology

Appropriate terminology for the chosen article was used by the majority of students but was not always used consistently or correctly with understanding throughout the whole commentary. There was sometimes incorrect terminology used. Some students avidly defined every single term they used and referenced the definitions with footnotes or the author of the text in brackets, which is unnecessary. If precise definitions are cited, they must be in quotation marks and referenced as to the source. However, this is really not necessary as there is no mention of the word 'definition' in the descriptors for this criterion. The aim of this criterion is an implication that the student understands the terminology used in relation to the chosen article. Some students used far too many acronyms, often ones not recognized by the IB syllabus and sometimes the full words were never given or explained. The majority of students used appropriate terminology so it was rare to see zero marks awarded for this criterion.

Criterion C: Application and analysis

The application of relevant economic theory usually was satisfactory, and this mostly gained one mark out of the three possible marks for this criterion. In the new syllabus, application and analysis are assessed in

a single criterion. A contextualised analysis is thus needed to achieve a higher mark. Commentaries with limited analysis or description of the article would usually achieve a mark of 1. More commonly, analysis was theoretically sound but lacked a meaningful connection to the article, resembling more of an essay on the theory, resulting in a mark of 2. To secure the full 3 marks, students needed to effectively apply and analyse the theory in the context of the chosen article. This higher level of performance was observed reasonably often among students who achieved higher marks overall.

Criterion D: Key concept

Most students were aware of the key concepts, although there were a few examples of concepts chosen which were not one of the nine IB Economics key concepts and as such these could not be rewarded. The explanation of the links between the chosen key concept and the article and commentary varied greatly and this was rewarded by marks ranging from zero to three. Where the key concept was only given on the coversheet, but never referred to in the commentary, a mark of zero was awarded. Occasionally the key concept was explained incorrectly or not understood, such as 'sustainability', or used in a non-economic way, such as 'change', and again low or no marks were awarded in these cases. However, a full explanation of the link of the key concept to the chosen article was able to attain the full three marks. Some students chose the same key concept more than once and for the second one this was awarded 0 marks in this criterion.

Criterion E: Evaluation

It was good to see that quite a number of the higher attaining students had balance and effectiveness in their evaluations and were able to attain the full three marks. It was also very pleasing to see that most students attempted to evaluate, although quite frequently this was limited, unsupported, theoretical or just copied from what had been written in the article. A few students had researched other related articles and used these for their evaluations, but they could not achieve top marks as the commentary must be written on the article selected. Some articles selected had already been analysed and evaluated, so the students did not actually synthesize their own analysis to evaluate and thus they could not attain top marks. Many just described what was happening and thus the evaluation was more like a conclusion. Many of the students who presented their own opinion could not support their judgment with economic analysis or information from the article. Too often students thought they should offer suggestions as to policies a government should use when the article was about a 'problem' or suggest alternatives when these were actually not mentioned at all in the article or they were inappropriate for the article content, and again these tended to receive low marks.

Criterion F: Rubric requirements

There are three rubric requirements and these were usually adhered to. The three requirements being that the article chosen must not be older than one year when the commentary is written; the source of each chosen article must be different for each of the three commentaries, and each article and commentary must address a different unit of the syllabus. The word limit is now 800 words and any words written above this number are not penalized in criterion F, but the examiner does not read beyond 800 words. Also, incomplete or missing articles are not penalized in criterion F, but the examiner marks on the part of the article uploaded, or if no article, then the title of the article. Both these problems were seen by examiners, but not very frequently.

Recommendations and guidance for the teaching of future students

For the teaching of future students, it is recommended that the students take at least six to nine months to complete the portfolio of three commentaries, if not longer. The Internal Assessment (IA) is an integral part of the IB course and should not be seen as a set of assignments to complete at the end. It is recommended that each assignment should be completed when different units of the syllabus are being taught, so they may do one or two commentaries in year one and the remainder in year two. It is also recommended that students select articles about different countries other than their own for at least one commentary.

Students should be discouraged from searching for other sources to add on to the information already provided in their selected article. Marks are only awarded for work done on the chosen article so there is no benefit in finding other related resources. If they select appropriate articles, of a length that gives them enough content to write about, there should be no need for extra information.

Teachers are to guide students but not to choose articles for them to write their commentaries on. It was noticed in some centres that the students had all written their three commentaries on very similar topics. Teachers may give one written feedback only on the first submission and the second submission must be final.

It is recommended that students download and save articles directly with the source visible (for example website link) as honesty is sometimes compromised if sources are just named. Too often the articles were presented as Word documents copied and pasted from the article and again, honesty is compromised. Also, the details of the sources in each file should match with the details given in the cover sheet. Highlighting of the areas of long articles being commented on is recommended, but it must be effective and not just the odd sentence or word.

Students should be informed that there is no need to fully define every economic term used, or a set number of terms, but just use, apply and explain terms in the context of the chosen article. Criterion B does not ask for definitions.

Teachers should make brief comments as to why they awarded marks. When teachers write no comments about why marks have been given, the examiner sometimes is unsure as to the reasoning behind these. Teachers are permitted to write comments on the IAs but it is advised that these are not written in red pen. Teachers are also encouraged to upload a separate file to indicate the marks awarded and comments to justify the awarded marks as per the subject component upload requirements for the session.

It was obvious sometimes that the teacher had not checked the article and commentary submitted at all, such as when an electricity tariff being raised was seen as a trade tariff. It is the role of the teacher to check the article and the first submitted commentary.

Referencing of the article itself should be on the cover sheet and it is very helpful, as mentioned above, if the article is directly taken from the website, not a copy and pasted one or a Microsoft word document. Diagrams need to be presented appropriately, carefully labelled in relation to the content of the article and be dynamic and not generic.

Further comments

Teachers at times seem to misinterpret the criteria. Full marks were usually given for criterion F, even when the rubric requirements were not all met. Some teachers gave one mark only for criterion B if definitions were not given for terms used, despite there being no requirement for definitions. Teachers must ensure

that they are fully aware of and understand the marking criteria and also that the students themselves are aware of these. It can be quite obvious sometimes that either or both the student and teacher are not aware of the criteria descriptors.

Teachers must be familiar with the process of uploading the articles, commentaries and marks awarded into one section of RM Assessor. The other section is for the criterion marks and the teacher's comments as to why marks have been awarded. These do not have to be 'essays' but just the reasoning behind the marks. For a few centres this separate section was not used at all and no comments were made by the teacher, so the examiner did not know why marks had been awarded.

It is most important that where a centre has more than one teacher marking the IA, the teachers should standardize their marking so that they are all applying the assessment criteria in the same and correct way. It was noticeable that in some centres the awarding of marks was variable and inconsistent for each student.

Higher level paper one

General comments

It is encouraging that most centres have adapted well to using real-world examples for question (b) of paper 1, with many students incorporating them into their responses. However, students struggled with questions that were less familiar to them. While revision using past examination papers can help prepare students for their examinations, it is not a sufficient tool to establish a clear understanding of IB Economics.

The areas of the programme and examination which appeared difficult for the students

Appropriate usage is needed of key terms or phrases such as profit maximization, sustainability, and development. The great majority of students who attempted question 1(b) did not fully understand the specific demands of the question of why firms aim for profit maximization. There was confusion about whether maximizing profits and abnormal profits were the same rather than two distinct economic concepts. Only some students recognized the importance of maximizing profits to enable firms to continue operating and use profits for research and development, expand market share, and ensure a return on investments for the owners. A minority of students also considered that some firms would aim for alternative business goals of corporate social responsibility, increasing market share and satisficing rather than profit maximization. Most students provided strategies for firms to earn abnormal profits, confusing the term with maximizing profits.

Many students who attempted question 3(b) could not discuss the linkage between government intervention and economic development. Students often discussed how government intervention policies can increase real GDP (economic growth) rather than economic development. Similarly, students who answered question 3(a) often could not show familiarity with the term sustainability, and discussions regarding the linkage between poverty and sustainability were missing. Most students who attempted to answer this question provided examples of poverty's effects.

The areas of the programme and examination in which students appeared well prepared

Students could answer question 1(a) effectively, with many students providing clear explanations of how perfectly competitive firms can earn abnormal profits in the short run but not in the long run due to the entry of firms causing increases in supply and decreases in price until abnormal profits are competed away.

Some excellent responses to question 2(a) were produced, with students showing a clear understanding of how government spending can lead to short-term economic growth through its direct effect on aggregate demand. However, the idea of the Keynesian multiplier needs to be more widely understood.

The strengths and weaknesses of the students in the treatment of individual questions

Question 1

(a) This was one of the more popular questions and the one for which students were generally well-prepared to answer. The majority of students could explain the assumptions of a perfectly competitive

market structure. These assumptions of zero barriers to entry and exit, price takers, and selling homogenous products were used to explain the long-run adjustments in the market that explain how abnormal profits are competed away by the entry of firms that are attracted to these profits. However, while the explanation was clear on how only normal profits are made in the long run, diagrams were sometimes incorrectly applied to the explanation, with some students using an imperfectly competitive market structure diagram. Some students' diagrams were incorrectly labelled or incomplete, which diminished the quality of their responses.

(b) While part (a) of the response was generally well understood and answered, part (b) of question 1 was difficult for most students. A few students provided valid reasons why profit maximization is a goal of most firms. Other business objectives, such as satisficing, increasing market share, and corporate social responsibilities, were also mentioned by a minority of the students who attempted this question. Most students who attempted this question were confused between the concepts of maximizing profits and earning abnormal profits. The students provided strategies/methods for earning abnormal profits rather than addressing why firms would like to maximize profits, regardless of market structure.

Question 2

(a) This was the least popular question in the paper, but students who attempted to answer it generally provided good responses. These students explained how increasing government spending can result in short-term economic growth. However, the explanation of the Keynesian multiplier could have been stronger, and students sometimes confused the Keynesian multiplier as an effect of providing subsidies to consumers that increased their marginal propensity to consume. Educators need to revise their students' understanding of how induced spending can happen from injections into the circular flow of income.

(b) Most students considered the trade-off between economic growth and inflation using policies that bring about economic growth, such as demand-side and supply-side policies. However, the response was quite limited to this macroeconomic objective trade-off without considering the trade-off between economic growth and unemployment, sustainable debt, inequality in income distribution, external balance, and environmental sustainability. The view that there may or may not be a trade-off among other macroeconomic objectives was seldom explored.

Question 3

(a) This was another popular question this year, and most students who attempted it appeared to understand poverty and its effects. Sustainability needs to be better understood, and the linkage of poverty to sustainability was often missing. The poverty cycle diagram was sometimes drawn incorrectly, and some students had difficulty drawing a correctly labelled negative production externality diagram to show the overuse of common pool resources. The usage of the terms economic and environmental sustainability remained problematic. Students should be encouraged to use them appropriately throughout their responses.

(b) Most students used the term government intervention appropriately but focused on the strengths and limitations of the different government policies and forgot to link these to economic development. Economic development appeared to be poorly understood by students. It was often omitted in the analysis and evaluation, leading to responses that did not fully address the specific demands of the question.

Recommendations and guidance for the teaching of future students

Students should read the questions and carefully consider their responses. Students should address the specific demands of the question rather than writing everything they know about a topic, which can be a significant waste of time. They could be advised to re-read the question again once they have finished writing their response as a self-check mechanism.

Appropriate usage of economic terminology: While definitions are no longer required in student responses, it is essential that students are able to effectively use terminology to provide a clear response. When terms are correctly used and applied to the question, it results in responses that show a clear understanding of economic concepts and theories.

Effective use of diagrams: Students need to draw them clearly and label them thoroughly. Diagrams should be used to explain concepts and theories. A diagram that does not show what is happening is unlikely to be useful.

Relevant and effective use of real-world examples: While the use of real-world examples can help students achieve the highest marks, they cannot compensate for a lack of theoretical understanding. Real-world examples should aid in illustrating these economic concepts and theories, not replace them. Practice should be given to effectively incorporate real-world examples in responses.

Students should be encouraged to read suitable news media regularly to develop their knowledge of real-world examples.

Standard level paper one

General comments

In the third year of the current Economics syllabus, it was encouraging to see that students seem to understand how to structure their essays using precise terminology, good explanation of economic concepts and theories using well-labelled diagrams and for part (b), adding effective evaluation and real-world examples.

The areas of the programme and examination which appeared difficult for the students

The price floor diagram (question 1(b)) showing consumer and producer surplus and welfare loss is not understood by the majority of students. Most students did not seem to understand the term "microfinance" in question 3(a) and it was also discouraging in question 3(a) how many students did not understand the concept of economic development. Very few students could explain the concept of market-based policies in question 3(b).

The areas of the programme and examination in which students appeared well prepared

There is evidence of a clear understanding of basic supply and demand theory (question 1(a)). Students performed well on question 2(a), which dealt with the differences between demand-pull and cost-push inflation. The diagrams and explanations for this question were generally good. Monetary policy also seems to be a concept that is well-understood and could be evaluated (question 2(b)).

It is encouraging that students are being taught to provide real-world examples and to use them **throughout** in their responses to part (b).

The strengths and weaknesses of the students in the treatment of individual questions

Question 1

(a) This was the most popular question and the one for which students were well prepared, in general. Most students were able to correctly draw the microeconomic diagram to show the precise shift of the demand or supply curve and the resulting effect on price. Those students usually referred to a specific determinant of D or S and explained how it caused the shift and change in price and thus reached the higher level descriptors of the assessment criteria. Some students were very vague in their descriptions of what caused the shifts in D or S and did not specifically name a determinant. These responses did not score very highly. Other students may have used macroeconomic diagrams, or just named a determinant without explaining it, which also limited reaching higher level descriptors of the assessment criteria.

(b) Most students jumped into a discussion of the negatives of price floors (agreeing with the statement) without explaining how price floors work. The relevant theory (how price floors work in this case) must be explained first. Most students included a diagram of price floors but if there was consumer or producer surplus or the welfare loss shown, it was often incorrectly labelled. The diagrams were often not referred to or explained which limited the reaching of higher level descriptors of the assessment criteria. There

were some good real-world examples of minimum wage, but often where the minimum wage is being imposed was not explained. Often the real-world example was just mentioned without being fully developed and used throughout the response. Often real-world examples were given for products where price floors have never been or likely would never be used. There was very little evaluation and if it was there, it was just a brief mention of how the producer gets more money, but this was not developed. It is not evaluation if it is just agreeing with the statement. Some students did evaluate by discussing alternatives to price floors and were able to evaluate those alternatives and this helped them reach the higher level descriptors of the assessment criteria.

Question 2

(a) This was the second most popular question and it was generally well answered by the majority of students. Most could explain the difference between cost-push and demand-pull inflation, showing it on diagrams. However, it was discouraging to see how many students incorrectly labelled the x-axis with "Quantity" and referred to "Q", rather than "Y". Some students merely explained how demand-pull causes a rightwards shift of AD while cost-push caused a leftward shift of SRAS without explaining what **caused** these shifts. Many students drew the diagram but did not refer to it in their response. Some merely explained that the difference was that demand-pull achieved an increase in GDP while cost-push resulted in a decrease in GDP. This was not enough to reach the higher level descriptors of the assessment criteria.

(b) Most students understand the tools of monetary policy but often did not explain how an increase in interest rates specifically affects consumption, investment and aggregate demand, thus causing an increase in the price level. Often there were diagrams of the supply and demand of money, showing how the interest rate would increase. However, often there was a lack of an AS/AD diagram to show the effects of rising interest rates on AD. There were good real-world examples provided to explain how monetary policy has been recently used in many countries to reduce inflation. Many students could evaluate monetary policy and understood the limitations of it and could often compare it to fiscal policy, which was good evaluation.

Question 3

(a) Not many students answered this question, and sadly most did not properly explain the concept of microfinance. Improved access to banking, including microfinance and mobile banking, which is directly from the subject guide, does not seem to be a topic that is widely taught. Many focused on the benefits of mobile banking but did not relate them to economic development. It is evident that many students still do not understand the concept of economic development. Most responses did not provide a relevant diagram.

(b) It was discouraging to see how few students understood the concept of market-based policies. They did not recognize them as trade liberalization, privatization or deregulation. The concept of economic growth seems to be somewhat understood and diagrams to illustrate it were sometimes provided but were not linked to market-based policies. If real-world examples were given, they did not relate to the question and were often irrelevant. Very few students discussed interventionist polices and how they were best but did not really explain market-based polices.

Recommendations and guidance for the teaching of future students

Students should be encouraged to plan their responses before beginning to write. This would present a more cohesive and logical response to the question posed.

Teachers should encourage the students to write their essay questions in two distinct parts, labelling each as (a) and (b). There were many students that still wrote them as one answer.

Students should be encouraged to use more diagrams in their work. Both parts (a) and (b) should include at least one diagram where appropriate. There seems to be more diagrams included in answers, but they are not incorporated into the text of the answer and are often not explained. This would provide a fuller response to the question set. It would also be useful if students were encouraged to fully label the diagrams that are provided. If an example is being used to support the argument, then the diagram should incorporate reference to the example. Axes should be labelled as well as the curves.

Students should be encouraged to illustrate their answers with real-world examples, to show that they really can apply their economic theory. This should not be just at the end of part (b), but the example should be developed throughout the response to part (b) to support the argument.

When writing essays, students should be taught to use evaluation in part (b) of each question. This may be comparing the advantages and disadvantages, looking at an issue from another perspective or different stakeholders or considering the difference in short-run and long-run outcomes or weighing the relative importance of various factors. In the case of question 1(b), the students were asked to evaluate the view that price floors should **never** be used. In order to show proper evaluation, the students needed to challenge this view and discuss where price floors can be beneficial. In part (b), it is essential to give a precise explanation of a policy (monetary policy, for example in question 2(b)) before attempting to evaluate the policy. Many students jump in and start evaluating before explaining what a particular policy is intended to accomplish.

It is important for students to read the questions carefully and answer what is being asked. In the case of a question asking for a discussion of what is the "best" way to achieve something (in the case of question 3(b) that asks whether economic growth and economic development are **best** achieved through the use of market-based policies), it is important to discuss alternatives to the option provided (alternatives to market-based policies, in the case of question 3(b)).

Students would benefit from getting access to past papers and markschemes as early as possible in the course. This will give students an understanding of what is expected in an economics essay and the importance of using precise economic terminology, explaining the relevant theory, providing well-labelled diagrams that are explained and integrated into the text of the response, providing real-world examples that are relevant and that are used throughout the response and providing an effective evaluation.

Paper two

General comments

We are now in the third year of the revised paper 2 format under the new syllabus. This session also marks the first combined paper 2 for standard level (SL) and higher level (HL) cohorts.

The quality of scripts has continued to improve, particularly in answers to the quantitative part (b) questions, introduced in 2022, which are now more familiar to students. Moreover, the responses to part (g) questions have, overall, become more analytical and evaluative rather than being primarily descriptive. Most students now understand the importance of using, rather than merely repeating, information from the texts and data. Additionally, the answers are now more focused on the specific question asked. Compared to previous May sessions, fewer students faced difficulties in reaching higher levels for the descriptor related to understanding and addressing "the specific demands of the question" in their responses to part (g) questions.

The areas of the programme and examination which appeared difficult for the students

In terms of the programme, students generally demonstrated a good understanding of economic concepts across all tested units. However, there are a few students who cannot draw or cannot effectively use the international trade diagram and/or have not encountered the poverty cycle. The concept of portfolio investment was sometimes poorly understood, and the concept of income inequality was often not distinguished from the concept of poverty. When using the AD/AS (aggregate demand/aggregate supply) diagram, some students did not seem to understand the factors which might shift AS or they confused a movement along the AD curve with a shift in the curve (for example, they considered that a rise in the price level would shift the AD curve). Although almost all students could draw and label an externalities diagram, there was some confusion about which curve would shift in response to a policy or a change in another market.

While almost all students had correctly memorised the formulas for price elasticity of demand (PED) and income elasticity of demand (YED), there were a few students who could not use the formulas successfully in calculations or could not compute them correctly.

For parts (c) to (f) questions, some students lost marks because they had labelled the axes of an AD/AS diagram as though it was a microeconomic supply and demand diagram or vice-versa. For the explanation parts of the (c) to (f) questions, it is important to focus on what is being asked. It is not necessary to provide extra information about the diagram or extra labels on the diagram, if such information is irrelevant to what is being asked in the question.

Question 2 was more popular, with approximately 75% of students choosing it. Some standard level (SL) students might have felt disadvantaged by question 1, thinking that their higher level (HL) counterparts could apply HL extension topics such as the Marshall-Lerner condition and the J-curve. While HL extension topics are no longer tested in paper 2, it is inevitable that some HL students will use and apply them in their responses to part (g). Although the application of HL concepts will be credited when applied appropriately, students should realise that this is not required to achieve full marks in part (g) (or any part of paper 2). Questions are devised to ensure that there is sufficient scope for SL students to achieve full marks by applying concepts which are common to both cohorts.

For question 1(g), students had to consider the impact of the UK pound's depreciation on both the balance of payments (BOP) and the economy (which would encompass any of the macroeconomic variables such as economic growth). Since the common SL and HL syllabus focuses on the impact of exchange rates on the current account, students who only considered the impact on the current account could still be considered for the highest markband (13-15 marks) on the first descriptor, which is "addressing the demands of the question". Students who addressed either the impact of the depreciation on the BOP or the economy, but not both, did not go beyond the third markband (7-9 marks) on that first descriptor, because they were only partially addressing the demands of the question. It is essential that students are taught to address the specific demands of part (g) questions.

A lack of coherence and organization in responses to part (g) was a common contributor to lower marks across both questions. This occurred when students merely worked through the extracts and commented on each passage's contents rather than presenting a structured response which analysed and evaluated the information in the extracts. Some students still provide generic responses without incorporating relevant evidence, data, or contextual information from the texts and tables. This resulted in poorly developed arguments. Other students try to cover too much ground, merely stating many points or policies, instead of prioritising the quality and depth of arguments.

The areas of the programme and examination in which students appeared well prepared

The basic microeconomic and macroeconomic diagrams have usually been well learned, in terms of both how they are drawn and how they are interpreted. Most students have a good understanding of development topics.

In this examination, time-management seemed generally to be effective, with almost all students providing very brief definitions (of just one or two sentences) and concise, focused explanations for the (c) to (f) question parts. Thus, they left enough time to provide a full and structured essay answer in response to the (g) question. Many students referenced the texts and data effectively and usually went beyond merely repeating the information provided. Additionally, a significant number of responses demonstrated balanced evaluation and effective synthesis.

For the definition questions in part (a), students could generally achieve at least 1 mark by showing a vague understanding of the concept.

For the calculation questions in part (b), almost all students provided sufficient valid working. This was important, because the working could provide partial marks even if the final answer was wrong. The macroeconomics related computational questions – both for national income accounts and for the balance of payments accounts – were well handled.

The strengths and weaknesses of the students in the treatment of individual questions

Question 1

(a)(i) Recession was, in most cases, only partially defined. Many students understood it represented a downturn in the economy but could not provide an accurate definition.

(ii) Relatively few students could define portfolio investment. Some considered it to be identical to foreign direct investment.

(b)(i) Although this was a complex question, many students could get at least partial marks by doing parts of the calculation correctly. For example, some students could not correctly calculate the percentage change in price when it changed from UK£5 to UK£4 (considering it to be a 25% change rather than a 20% change), but thereafter performed all calculations correctly. Such responses were awarded 2 out of 3 marks. However, there were some students who, while they could provide an accurate PED formula, could not apply the formula at all.

(ii) Many students were able to calculate the balance of trade correctly by selecting the appropriate items (ignoring those that belonged to the financial account) from Table 2.

(c) Most students recognised that an increase in interest rates would reduce AD and thus real gross domestic product (GDP), but a significant minority failed to explain the reason why (the increased cost of borrowing or return on saving reducing investment or consumption).

(d) The answers to this exchange rate question were an improvement on previous sessions' answers. Diagrams were generally accurate and correctly labelled – although there was still some careless labelling of the vertical axis. Explanations were usually clear and contained the salient points: namely that demand shifts right and appreciates the exchange rate because exports were increasing and/or because foreigners would need pounds to pay for these exports.

(e) A few students did not know how to construct an international trade diagram and tried to answer the question by using a supply and demand diagram. Others constructed an accurate international trade diagram, but included too many annotations that were not required by the question. This wasted valuable time. However, there were also excellent examples of good practice: a simple but accurately labelled diagram, annotating the change in imports, and a clear explanation, which provided a valid explanation for the change in imports.

(f) This was the most difficult question among the diagram plus explanation questions in question 1. Some students could not draw and label a correct externalities diagram, while others got muddled as to whether they were drawing the diagram for the fossil fuel market or for the solar panel market. It was important that there should not be a mismatch between the diagram and the explanation. Nonetheless, there were some outstanding and thoughtful responses. Most of the effective answers included a diagram showing a decrease in demand for fossil fuels moving towards (or reaching) the social optimum, coupled with a full and clear explanation. A minority of accurate answers took a different, but acceptable, approach suggesting that fossil fuel producers would move out of fossil fuel production and into solar panel production. This was represented by a shift of the supply curve of fossil fuels to the left. Others drew a diagram for the solar panel market and linked the changes there with what would happen in the fossil fuel market. As long as the explanation was consistent with the diagram, these were considered appropriate approaches.

(g) Not many students were able to analyse effectively the impact of depreciation on both the UK BOP and the UK economy. Those that did so focused specifically on the question set and used the texts and data effectively. They highlighted the limitations in both the short run and long run. Some students over-elaborated on the impact of a weaker currency on multiple components of the current and financial accounts but neglected the second part of the question concerning the economy.

Nonetheless, most students were able to explain the effects of a declining exchange rate on exports and imports with an implicit or explicit assumption that they were referring to export revenues and import expenditures. Students generally used an AD/AS model to explain the impact of depreciation on economic growth and employment. However, not many students recognised that there would also be implications for inflation.

Question 2

(a)(i) Most students had the idea that remittances involved money sent from overseas, but a significant minority failed to recognise that the money stemmed from overseas workers (or from incomes earned overseas).

(ii) Generally, definitions of expansionary fiscal policy were clear and accurate. However, some students failed to include an explanation of what is meant by "expansionary" and only defined "fiscal policy". A few students confused fiscal policy with monetary policy.

(b)(i) and (ii) Most answers were correct, demonstrating sound knowledge of national income accounts.

(iii) Some students, who evidently knew the formula for YED, only got partial marks in answering this question. This was because they incorrectly calculated percentage (or relative) changes or inverted the formula or did not realise that the sign is significant for a YED calculation and therefore needs to be shown if it is a minus.

(c) While most students could identify that there was a decrease in AS, some students failed to recognise the significance of higher global energy prices on the cost of production of firms. Some students incorrectly shifted the AD curve. These shifts in AD—some to the right and some to the left—were sometimes justified by notions of greater revenue from exports or spending on imports of energy. Parts (c) to (f) always refer students to a specific part of the text or data. It is critical that students refer to these stimulus materials to provide explanations in context. Since Text D, paragraph 5, did not refer to the trade of energy, but specifically mentioned that the higher energy prices added to inflationary pressures, such explanations, positing a shift in AD, could not be awarded marks.

(d) This question was usually well answered with most – but not all – students clearly identifying the tax revenue on the diagram. A few students answered in terms of the domestic producers' revenues rather than the revenue earned by the government. However, as with question 1(e), a few students who were not as well-prepared failed to draw an appropriate international trade diagram, trying to use a basic supply and demand diagram instead.

(e) This was the most difficult question among the diagram plus explanation questions in question 2. Most students were able to draw a diagram showing the correct placement of a price floor (minimum price). However, some students confused consumer surplus with excess supply, annotating the excess supply instead of the consumer surplus. Other students failed to show clearly the area that corresponded to the change in consumer surplus.

(f) A variety of poverty cycles were acceptable as answers to this question, so long as the cycle showed how poverty could be in a vicious cycle and how it was linked to the impact of overseas development assistance (ODA) – as described in Text F. However, some students failed to draw a poverty cycle at all (a few seemed never to have encountered the concept) or drew a cycle where key elements were missing.

(g) To fully address the demands of the question, responses needed to consider the strengths and limitations of specific policies mentioned in the texts in addressing poverty and income inequality. Responses that instead suggested policies not mentioned in the texts or only explained how the policies could affect growth and development in general were not meeting the specific demands of the question. Several students relied on what appeared a pre-prepared answer (usually on development) with limited reference to poverty and even less to income inequality. One-sided responses would only partially address the demands set by the command term 'evaluate'.

Most students could present definitions of poverty—often absolute poverty—and inequality, understood the question's demands, and provided a balanced examination of the impacts of the policies mentioned in the texts. However, few students distinguished between policies that could help reduce poverty and those that would help reduce income inequality, which was necessary to reach the top markband (13-15 marks) on the first descriptor.

The most successful responses used economic theory and models/diagrams to explain fully the impact of the policies on poverty and income inequality. Less successful responses did not link their analyses to the impact on poverty and inequality. Weak responses would often just copy the text, listing the policies.

For instance, some students stated that conditional cash payments could raise human capital and thus reduce poverty without supporting economic analysis, such as referencing the poverty cycle. To analyse how increased spending on health and education could reduce absolute poverty, a diagram showing a shift in LRAS and an increase in potential real GDP could have been useful. This lack of depth often resulted in lower marks on the second descriptor (use of "relevant economic theory"), as the theory was described rather than explained.

For a balanced evaluation, some students were able to discuss how policies could reduce poverty levels in some sectors while raising them in others. For example, successful responses often discussed how tariffs on rice would benefit farmers or how taxes on tobacco and health would raise funds and improve health, while both measures would have a regressive impact on low-income households. Good answers also sometimes considered how subsidies for farmers or for bus drivers could impact efficiency or externalities.

While many students relied on a descriptive approach rather than attempting to use economic theory and analysis, there were also examples of outstanding answers. Many such answers identified an appropriate range of policies from the text and analysed them effectively, highlighting their strengths and weaknesses. Such answers also offered a balanced evaluation, which used economic theory and the evidence in the texts and Tables 3 or 4 to support their judgments.

Recommendations and guidance for the teaching of future students

While this was the first paper 2 examination for SL and HL cohorts combined, the format remains unchanged, and many of these suggestions have appeared in previous paper 2 examiner reports due to similarities in content, structure, and skills tested.

- Part (a) questions: Students should be encouraged to write no more than two sentences—definitions should be concise but precise. They should consider every word in the concept that needs to be defined (for example when defining expansionary fiscal policy). The IB published "Glossary of subject-specific terms" can be a useful learning tool for most terms in the subject guide. Diagrams and examples are not required.
- Part (b) calculations: Students should show their working when answering questions that are worth 2 or more marks. Students should understand how to calculate relative (percentage) changes and include units in the final answer (e.g. $, millions, billions) if they are not specified in the question. Practice is needed at manipulating formulas, such as those for PED or YED. Calculation requirements are identified in the subject guide as "assessment objective 4" (AO4) fields. Calculations related to HL extension topics are not tested in this paper.
- Diagrams in parts (c) to (f): Where a diagram is required, students should label it carefully and explain it by referencing it in their response. The diagram and explanation must be integrated. Students should explain reasons for movements in variables and shifts of curves and use (dotted) lines to project

variables along the axes (e.g. q.1, q.2) for easy referencing. Answers and diagrams should focus on the requirements of the question. Unnecessary annotations or diagram analysis should be avoided.

- Students are instructed at the beginning of each examination not to use coloured pens/pencils. Therefore, there should be no reference to coloured lines in the diagram, as these will not show up on the scanned scripts (in grayscale). However, they should use arrows to indicate the direction of change of variables/curves – especially for Lorenz curves or PPCs which are not typically labelled. A black pen should be used. If a light pen or hard pencil is used the lines/labels may not show up on the scanned image which is marked by examiners.

- Explanations in parts (c) to (f): Students should pay attention to the key words in the questions, such as "impact on real GDP" or "an increase in the tariff" and make sure that they answer the question asked.

- Students sometimes struggle with the explanations accompanying diagrams in parts (c) to (f). Describing the diagram alone is insufficient. For example, stating that "the removal of a tariff leads to a downward shift of the world supply/price line, increasing imports" does not reflect a qualitative understanding of the workings of trade protection. Students should explain the impact of a lower price on domestic quantities demanded and/or supplied, which then leads to imports filling the gap between both quantities.

- Understanding command terms: students need to be clear about the requirements set by command terms such as list, explain, discuss, evaluate, etc. This is especially critical for part (g) responses, where failing to address the requirements set by the command term or using a pre-prepared response affects the student's ability to achieve a higher mark, particularly on the first descriptor.

- Planning part (g) responses: Students need to discuss/analyse/evaluate economic scenarios and policies instead of writing a narration or description of the text. Therefore, they should plan and structure their responses rather than just working through extracts and commenting on their contents. A logical progression (e.g. argument followed by counterargument when answering a "discuss" question or considering policies' implications for poverty before considering the impact on inequality when answering question 2(g)) often results in more effective synthesis.

- Referencing text/data in part (g) responses: To achieve top marks, students must reference the text/data, using quotation marks or specific references (e.g. "as stated in text A, paragraph 3" – all paragraphs are numbered for the ease of referencing). They should be taught how to add value to the text/data by using economic analysis and applying economic concepts learned in the course. However, they should avoid relying on extensive quotes from the text and a long introductory paragraph with background information is usually unnecessary.

- Applying economic theory in part (g) responses: Students need to apply and develop relevant economic theory, not just mention it. For example, instead of merely stating that "currency depreciation is expected to increase inflows of FDI", students could explain that this increase might be due to investors being able to invest in the UK at a lower cost in their own currency. The use of economic models (e.g. AD/AS analysis or a poverty cycle analysis) can help develop theories. Relevant diagrams from parts (c) to (f) can be referenced in part (g) instead of being redrawn. Calculations from part (b) can also support arguments in part (g).

- Students need to balance economic analysis, evaluation, and the use of text/data. Evaluative statements should not be made without appropriate justification, usually grounded in economic analysis and/or supported (or possibly contradicted) by information from the texts or statistics from the tables.

- Concluding part (g) responses: A concise summative evaluation is an effective way to conclude. Rather than reiterating earlier sections, the conclusion should focus on the bigger picture, such as considering whether a currency depreciation might have different effects in the long run from the short run for

question 1(g) or whether policies might have a greater impact on alleviating poverty than reducing income inequalities for question 2(g).

Higher level paper three

General comments

Many students encountered difficulty when addressing concepts which were introduced for the first time in 2022, such as export subsidies, trade diagrams illustrating exports and the calculation of indirect tax. It is clear that some centres have not fully adapted teaching to the requirements of the current syllabus. Furthermore, it is once again disappointing to see so many errors in rounding to two decimal places and in the use of units.

The areas of the programme and examination which appeared difficult for the students

Unit 2: Microeconomics

- Calculation of social/community surplus

Unit 3: Macroeconomics

- Calculation of indirect tax paid from a given level of spending
- Calculation of real GDP per capita using a deflator, given the population size

Unit 4: The global economy

- The financial account of the balance of payments
- Export subsidies
- The difference between the domestic money market and the foreign exchange market
- The difference between portfolio investment and foreign direct investment
- Adjustments for purchasing power parity (PPP)

The areas of the programme and examination in which students appeared well prepared

Unit 2: Microeconomics

- Calculation of price elasticity of demand
- Market failure – externalities and policies
- Common access resources

Unit 3: Macroeconomics

- Calculation of the rate of inflation
- Policies to reduce inflation, especially monetary policy

Unit 4: The global economy

- Exchange rate theory and diagrams
- The current account of the Balance of Payments

The strengths and weaknesses of the students in the treatment of individual questions

Question 1

(a)(i) The question was generally answered well. Weaker responses neglected to include income and/or current transfers in the calculation while many students omitted either "dollars" or "millions".

(ii) The majority of students provided an answer of 3006 or $3006 million. Most did so by using the data provided for the financial account (fourth quarter) while others adopted the valid alternative approach of subtracting the Reserve Assets figure for the first three quarters from the full year figure. A minority of responses produced a result of $3008 million by using data for both the current and financial accounts (without realising that the capital account was not provided) and were awarded 1 mark for valid working.

However, very few students realised the significance of a positive figure for "reserve assets". A positive figure signifies that an excess of debits over credits in the balance of payments is being financed from reserve assets, hence there will be a decrease in the level of reserve assets.

(iii) The majority of students were able to calculate the initial and final level of domestic spending on salmon although many did not specify that the change was negative as spending had decreased. A small number of responses presented the result as a percentage change and were awarded 1 mark for valid working.

(iv) Generally well-answered. As in previous sessions, weaker responses often used the final figure for the denominator when calculating percentages while a small number inverted the formula.

(v) A large number of students calculated consumer surplus correctly but either neglected producer surplus or calculated incorrectly. This indicates that some students are unaware of the concept of social/community surplus. As in previous examinations, a significant number of students neglected to use the correct units (i.e. they omitted the $ sign).

(vi) Responses to this question reflect a very poor understanding of export subsidies, with a minority of students earning full marks. Many responses included diagrams illustrating an importing country and analysed a production subsidy which would reduce imports. The most common response was to illustrate an exporting country and draw only a shift of the supply curve to the right, with the predictable result that the new level of exports was incorrect. Students who answered as such did not realise that export subsidies will result in a higher domestic price, reducing the quantity demanded domestically.

Many students made the incorrect assertion that the world price would increase (or decrease), neglecting the assumption that the country is a price taker because the world price represents perfectly elastic international supply of salmon.

(vii) The majority of students were able to produce accurate definitions while a significant minority provided vague responses, referring to "resources which consumers don't have to pay for" or confusing common access resources with public goods.

(viii) This question on market failure was answered well by the majority of students. Diagrams showing a negative production externality were mostly accurate, with a small number of responses incorrectly showing MPC upwards/to the left of MSC or labelling MSC as the supply curve. Some students presented a correct diagram showing a consumption externality, which was also rewarded fully.

Explanations were generally clear although it was common for students not to specify the nature of the external cost or to explain that the product would be overproduced as a result of the externality. The

welfare loss was not required but often indicated, with very few students selecting/labelling an incorrect area.

(b) A wide range of approaches was adopted for the "policy question". Responses which scored well mostly:

- Selected one clear policy (or two complementary policies where a second policy was introduced to address a limitation of the first).
- Selected a policy which was appropriate given the context presented.
- Ensured that their responses were able to satisfy the upper levels of the five strands set out in the markbands – full explanation of an appropriate policy, incorporation of theory to support the explanation, use of relevant terminology throughout the response, use of data provided to support the recommendation and balanced synthesis/evaluation.

Responses were able to achieve full marks with a fairly concise answer which met these requirements. Diagrams, although not expected/required, were often used effectively to support the theory/explanation.

Students who did not score highly tended to demonstrate some of the following weaknesses:

- Outlining several policies while not explaining them in any detail.
- Neglecting to use the data provided to support the answer. As in previous sessions, some students began by presenting a very long introduction which summarised the data given. This is description rather than support for a particular policy and limits the time available to explain and evaluate the policy.
- Neglecting to provide a balanced synthesis. Many answers simply explained one or more ideas without any balance.
- Taking insufficient note of the data provided. Many students made unsupported assumptions or misread the data. It was common for students to assume that export subsidies were currently being used and suggested removal of these subsidies as a valid policy.
- Neglecting to provide details of the suggested policy. Tradable permits were often suggested as an appropriate policy but responses often failed to explain how these work, how the system might increase costs of production and how the external cost might be mitigated.
- Balance was presented in very generic terms, such as the possibility of corruption, the difficulty of calculating the precise size of the tax needed or that it is "very hard" to monitor rules and regulations.

Some policy suggestions leading to weaker responses included:

- Fiscal policy
- Export quotas
- Progressive taxes based on the quantity of salmon
- Direct taxes on salmon farmers
- Subsidies to salmon producers
- Consumer nudges
- Taxes (without specifying which type of tax)
- Price controls (minimum and maximum)

Even though some of these ideas may have some validity, students encountered significant difficulty in using economic theory to explain how they would impact the extent of market failure.

Question 2

(a)(i) Many students encountered difficulty with this question. It was common for responses to neglect one of "real" or "per capita" so that a maximum of one mark for valid working could be awarded. Furthermore, there were many calculation errors, such as neglecting to multiply by 100 when calculating real GDP or incorrect division of real GDP (in billions) by the population size (in millions).

(ii) Generally well-answered. However, there were a large number of rounding errors/failure to provide an answer correct to two decimal places. Weaker responses often divided 1003 by 558.7 and presented an answer of 179%.

(iii) The majority of students found difficulty in explaining the reason why GDP is often adjusted to purchasing power parity. Some referred to issues of income distribution or exchange rates while many merely rephrased the question or repeated the term "purchasing power" as the basis for their answer. For full marks it was necessary to state that the adjustment aims to take account of cost of living differences between countries and to use the data to illustrate. Stronger responses stated that the table showed that the cost of living in Türkiye was lower than in USA.

(iv) Stronger students found this question straightforward, outlining reasons why an increase in real GNI per capita would impact living standards and referring to the corresponding data. Weaker responses often stated impacts without explanation or neglected to refer to the table for supporting evidence. Some responses erroneously focused on the "net income from abroad" aspect of GNI and wrote, incorrectly, about the significance of remittances. A significant number stated that inflation might be a negative impact of an increase in real GNI, not realising that "real" negates this argument. There was some confusion between GINI and GNI.

(v) Generally well-answered, with many students mentioning a link between lower interest rates and higher inflation without any reference to increased aggregate demand or one of its components. Weaker responses focused on the budget deficit.

(vi) Responses reflected a generally sound understanding of exchange rate theory. Students referred correctly to an increase in the supply of lira or a decrease in demand, with sound supporting explanation. Some students often explained why supply would increase but drew a decrease in demand. Weaker responses confused the foreign exchange market with the domestic money market, arguing that high inflation would increase the need/demand for lira.

(vii) This question was not assessed.

(viii) The calculation of indirect tax has been examined several times and there has been a significant improvement in the performance of students in this area. However, it is still a weakness in many centres, with a significant number of students simply multiplying the tax rate by the tax-inclusive price.

(b) Policies suggested for this question included:

- Contractionary monetary policy – responses tended to apply theory accurately although often with fairly weak/generic evaluation and limited use of data – independence of the central bank, fine-tuning, difficulty of implementation when interest rates are low and crowding-out were cited in support or to provide balance. Stronger responses referred to the possible impact on economic growth, using the data provided to illustrate the point.

- One common error was to argue that higher interest rates would attract foreign direct investment (as opposed to financial/portfolio investment).
- Contractionary fiscal policy – many students were able to explain the policy clearly and use data, such as the potential cut in the budget deficit, in support. Weaker responses suggested that increased revenue from taxation could be spent on services such as health and education, ignoring the resultant neutral effect on aggregate demand. There was also some confusion as to which types of tax should be increased, limiting the clarity of the explanation.
- Supply-side policies – although supply-side policies may be appropriate in order to reduce inflation in the long run, students tended to provide a fairly generic description of a range of supply-side policies without a clear explanation of the link to inflation. Stronger responses focused on one or two of the policies and explained clearly the intended impact on potential output and the price level. A number of students suggested all three macroeconomic policies – fiscal, monetary and supply-side. A few suggested "contractionary supply-side policies"!
- Policies to influence the exchange rate – stronger responses explained how higher interest rates could strengthen the currency and hence reduce inflation via lower import prices. A range of responses suggested methods of improving the current account, hence strengthening the currency. However, such responses were often vague when explaining a link to inflation.
- Price controls – maximum prices were suggested by a minority of students. These responses tended to be rather anecdotal and without clear application of theory
- Subsidies (general, and to carpet exporters) – there was often some confusion between microeconomic and macroeconomic analysis, where students suggested subsidising a few products in order to reduce prices. The impact on government spending was often neglected in the analysis. Some students suggested subsidies on all goods and services, which would clearly not be practical.

Recommendations and guidance for the teaching of future students

- When writing explanations relating to various stakeholders, students should avoid referring to the relevant stakeholders as "people" – rather than suggesting that people might save more, or invest less, it is appropriate to write that households might save more, or that firms might invest less.
- When explaining how policies might work, students would do well to avoid writing that a change in a variable "allows" certain behaviour to take place. For example, higher interest rates incentivise saving/discourage consumer spending rather than "allowing" the level of saving to increase.
- When explaining arguments in favour of a policy it is not necessary to explain why the intended outcome of the policy is desired. For example, when discussing a policy designed to reduce inflation, it is not necessary to explain why a lower rate of inflation might be desirable. It is the policy which should be examined.
- Explanation of a policy should be specific. For example, rather than merely stating that contractionary monetary policy should be used, the instruments of the policy, such as increasing (some types of) tax and/or reducing government spending, should be detailed. If a reduction in government spending is suggested, it does not necessarily follow that welfare payments will be cut – such assertions should be justified.
- Students should be reminded that answers to the part (b) questions should be contextual – data provided should be used/incorporated in order to justify the suggested policy.
- Students should be aware of the acceptable labelling for different types of diagrams, especially exchange rate diagrams. The labelling (curves and axes) should be checked.

- Students should learn a formula for the calculation of indirect tax from a given price and should practise this skill carefully.
- When reading questions, students should be encouraged to underline or highlight any instructions to "use information in the diagram/table". Students cannot earn full marks if they do not refer directly to data as instructed.
- Remind students that numerical answers should be correct to 2 decimal places – and stress that this is different from some other IB subjects.
- Remind students of the need to use correct units in their answers to quantitative questions. All too often responses omit $, 000s, millions and billions. These units are not required in workings but must be included with the final answer. When calculations are based on data given in a graph, unit errors can sometimes be avoided by carefully checking the scale on the horizontal axis. Students should be clear that consumer, producer and social surplus values should be expressed in the appropriate currency (e.g. $).
- Students should practise division calculations where the numerator and denominator are in different units (e.g. billions/millions).
- When drawing diagrams, a black pen should be used. If a light pen or hard pencil is used the lines/labels may not show up on the scanned image which is marked by examiners. As a result, students may be disadvantaged.
- Students should be reminded to read each question carefully – "revenue per kg" is different from "revenue".
- When answering 4-mark questions where a diagram is required, students should refer to the diagram and explain why a curve might shift rather than simply stating that it will do so.

Guidance for part (b) questions

- Students should maintain awareness of the part (b) question as they work through part (a) questions, taking note of any data which might lead them towards a recommended policy. This will enable them to refer to the data when answering part (b) in a way which supports/justifies the recommendation.
- Students should not be encouraged to introduce additional real-world examples to support their recommendations.
- Students should be careful about making assumptions based on the data provided. Any such assumptions should be stated/clarified in the response.
- Students should be encouraged to memorise details of the part (b) question before reading through the data provided and answering parts (a)(i) to (a)(viii). This will enable them to note information which may be useful for part (b) as they work though part (a) questions. Data must be used to support/justify the choice of policy and not in a mostly descriptive manner. For "effective use of data" it is not sufficient to quote several pieces of data or to begin the response by summarising the issue in some detail by copying parts of the text.
- Students should be advised to resist the temptation to present "textbook notes" on a policy but rather to select aspects of the policy (including advantages and disadvantages) which apply to the context given.
- Students should be given considerable practice at writing answers to part (b) questions. Techniques may include scaffolding responses in order to ensure that all five strands are addressed, reviewing high-scoring exemplars and highlighting data relevant to the policy issue.
- Students should be reminded that one policy recommendation is expected. It may be the case that a second policy is introduced in order to address/complement any limitation(s) of the main policy but on no account should students outline a large number of policies.

- It is not necessary (or possible, given the time constraint) to write a long introduction. Summarising the issue is not necessary as the issue is contained in the data provided. A brief comment which focuses on the main factors influencing the decision is quite sufficient, although these factors can also be incorporated later in the response.

Advice for each strand of the assessment criteria

- The response identifies and fully explains an appropriate policy.

An appropriate policy may be one which is specified in the subject guide but it is important that students assess the appropriateness of the chosen policy for the context provided. Policies set out in the subject guide do not constitute a comprehensive list and it is possible that students will identify a suitable policy which is not specified in the subject guide. For a recommendation to be appropriate, it must be possible to use economic theory to explain clearly how the introduction of the policy should address the issue/solve the problem. The policy recommendation must not be too vague – supply-side policies, fines or legislation may be valid but the student must clarify the details of the policy – which supply-side policies, fines for what, what sort of legislation? The policy must be fully explained – by showing how the policy will lead to the desired outcome.

- The response uses relevant economic theory effectively to support the recommendation.

The student must incorporate economic theory into the explanation of how the policy is intended to achieve the desired outcome. Theory can/should also be incorporated into evaluative points. Although diagrams are not required (and full marks can and will be awarded for responses which do not include diagrams) an accurate diagram with an associated explanation may be a useful way for a student to explain the theory which underpins the policy. However, long explanations of a theoretical diagram are likely to leave insufficient time to address the other requirements of the markbands.

- Relevant economic terms are used appropriately throughout the response.

When explaining the policy it is essential to use economic terminology where appropriate and to use it accurately.

- The use of information from the text/data is appropriate, relevant and supports the analysis/evaluation effectively.

To be considered relevant and supportive of the policy the data presented must help to explain why this particular policy has been chosen. Students should be encouraged to state explicitly how the data presented informs the policy recommendation. It is not appropriate to use data in order to justify the fact that a decision is necessary (i.e. to explain the issue/problem). Data may be quantitative or qualitative and should be referred to explicitly rather than via a vague reference to some information which may be inferred from the text/tables/graphs.

- The response contains evidence of effective and balanced synthesis or evaluation.

A strong response will provide evaluative balance to the line of argument presented. Often, evaluative points may highlight limitations of the recommendation or factors which may influence the effectiveness of the policy. They may also explain why one policy may be better than an alternative (with reference to relevant data). It is often appropriate to begin such comments with "however…". Students should guard against presenting a set of "textbook" limitations/disadvantages as they may or may not be relevant to the context under consideration. Strong evaluation invariably incorporates data and may conclude with a judgment on the likely effectiveness of the policy and what its success depends upon.