

## **The Evaluation Component**

### **Introduction**

Undoubtedly the area where candidates could see the greatest improvement in their marks on unit 3 is the evaluation component. When the AS units were first devised QCA laid down a mandatory evaluation component of 6 marks in every 30. This has to be explicitly recognised in the mark grids for each question.

In the essay section of unit 3 a standard pattern has now emerged. The first two sections of the essays are likely to test knowledge and analysis. The evaluation marks are allocated to section (c) of the essays, entailing that 9 marks out of 15 are reserved for analysis and 6 marks for evaluation. Last summer a number of candidates were effectively marked out of 9 rather than 15 in section (c) of their essay because they failed to give any evaluation at all.

There are also 6 evaluation marks available out of 30 in each data response question. Again, it is disappointing to see otherwise well informed candidates falling at this hurdle. For example, in June 2001 the last part of Q4 was to suggest two policies for increasing productivity (2 marks – knowledge) and then to “evaluate the likely effectiveness of each of the policies you have suggested” (6 marks: 2 application, 4 evaluation). The vast majority of candidates only scored 2 out of 6 on the last section, presenting their chosen policies without regard to the command word.

This part of the web guide suggests ways of achieving these evaluation marks.

### **Command Words**

The command (or directive) words indicating an evaluation component in unit 3 are “evaluate”, “examine”, “assess”, “discuss”, “to what extent” and “criticise”. They require a more critical perspective than the technical application of economic concepts or models demanded by “analyse” or “explain”.

The evaluation command words should suggest to candidates the need to make a critical judgement on the matter at hand. For example, this may involve looking at the advantages and disadvantages of a policy and coming to a reasoned conclusion. Or it could require the recognition that a particular strand of economic reasoning rests on certain assumptions that may not actually hold. At the very least the candidate should look at some “ifs and buts” of the issue being discussed.

### **Strategies for Achieving Evaluation Marks**

The purpose of this document is to suggest strategies for pupils to generate appropriate evaluation marks. Clearly, achieving “critical distance” depends on the

context of the question. However, there are some general approaches which should get candidates started.

It is perhaps good advice to candidates to use a few fairly standard phrases when faced with evaluation command words. Some sentences including “however,” “on the other hand,” “a possible pitfall of this policy might be,” may well be appropriate and will at least signal to the examiner the candidates attempt to gain marks in this area. Clearly the criticisms must be directed to the specific issues under discussion.

In questions of macroeconomic policy the following would appear to offer a useful checklist for achieving evaluation marks. It is in no sense prescriptive or exhaustive and, perhaps needless to say, merely presenting the list will not gain any marks without an application to the matter at hand.

Candidates might evaluate a macroeconomic policy by looking at:

- The significance of affected components of the AD/AS model. E.g. when interest rates change  $C$  is a larger component than  $I$  in AD
- The elasticities of the AD and AS curves. For example, an expansionary fiscal policy may be mainly inflationary if it takes place when the economy is near to full capacity (inelastic AS).
- A recognition of the importance of lags in macroeconomics. A government may be misinformed about the current state of the economy, there will be delays of decision making and implementation, and the policies themselves will take time to achieve their full impact.
- Other things are rarely equal – further exogenous factors may need to be considered.

To this list we can add an extra bullet point. It has been decided to award evaluation marks for any relevant extra analysis not required by the AS specification. For example, an extension of the analysis to discuss monetarist versus Keynesian issues, or the application of more advanced theory e.g. the accelerator or marginal efficiency of capital.

- Any further, more advanced analysis, beyond the demands of the AS specification

This element of further analysis will never be *required* for full evaluation marks but since many centres do take the level of theory beyond the AS it seems reasonable to allow it as *one way* of gaining them.

## Examples

### *1. Examine the impact of an increase in NHS expenditure on the level of real GDP*

This question follows on from the AD/AS analysis presented in the previous section where a diagram showing a multiplied expansion of real output was analysed. An evaluation paragraph should then consider the following issues:

How large is the increase in expenditure relative to overall GDP? How big is the output gap at the time of the fiscal expansion? It is often useful to draw a diagram showing shifts of AD at different points on a standard short run AS curve. If the output gap is low, then a large part of the extra expenditure may simply fuel higher prices.

Are there factors which might reduce the size of the multiplier – any crowding out issues? Any multiplier effect will certainly take some time to have its full impact. And are there other factors in the economy that might undo the effect of this aspect of government expenditure?

### *2. Evaluate an item of information likely to be used by the Monetary Policy Committee when it makes interest rate decisions.*

The rate of growth of consumer spending. This is a very significant factor in the economy, both in terms of being a major component of aggregate demand and as an indicator of consumer confidence. Rapid increases in consumption are likely to put fairly direct upward pressure on prices so threatening the inflation target. However, in late 2001, consumer spending was very buoyant (fuelled by increases in credit due to low interest rates) whilst other aspects of the economy looked much more fragile with rising unemployment, falling output in the manufacturing sector and declining business confidence: the rises in C could well be to some extent offset by falls in I.