GCSE Economics
(Summer Series) 2007

Chief Examiner's Report

GCSE ECONOMICS SUMMER 2007

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Grade Boundaries: 2007 (GCSE)

	Grade	A*	A	B	C	D	E	F	G	U
F	**Mark Range**				200-106	105-92	91-78	77-64	63-50	49-0
H	**Mark Range**	200-173	172-153	152-125	124-97	96-83	82-76			75-0

As in previous years, the general standard of candidates' performance was very high. Many candidates produced high quality answers in each of the two assessment components. At the upper end of the mark range a few candidates scored close to the maximum showing that the full mark range is available when candidates produce high quality answers.

On Paper 1, candidates engaged well with the economic issues that were outlined in the case study material relating to smoking and the recent ban on smoking in public places. However, as in previous years, a few Higher Tier candidates wrote more extensive answers to Q.1 and Q.2 than were required. In preparation for the examination, candidates should familiarise themselves with the different types of command words used in questions so that they can make appropriate responses and align their effort with the marks available.

On Paper 2, the majority of candidates performed very well. Most candidates were able to complete and interpret the graph in the first compulsory question (Q.1 on the Higher Tier option and Q.5 on the Foundation Tier option). There are still some candidates, in particular on Foundation Tier, who have not fully grasped the concept of break-even. Many candidates in the Higher Tier option wrote lengthy general answers about fiscal and monetary policy in response to the final part of Q.2. The question required a discussion of government policies that might help the Northern Ireland economy to compete in a global market. Many candidates either did not fully answer the question, or answered it ineffectively. Candidates should be advised that they have to apply their knowledge and understanding of economics to the questions set in order to score at the upper end of the mark range.

Some candidates on the Higher Tier Paper 2 attempted to include theories and concepts in their answers that are not a requirement of study at this level. These included Phillips curve diagrams in Q.3 part (c) and reference to oligopoly in Q.5 part (b). The majority of candidates who included such information did not always use it effectively to answer the question set, and indeed many seemed confused by this additional knowledge. It is possible to answer all questions on the papers to a high standard by covering the specification content outlined for study at this level.

Some candidates made fundamental grammatical and spelling errors and this affected the quality of their written communication. This year such errors included using 'there' rather than 'their', using 'loose' instead of 'lose', and not knowing the correct spelling of plural words such as companies and families. Some candidates also did not understand the correct

use of the apostrophe. In questions where the quality of written communication is assessed, it is important that candidates use correct spelling, punctuation and grammar.

Paper 1

Foundation Tier

Q.1   The majority of candidates were able to explain the opportunity cost of smoking twenty cigarettes a day and to use the information from Source 1 to illustrate their answer.

Q.2   This question was very well answered. All candidates were able to interpret Figs. 1 and 2 to identify the percentage of men and women who smoked in 1974 and 2006, and that the 20-24 year old age group was the most likely to smoke while the 60 and over age group was the least likely to smoke. The majority of candidates were able to identify a valid reason for this difference.

Q.3   This question was not generally well answered. Only a few candidates were able to identify more than one tax that is placed on cigarettes and tobacco, and in part (b) quite a number of candidates were unable to use Fig. 3 to explain how taxation on cigarettes and tobacco affects different income groups.

Q.4   Most candidates were able to complete the demand and supply diagram and explain the effects of a government ban on advertising on the market price and quantity demanded as required in part (a). However, few candidates answered part (b) well where they were required to explain the effects of an increase in government taxes on cigarettes and complete a demand and supply diagram. Several candidates did not attempt part (b).

Q.5   There were few good answers to this question. Many candidates were unable to give a clear explanation of why cigarettes and tobacco are known as demerit goods.

Q.6   This question was generally well answered. Most candidates were able to give two reasons why the cost of manufacturing a packet of cigarettes is higher in the UK than in countries such as Indonesia. In part (b), the majority of candidates were only able to give two actions that companies could take to compete with cheap imports rather than the required three.

Q.7   This question was reasonably well answered. However, again the majority of candidates were only able to explain two ways in which smuggling cigarettes into the country affects the economy rather than the required three.

Q.8   Most candidates were able to structure effective answers that outlined the costs and benefits of the smoking ban on consumers, businesses and the government.

Higher Tier

Q.1   Most candidates answered this question very well. In a few instances, answers included good definitions of opportunity cost but did not apply this to the context of

smoking twenty cigarettes per day. Some answers were too extensive and not aligned to the marks available for this question.

Q.2   This question was very well answered and many candidates scored full or nearly full marks. However, some candidates wrote extensive answers which went beyond what was required to achieve good marks. Rather than describing the main feature of the consumption of cigarettes and tobacco as the question required, some candidates gave long explanations of possible factors that could have caused the trends shown in Figs. 1 and 2.

Q.3   The majority of candidates answered this question well and made appropriate use of economic terminology. In part (b), the demand and supply diagram was in general correct and accurate.

Q.4   While this was a generally well answered question, the data in Fig. 3 was occasionally misinterpreted.

Q.5   This question appeared to challenge many candidates. In part (a) most responses included reference to lower labour costs but many did not go much beyond this. There were some excellent answers to part (b), but many candidates demonstrated only limited knowledge and understanding of the ways in which companies compete with cheap imports in the global marketplace.

Q.6   The majority of candidates answered this question well and demonstrated good understanding of the effects of cigarette smuggling on the UK economy. Many candidates concentrated on discussing a few points but did this to a high standard.

Q.7   This question was very well answered and the majority of candidates were able to provide an effective discussion of the possible costs and benefits of the ban on smoking in public places in Northern Ireland. Some candidates wrote a long introduction defining cost benefit analysis that was not really required by the question set. The best answers included a clear understanding of social costs and benefits. They also went on to make good use of the case study material in arriving at reasoned judgements.

Paper 2

Foundation Tier

Q.1   This question was not well answered. Many candidates did not understand what was meant by the public sector. In part (c), few candidates were able to explain a reason why the government was planning to reduce the size of the public sector.

Q.2   There were some very good answers to this question but there were also many that lacked basic knowledge of trade and exchange rates.

Q.3   While there were some very good answers to this question, in part (b) many candidates were unclear about why the government would wish to keep inflation low. In part (d) some candidates did not have a basic understanding of interest rates with some considering them to be a form of tax paid to the government.

Q.4   This question was well answered by the majority of candidates with many demonstrating a good understanding of issues that affect the standard of living and the possible disadvantages of economic growth.

Q.5   Most parts of this question were very well answered. Part (d) about break-even produced several high quality answers. However, some candidates did not even attempt this part of the question.

Q.6   This question was very well answered with the majority of candidates able to interpret the data and to write good clear answers. Answers to part (d) were particularly impressive where candidates were able to discuss how government policies to improve education and training and to lower taxes on business could help the Northern Ireland economy to compete in a global market.

Higher Tier

Q.1   This question was completed well by the majority of candidates, especially parts (a), (b) and (c). In part (d) many candidates were able to explain the increase in break-even output and some of the best answers included an appropriate diagram. Part (e) was quite well answered but only a few candidates scored high marks mainly because they did not reflect an accurate understanding of social costs and benefits. Many referred only to externalities and did not make reference to private costs and benefits.

Q.2   Parts (a) and (b) were generally very well answered but part (c) appeared to be one of the most challenging questions on the paper with the standard of answers varying considerably. Answers to part (d) were disappointing with many candidates interpreting this question as an opportunity to write everything they knew about monetary and fiscal policy. Such answers made little to no attempt to apply aspects of such policies to the Northern Ireland economy. Few candidates mentioned supply-side policies.

Q.3   This was a very popular question and parts (a) and (b) were generally completed to a very high standard. However, in part (c) candidates frequently focused on conflicting economic objectives without discussing how government policies affect economic growth.

Q.4   Most candidates answered this question well but there were also some weak answers. In part (a) some candidates failed to recognise that tourism is trade in services. Part (b) was well answered and in part (c) there were some excellent answers on the issue of the UK adopting the euro.

Q.5   This question was well completed by the majority of candidates. In part (b) some answers included an analysis of different market types and models of competition that candidates at this level are not required to study. In the majority of these cases, the question was not properly answered. In part (c), some candidates appeared to interpret a reduction in the size of the public sector as meaning privatisation.

Q.6   While this was the least popular question in this section, it was completed to a very high standard by those candidates who did select it. In part (b), a few candidates

misinterpreted the question and explained the consequences, rather than the causes of higher spending.