

CCEA GCSE Economics
(Summer Series) 2012

Chief Examiner's Report

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Foreword

This booklet contains the Chief Examiner's Report for CCEA's General Certificate of Secondary Education (GCSE) in Economics from the Summer Series 2012.

CCEA's examining teams produce these detailed reports outlining the performance of candidates in all aspects of the qualification in this series. These reports allow the examining team an opportunity to promote best practice and offer helpful hints whilst also presenting a forum to highlight any areas for improvement.

CCEA hopes that the Chief Examiner Reports will be viewed as a helpful and constructive medium to further support teachers and the learning process.

This report forms part of the suite of support materials for the specification. Further materials are available from the specification's microsite on our website at www.ccea.org.uk

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GCSE ECONOMICS

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General Comments

This was the second year in which the new single tier examination papers were examined. As in previous years, the examining team was impressed by the generally high standard of candidates' performance across the two examination papers where the majority of candidates demonstrated a very sound grasp of the economic knowledge, understanding and skills. This high standard of performance is reflected in the final award of grades which is broadly similar to that of previous years.

The UK Budget Deficit provided both a stimulating and challenging context for the report writing task in Paper 1. The majority of candidates engaged well with the source material to demonstrate their ability in relation to the three assessment objectives (AOs) and address the set task. Performances at the top end of the mark range included effective use of the stimulus material and appropriate application of economic concepts and terminology to analyse and evaluate. The strongest answers applied the concepts of direct and indirect taxation, excise duties, regressive taxes, real and disposable income, standard of living, distribution of income, opportunity cost and market failure. In the final section of the task many candidates went beyond the requirements of the specification to make effective use of the concepts of aggregate demand and supply, often supported with accurate diagrams, to explain the impact of their recommended government policies. They also demonstrated sound graphical and statistical interpretation skills in relation to the Sources 1, 2, 3, 4 and 7.

The marks awarded for this paper are more heavily weighted towards Assessment Objective 3 (AO3), *Analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions*. Hence, the overall performance is strongly influenced by the extent to which candidates can demonstrate these skills. In this year's task, AO3 was assessed mainly but not entirely in Sections 3, 4 and 5. Candidates who were awarded the highest marks generally wrote clear and concise responses that analysed and evaluated the source material rather than just restating it. In Section 5, they provided thoughtful evaluation of their policy choices.

Candidates who scored less well on this paper frequently used the source material superficially and made limited use of statistical and graphical data. In Sections 1 and 2 they often described data in detail rather than selecting trends and key features. Later sections of the report were not well developed and in some instances, not attempted at all. There was also a tendency to repeat the same points throughout the report and these were frequently expressed in normative terms with little or no attempt at justification.

The vast majority of candidates performed well in Paper 2. Similar to last year, responses to the short questions in Section A were generally good but there were some noticeable knowledge gaps. For example, some candidates were unable to give clear definitions of unemployment (question 1) and external costs (question 2). Section B was also generally well answered with candidates demonstrating a sound grasp of Financial Capability and the Trade and Globalisation sections of the specification that were examined in Questions 4 and 5. In Section C the standard of answers was generally very good and again, there were some excellent performances that merited the award of marks in the upper mark band.

The quality of written communication (QWC) was assessed in questions and tasks that required extended writing, namely the whole of the report writing task in Paper 1 and the essay in Section

C of Paper 2. The standard of QWC continues to vary considerably and this affects many candidates' overall performance. Candidates should be advised to write their answers in continuous prose rather than using abbreviations and symbols. They should also be encouraged to use correct spelling and become familiar with the spelling of key terms. Some candidates had difficulty spelling plural words such as 'policies' and distinguishing between words such as 'new' and 'knew'. Candidates are encouraged to develop their writing style so that they can express 'positive' economic ideas and to use evidence to support any views or opinions expressed.

Teachers who attended the Exemplification of Standards event held in March 2012, suggested a slight reallocation of time between Papers 1 and 2 to increase the time allowed for Paper 1 by fifteen minutes to one hour and fifteen minutes and a reduction in the time allocated to Paper 2 to one hour and forty-five minutes. This change has been discussed with the regulators but it is unlikely that it will be possible to change the time allocation until the 2014 papers. CCEA will advise centres in due course if the time allocation for the examination papers is to be amended.

Paper 1

The report writing task is assessed holistically against all three assessment objectives, with a heavier weighting assigned to AO3. The majority of candidates responded well to each of the five sub-tasks and were able to achieve marks consistently in the Level 3 and 4 mark bands. However, some candidates' performance was more limited in some sections of the task where they demonstrated a weaker grasp of economic knowledge, understanding and skills. This was reflected in the award of marks in the lower bands. Comments below provide some more detailed feedback on candidates' performance on each section of the report.

Task Sections

- 1 All candidates gave a relevant introduction to the task indicating that they understood the challenge facing the government in trying to reduce the UK Budget deficit. Some candidates wrote very detailed introductions which extended into continuation pages in the answer booklet. These extended introductions sometimes attempted to cover other aspects of the topic in great detail and went beyond what was needed in an introduction. Allowing for the wide variety of styles and sizes of handwriting, the space provided in the answer booklet is intended to provide a guide to candidates about the length of response required. Given the challenge of completing the substantive sections of the report in the allocated time, candidates are advised to keep their introductions concise.
- 2 The majority of candidates used Source 1 to describe very well how the government's income and expenditure had changed between 2000 and 2010. Better responses included reference to the rate at which the deficit had developed by 2010. In a few instances, candidates also described the data in Source 2 but this was not necessary for this section of the report as it related to the period beyond 2010.
- 3 Section 3 required candidates to explain how the government that was elected in May 2010 planned to reduce the budget deficit. Sources 3 and 4 provided detailed material from which candidates could draw and some better answers linked this with Source 2 to highlight the likely impact of reducing government spending or raising additional income. The best answers demonstrated good application of economic knowledge and concepts while weaker responses frequently consisted of re-writing long sections of the source material.

- 4 This section was well completed by the majority of candidates who made effective use of Source 5 to comment on the overall impact of government plans on a range of household types and businesses. The best answers made reference to families in general, single parent families, pensioner households, households with disabled people and the impact on women workers and their households. Better answers were also distinguished by the quality of the analysis and evaluation (AO3) in relation to each group rather than simply reproducing information from the case study. They also applied economic terminology and concepts effectively, such as, regressive effects of taxation and distribution of income.
- 5 There were some excellent responses to this section of the report. Most candidates made excellent use of Sources 4 and 5 that presented the government's taxation and spending plans, and of Sources 6, 7 and 8 that detailed the economic context within which the government was trying to manage the budget deficit. Some better responses referred back to Source 2 to explain their policy recommendations. There were also some excellent responses that analysed the relative effectiveness of monetary, fiscal and supply-side policies in helping the economy to grow and linked these policies with the source material. However, given that the source material contained a good range of government policies, it was disappointing that some candidates did not go beyond restating some sections from the source material. Some weaker answers also made little to no reference to economic growth. Such answers often included general paragraphs describing the effects of policies on the macro-economy but these often lacked reference to the current economic context outlined in the source material. Many of these weaker performances also consisted of lists of possible government actions but there was little to attempt to analyse or evaluate.

Paper 2

Section A

- Q1** This question was generally answered very well but for part (a), some weaker answers frequently omitted to state that the unemployed were those who were actively seeking work.
- Q2** In part (a), the majority of candidates were able to give a clear and concise definition of external costs. Some weaker answers equated external costs with social costs. In part (b) most candidates were able to give examples of the external costs associated with increased road traffic. Some weaker answers included examples that would be classified as private costs rather than external costs such as wear and tear of the road surfaces.
- Q3** The majority of candidates completed all parts of this question well. Some weaker candidates continue to confuse a trade deficit with a budget deficit.

Section B

- Q4** In part (a) the majority of candidates were able to define a mortgage. Part (b) was generally well answered but some candidates erroneously stated that a tracker mortgage tracks the rate of inflation. In part (c) most candidates identified that the HSBC mortgage would be the most expensive of the options and many stated that borrowers might choose this so that they could be sure about their financial outgoings and plan their household budgets with more certainty. Credit was given for this but

only those responses that stated clearly that HSBC 5 year fixed rate mortgage could be the best longer term choice if the base rate were to rise were awarded full marks. Some candidates erroneously interpreted the time associated with each mortgage product listed as the time within which it had to be repaid. In part (d), the majority of candidates were able to outline the effects of rising interest rates on savers, home owners, banks and building firms.

- Q5** Parts (a), (c) and (d) were very well answered by the majority of candidates. However, responses to part (b) were disappointing with many candidates unable to draw a Production Possibility Frontier (PPF) to show what has been happening to the Chinese economy since 2007. A common error was to illustrate that China's economic growth was falling rather than showing the PPF moving outwards from the axis to illustrate economic growth. Some weaker answers appeared to have no understanding of a PPF.

Section C

- Q6** This was one of the least popular essay questions but when chosen, it was very well completed. Candidates demonstrated good knowledge and understanding of the exchange rate and factors that could cause the pound to fall in value against the euro. They were also able to discuss the effects of a fall in the value of the pound on the UK economy.
- Q7** This was the least popular question in this section and the quality of answers varied considerably. There were a few excellent responses but some candidates struggled to develop their answers to parts (b) and (c) in explaining the effects of industrial action by trade unions on the economy and discussing the likely economic effects of the privatisation of Royal Mail.
- Q8** This was one of the most popular questions and it was generally answered very well with candidates demonstrating sound economic knowledge and understanding of business costs and break-even analysis. In part (c), the best answers demonstrated good understanding of the challenges facing small businesses when trying to raise investment capital, in particular from the banking sector in the current economic climate.
- Q9** This was a very popular question but the quality of responses varied considerably. Part (a) was generally well completed but in part (b), many candidates did not explain the factors that affect demand and supply to determine the price of cocoa. Some candidates gave very developed answers, including diagrams, to explain the market mechanism and how the forces of demand and supply interact to correct a market disequilibrium rather than answering the question set. In part (c), the best answers included discussion of the effects of a rise in the price of cocoa on consumers, producers of chocolate products and suppliers of cocoa in developing countries. They also related these impacts to their effect on the economy as a whole.

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