CCEA GCSE - Economics (Summer Series) 2014

Chief Examiner's Report

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Foreword

This booklet outlines the performance of candidates in all aspects of CCEA's General Certificate of Secondary Education (GCSE) in Economics for this series.

CCEA hopes that the Chief Examiner's and/or Principal Moderator's report(s) will be viewed as a helpful and constructive medium to further support teachers and the learning process.

This booklet 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 fourth year of examining the revised specification and the general high standard of candidates' performances was broadly similar to previous years. The majority of candidates demonstrated a very sound grasp of the economic knowledge, understanding and skills across the two examination papers and this is reflected in the final award of grades. In general, the final section of the report writing task in Paper 1 was more fully completed than in previous years with candidates appearing to have benefitted from the additional 15 minutes of examining time. The corresponding reduction in time allocation for Paper 2 did not appear to have impeded performances as all questions were fully completed by the majority of candidates.

In Paper 1, the majority of candidates engaged very well with the source material on the topic of *Wage Rates and Income Inequality in the UK* on which the report writing task was based. In general, candidates' responses addressed the set task and demonstrated attainment of the three assessment objectives (AOs). Performances at the top end of the mark range included effective use of the stimulus material, appropriate application of economic concepts and terminology, and a high standard of analysis and evaluation. The strongest answers applied the concepts of demand and supply, and included relevant diagrams to explain differentials in the wages paid to selected occupations. They also explained the extent to which market failure affects aspects of the labour market. Candidates in general demonstrated sound graphical and statistical interpretation skills in relation to the Sources 1, 5, 6, 7 and 8.

Several candidates referred to recent media coverage of issues associated with pay awards and income inequality, and demonstrated an awareness of relevant government policies. A significant number of candidates also included reference to concepts that are beyond the requirements of the GCSE specification. These included social exclusion, the Gini Coefficient and Lorenze curves, and to a range of topical economists' views on income inequality, such as those of Thomas Piketty. In many instances, the inclusion of such material did not detract from the overall relevance and quality of candidates' responses. However, there was evidence that some candidates were trying to 'show off' this knowledge and produced less coherent and relevant responses that did not merit the award of marks in the higher mark bands. Candidates should be reminded that their priority in the examination is to address the task set and demonstrate their achievement in relation to the three AOs.

The final sections of the task, which particularly assessed AO3 (*analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions*), were completed to a high standard. In Section 6, the best answers discussed approaches to reducing income inequality against criteria such as: the time needed for specific measures to take effect; their potential impact on government income and spending; possible opportunity cost implications; or the resulting possible conflicts with economic objectives. Responses that included clear supported recommendations about how to reduce income inequality in the UK, rather than just describing the possible approaches that were included in the source material, were awarded marks in the higher mark band. Common features of responses that scored less well on this paper were superficial use of the source material and limited application of economic concepts, ideas and terminology.

The vast majority of candidates performed well in Paper 2. This year, responses to the short questions in Section A were generally very good and there were fewer knowledge gaps. Section B was also well answered by the majority of candidates.

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. Questions 6 and 8 were the most popular essay questions while Question 9 was less popular. Question 7, the focus of which was the Financial Capability section of the specification and specifically consumer debt, was attempted by very few candidates and their answers lacked understanding and detail. As in previous years, Section C questions on the Financial Capability section of the specification appear to be very unpopular with candidates.

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 is excellent at the higher end of the mark range. However, many candidates could improve their overall examination performance by attention to detail in relation to QWC. It is disappointing to see spelling errors of key economic terms, some of which were included in the source material. Candidates should be able to judge when it is appropriate to use 'fewer than' and 'less than' when analysing and interpreting data and describing numerical change.

The examining team reported a noted increase in the number of examination scripts that were challenging to read due to the style and extremely small size of the handwriting. It is recommended that centres encourage their candidates to practise basic handwriting and to write legibly in examinations.

Paper 1

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

Task 1 All candidates gave relevant and concise introductions to the task many of which showed considerable appreciation of issues related to wage rates and income inequality.

Task 2 The majority of candidates used Source 1 to outline wage differences between selected occupations. The best responses made effective use of the statistical data to contrast average pay and percentage changes in pay. Weaker responses tended to contrast only two occupations.

Task 3 There were some excellent responses that made effective use of the concepts of demand and supply, including diagrams, and made effective use of the source material to explain why some workers earn more than others. The best answers included detailed explanation of both supply and demand side factor while weaker answers tended to develop either demand or supply factors. Several candidates made reference to the national minimum wage and included a diagram. However, this was not always integrated well to address the set task.

Task 4   The majority of candidates used Source 5 to describe how income inequality had grown in the UK between 1999 and 2009. Some more developed responses also used Source 8 to discuss the growing differential between the average annual pay of Chief Executive Officers and workers in general over the same decade. The best answers demonstrated excellent application of AO2, the application of skills, knowledge and understanding to this context.

Task 5   The standard of answers was generally very high with the majority of candidates demonstrating well-developed knowledge and understanding of the possible impact of growing wage inequality on the UK economy. There was also evidence that many candidates had followed issues in the media, for example, by discussing the growing provision of food banks and the impacts of recent government policy changes on entitlement to benefits. The best answers discussed how low income families are affected by changes in government income and spending, and the knock-on effect of changes in wages on the demand for goods and services.

Task 6   Most candidates were able to identify and discuss ways in which income inequality in the UK could be reduced. The best answers applied criteria to judge the potential effectiveness of respective measures, such as, the length of time that it would take for a positive impact to be felt and whether the proposed measure was likely to have a lasting impact. There were some outstanding answers that discussed the relative effectiveness of government intervention versus free market forces to reduce income inequality. The best answers made clear and supported recommendations about the most effective ways to reduce income inequality in the longer term. Many responses provided in-depth discussion of supply-side measures, such as improving access to higher education and training for poorer income households.

Paper 2

The overall standard of answers was high. Even though the time allocation for this paper was reduced by 15 minutes, candidates appeared to have no problems in completing all the required questions.

Section A

Q1   Candidates generally showed sound knowledge and understanding of issues related to exchange rates and how a depreciation in the foreign exchange value of the pound sterling affects UK exporters of manufactured goods, and Eurozone tourists to the UK. The majority of candidates were awarded full or nearly full marks.

Q2   This question was very well answered and many candidates were awarded full marks. In Part (c), candidates showed good understanding of the effect of inflation on household real income.

Q3   In Part (a), the majority of candidates correctly identified the change in the Bank of England base rate over the specified time period but in Part (b), some candidates were unable to correctly identify an advantage and a disadvantage of low interest rates.

Section B

Q4   Candidates demonstrated good understanding of unemployment and answered all parts of this question well. In Part (b), candidates were not required to manipulate the data but they were expected to identify trends and use the data in their answer.

Q5   In Part (a), the majority of candidates identified trends in the index number data for world food prices. As in Question 4, candidates were not required to manipulate this data although a few correctly calculated percentage changes using the index number scores. In Part (b), the majority of candidates drew and labelled correctly demand and supply diagrams to illustrate the effects of bad weather and an increase in the world's population on world food prices. There were just a few instances where candidates drew incorrect diagrams and showed poor understanding of these fundamental concepts.

Section C

Q6   This was the most popular question in Section C but there was considerable variability in the quality of answers. In Part (a), most candidates were able to explain the meaning of a merger although many did not define different types of mergers. Part (b) was also generally well answered although some candidates failed to read the question fully and omitted specific reference to the impact on consumers of the merger between Airtricity and Phoenix Gas. Fewer candidates completed Part (c) well with many failing to correctly define social costs and benefits. Subsequently their discussion of the social costs and benefits associated with cheaper energy supplies lacked accurate detail.

Q7   This was the least popular question in Section C. Those who did attempt it demonstrated very sketchy understanding of the meaning of consumer debt, of possible reasons for the high levels of consumer debt in the UK and of its impact on the UK economy.

Q8   This was the second most popular question in Section C. In Part (a), few answers made reference to current terminology such as the Public Sector Net Cash Requirement (PSNCR) in their explanations of a budget deficit. As in previous years, some candidates confused a budget deficit with a trade deficit. In Part (b), candidates generally understood that the current budget deficit was bad for the economy but very few could explain why this was the case. A considerable number erroneously advanced the proposition that a reduction in the deficit would lead to a rise in government spending. Part (c) was completed to a higher standard and many answers included good discussion of the issues associated with raising taxes to reduce a budget deficit.

Q9   This question was generally well answered but there were some common errors and omissions. In Part (a), weaker responses failed to include reference to comparative advantage in their explanation of how countries can benefit from international trade. In Part (b), many candidates' answers included good discussion of the impact of a trade deficit on the UK economy although a few failed to mention the impact on the exchange rate. Similar to the error made in Part (b) of Question 8, some candidates confused a budget deficit with a trade deficit. Some candidates also appeared to think that all international trade is undertaken by the government.

In Part (c), there were some outstanding answers that discussed in-depth how policies to reduce a trade deficit can affect other government economic objectives such as price stability and low inflation, sustainable economic growth and the maintenance of a high level of employment.

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