Chief Examiner's Report

economics

Foreword

This booklet outlines the performance of candidates in all aspects of CCEA's General Certificate of Secondary Education (GCSE) in Economics (Legacy) 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 (LEGACY)

CHIEF EXAMINER'S REPORT

General Comments

This was the final examination of this 'legacy specification' as centres are now following the revised specification which will be assessed for the first time in the 2019 summer examination series.

The general standard of candidates' performance 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. The proportion of students awarded grades A to G remained similar to previous years. The examining team was particularly impressed by a number of exceptionally high performances with some candidates being awarded close to full marks in both examination papers. Hence there is a marginal increase in the proportion of candidates achieving the A* grade.

Students engaged very well with pre-release case study for Paper 1, *The Impact of Consumer Credit and Debt on the UK Economy*. Responses to this report writing task were generally well informed and detailed with candidates demonstrating high levels of attainment in relation to the knowledge and skills outlined in the three assessment objectives (AOs).

The majority of candidates managed their time and effort well to complete all sections of the task and to write clear, concise and relevant responses. Performances at the top end of the mark range included effective use of all the stimulus material, appropriate application of economic concepts and terminology, and a very high standard of analysis and evaluation. These responses were frequently awarded marks in the upper range of Level 3 or into the Level 4 mark bands. The strongest answers demonstrated in-depth knowledge and understanding of each sub-section of the task: changes in how consumers pay for goods and services; changes in consumer debt and their causes; possible benefits of consumer debt to UK consumers and businesses; and how changes in the UK base rate could affect the wider economy. Furthermore, the strongest responses demonstrated excellent analysis and evaluation (AO3: *Analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions*) and these merited the award of high marks. Common features of weaker performances included superficial use of the source material and responses that included limited detail or analysis. In some instances, early sections of the task were omitted which was disappointing as responses to other sections were detailed and of a reasonably high standard. This did not appear to have been the result of limited time for the overall task but of a weakness in examination technique or perhaps limited preparation which exposed knowledge gaps in the topic.

Candidates in general demonstrated sound graphical and statistical interpretation skills in relation to the Sources 1, 2, 4, 6 and 7 in particular.

The vast majority of candidates performed well in Paper 2. Responses to the short questions in Section A were generally very good although some simple errors were made by even some of the very strongest candidates. Section B was also generally well answered with the majority of candidates demonstrating good knowledge and understanding of the specification content that was examined in Question 4 (Trade, Aid and Development: Exchange Rates) and Question 5 (Producing and Consuming: Costs and Revenue and Competition and Growth). Responses to Question 4 were generally weaker than to Question 5. The topic of exchange rates continues to challenge some candidates and this year, there was a noticeable knowledge gap about the impact of a depreciation of the pound on a domestic business trading internationally. The majority of candidates grasped that UK tourists would find a foreign holiday more expensive when the

pound depreciates.

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. Question 7 (supply, and the growth of large firms) and Question 8 (economic growth, government policy to promote growth and whether increases in growth are beneficial) were by far the most popular choices. Question 6 (fiscal policy) was also popular but it was the third most popular question. Question 9 (foreign aid, characteristics of developing countries and whether removing trade barriers was the best way to help developing countries) was noticeably the least popular with candidates and responses were split between excellent or poor with few in between. Some responses demonstrated a high level of knowledge understanding of this topic while others lacked economic content and awareness of the issues being assessed in Part (c) in particular. The weakest responses in Paper 2 were generally caused by a weak performance in Section C.

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. Similar to previous years, candidates' standard of QWC continues to vary considerably and this affects overall performances. 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 common economic terms such as resources, monetary policy, and budget deficit. Similar to a comment from last year's report, many candidates' responses would also benefit from the appropriate use of paragraphs to organise and present their points and conclusions.

There were few rubric violations in Paper 2 Section C but two candidates did manage to give very weak responses to each of the four essay questions. Candidates should be reminded of the rubric for examination papers which, from 2019, will be a choice from only three essays in Paper 1. They should be encouraged to focus all their effort to respond to their choice of essay to the best of their ability.

It is disappointing to see a further marginal drop in the number of students entered for this year's examination given the strong correlation between having undertaken the subject at GCSE level and strong A Level performance. Perhaps this attrition will be halted, and hopefully reversed, in future years as centres become familiar with the new specification.

As centres prepare candidates for next year's examinations, the first of the revised specification for GCSE Economics, they are reminded that the new Paper 1 follows a similar format and challenge to the current Paper 2. One notable change is that there will be one fewer essay choice in Section C. The new Paper 2 will consist of two structured data response questions each worth 30 marks as this assessment model replaces the current Paper 1 pre-release case study and report writing task. The Sample Assessment Materials (SAMs) provide examples of the style of questions and the mark allocations for each of the question parts. The weighting of the assessment objectives remain the same as for the report writing task and the latter parts of each of the two new questions will require extended writing placing greater emphasis on the assessment of AO3 than earlier parts of the questions. Hence the mark allocations for these latter sub-questions will be higher. Centres are also advised to focus carefully on the command words used to outline the subject content (Section 3) to help them gauge the extent of detail for each topic. For example, *demonstrate an understanding of* requires students to know something about a topic (AO1) while bullet points that commence with *analyse, explain, examine, or evaluate* require students to analyse and evaluate evidence, make reasoned judgements and present conclusions (AO3). Any subject content can be examined in either paper.

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 six sub-tasks and were able to achieve marks consistently in the Level 2 and 3 mark bands. This year, it was very pleasing to see higher quality responses from more candidates that were worth of marks in the Level 4 mark band and especially for AO3. Weaker performances were characterised by imbalanced effort across the sub-sections of the task and by limited demonstration of the AOs. 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

Task 1   All candidates gave a relevant introduction to the task indicating that they understood issues surrounding consumer credit and debt and their impact on the UK economy. The majority of candidates wrote short and concise introductions.

Task 2   Source 1 was effectively interpreted by the majority of candidates to describe the changes in how consumers paid for goods and services between 2011 and 2015.. The best answers included reference to the emerging practice of contactless payments and some exceptionally high quality responses also included relevant points from Source 4 about payment for cars using finance available through car dealerships.

Task 3   The majority of candidates successfully interpreted the data in Sources 2 and 3 to describe the recent changes in UK consumer debt. The best answers correctly interpreted the graph in Source 2 that showed the annual percentage change in consumer credit from 2013 to 2016 and used the correct units (£s billions) to describe changes in unsecured debt. Some weaker responses omitted the reference to units altogether.

Task 4   Most candidates demonstrated good application of the AOs and in particular of AO2 and AO3 to discuss possible causes of the UK's consumer debt problem. The evidence needed to address this section was contained in Source 4 and there were also relevant points in the introduction and the earlier sources. The best answers categorised the causes under headings, for example: the availability of cheap finance; change in (borrowing) culture; effect of advertising; poor money management and understanding; consumer confidence; and economic hardship and low wages. Weaker responses simply repeated information directly from the source material and/or outlined only one or two points and demonstrated limited understanding.

Task 5   Most candidates were able to discuss possible benefits of consumer debt to UK consumers but only the very best responses included specific reference to businesses. Some candidates outlined a wider discussion of the possible benefits to the economy as a whole. The best responses also demonstrated high levels of analysis and evaluation (AO3) while weaker answers were generally superficial and lacked development.

Task 6   The majority of candidates demonstrated high levels of knowledge and understanding of the how an increase in the UK base rate of interest may affect economic growth, unemployment and inflation. The best answers addressed all three issues and included thorough analysis of potential positive and negative impacts. Weaker answers tended to be imbalanced and often focus on just one area such as economic growth. Some candidates appeared to be confused about the fundamental relationship between changing base rates of interest rates and inflation.

Paper 2

Section A

Q1   In Part (a), the majority of candidates demonstrated knowledge and understanding of why a small business might need finance. Part (b) was generally answered well but some candidates struggled to explain accurately the meaning of an overdraft.

Q2   The majority of candidates demonstrated a sound grasp of the concept of demand that was the focus of this question and completed Parts (a) and (b) successfully. There were some innovative answers to Part (c) that gave changes in demand of relevant complements or substitutes, for example, more vegetables could be demanded because there was an increase in demand for roast beef. However, a number of candidates erroneously listed the price of the product as a determinant of demand.

Q3   Most candidates answered all parts of this question well but in Parts (a) and (b) respectively, some candidates were confused about what is meant by the public sector and privatisation.

Section B

Q4   Parts (a) and (b) were generally well answered by the majority of candidates. In Part (c), most candidates were able to explain that the family would feel the effect of the fall in the exchange rate of the pound against the US dollar and that their holiday would become more expensive. There were some excellent illustrated answers that referred back to the data to explain the best time of year for the family to take their holiday given the fall in the value of the pound. Many students made errors in Part (c)(ii) as they did not clearly understand that the firm in Craigavon would receive the same payment for machine tools from customers in the USA but that these would be relatively cheaper for these customers because they would have to exchange fewer dollars to buy them. Some responses failed to include that there was a strong possibility of demand increasing for the machine tools from overseas customers bringing benefit to the Craigavon firm. In Part (d), most candidates were able to analyse the impact of the change the pound/dollar exchange rate of the UK's economic growth although the quality of answers varied.

Q5   In Part (a), some candidates were unable to identify the factors of production and confused these with other sections of content such as primary, secondary and tertiary industry. In Part (b), several candidates lost marks for incorrectly labelling of the axes in the break-even chart although the majority plotted and interpreted the diagram correctly. In Part (d), candidates generally demonstrated in-depth understanding of possible advantages and disadvantages of mergers and illustrated their answers with the use of relevant examples.

Section C

Q6   This was the third most popular question. In Part (a), most candidates were able to explain the meaning of fiscal policy and include relevant examples. In Part (b), the majority of responses were able to outline three reasons why the government levies taxes. In spite of the recent media coverage of the negative externalities associated with the use of plastic, few responses included reference to environmental objectives. Similarly, few included reference to the role of taxation in redistributing income between the rich and poor.

In Part (c), there were some very repetitive responses that focussed mainly on macroeconomic reasons why the government may need to cut its spending. More analysis and evaluation of the costs and benefits, or winners and losers from government

spending cuts would have improved the quality of many responses.

Q7 This was a very popular question. However, responses were among the least successful. Many candidates failed to clearly define supply in Part (a) and so scored low marks. Part (b) was generally very well completed with a good range of factors described that may have contributed to the fall in supply of coffee beans. Some weaker candidates, however, confused supply factors with factors determining demand. In Part (c) there were a number of responses that were one sided in nature and did not discuss the difficulties that a large firm such as Starbucks may present for consumers, other producers in the market and the economy in general.

Q8 This was also a very popular question. In Part (a) most candidates were able to correctly define economic growth, although some failed to recognise it as growth in productive potential. Part (b) was generally well answered with a good range of policies identified that the UK government could use to increase the rate of economic growth. In Part (c) there were some exceptionally high quality balanced responses that included discussion of potentially negative as well as positive impacts of economic growth such as negative environmental externalities, a widening gap between rich and poor and the risk of higher rates of inflation. Weaker responses tended to focus only on the benefits of economic growth and include unexplained abbreviations and symbols such as upward arrows to denote an increase. The quality of written communication in such responses is at best satisfactory (Level 3) and more often limited (Level 2).

Q9 This was surprisingly the least popular choice of essay question. In a few instances, candidates gave high quality responses to each part of the question demonstrating a high level of knowledge and understanding of the meaning of foreign aid, the characteristics of a developing country whether the removal of trade barriers by rich countries could benefit developing countries. However, at the other end of the spectrum, some responses were disappointingly weak and demonstrated only a vague awareness of this topic. Perhaps these candidates thought that this was an easier choice but sadly for them it only revealed their knowledge gap on this topic and overall lack of economic understanding and preparation for the examination.

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