

**GCSE Economics
Summer 2008**

Chief Examiner's Report

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Grade	A*	A	B	C	D	E	F	G	U
F				200-104	103-90	89-76	75-62	61-48	47-0
H	200-170	169-151	150-122	121-94	93-80	79-73			72-0

The performance of candidates in general was very similar to last year's high standard and this is reflected in the award of grades. Once again, there were a significant number of exceptionally good performances. The majority of candidates continue to demonstrate high levels of achievement in relation to each of the assessment objectives across the two assessment components. Some candidates who were entered for the Foundation Tier papers completed some questions quite well and demonstrated reasonable knowledge and understanding. However, they did not attempt some other questions and this had an adverse effect on their final grade.

On Paper 1 the majority of candidates demonstrated a sound grasp of the economic issues associated with the phenomenon of 'cheap clothing' that was covered by the case study material. In spite of the topic's relevance and interest, this paper was considered to be slightly more challenging than that of the previous years. Candidates were required to have a sound grasp of many areas of subject content in order to perform well across the paper. This was taken into account when setting grade boundaries.

There is still evidence that some candidates could improve their overall performance on Paper 1 if they could better align their effort to the marks available, giving more detailed answers where required. The most common problem for these candidates appears to be that they put too much time and effort into writing lengthy answers for initial questions, in excess of that required for the available marks, while answers to the later higher mark questions are not well developed. Some candidates also failed to give proper consideration to the command words used in the question stem.

The majority of candidates performed to a high standard on Paper 2. The first of the compulsory questions, Question 1 on the Higher Tier option and Question 5 on the Foundation Tier, was generally well answered. However, the second compulsory question, Question 2 on the Higher Tier option and Question 6 on the Foundation Tier proved very challenging for many candidates. Northern Ireland's rate of corporation tax, relative to that in the Republic of Ireland, has a considerable impact on foreign investment and job creation. However, many candidates demonstrated only a limited appreciation of this situation. Answers to the essay questions in Section B of the Higher Tier option were generally very well completed. Question 6 was the most popular essay question and many of the answers included up-to-date knowledge and appreciation of the economic implications associated with rising oil prices. Few candidates attempted question 5 which focussed on the European Union but those who did, answered it to a very high standard.

The quality of written communication is generally very high but examiners reported an increased use of inappropriate abbreviations. The most common of these was the use of arrows to signify an increase or decrease in a variable. Candidates should be reminded that where the quality of written communication is being assessed, they should write in continuous prose in order to merit the award of marks at Level 3.

As economic issues become more prominent in everyday life, the senior examiners are very pleased to see a significant increase in candidates being entered for GCSE Economics. We hope that schools will continue to see the relevance and value of studying Economics at GCSE level as part of a broad and balanced curriculum.

Paper 1

Foundation Tier

- Q.1 This question was answered very well with all candidates able to identify two changes in part (a). In part (b) all candidates were able to identify ASDA/George and Matalan as the two organisations with the largest share of the market and suggest possible reasons for this situation.
- Q.2 Most candidates were able to identify and explain two relevant points.
- Q.3 In part (a) some candidates did not complete the demand and supply diagram but gave a reasonably accurate written explanation that supply would increase and market price would fall. In part (b) the majority of candidates were able to comment on the relationship between prices and sales.
- Q.4 Many candidates identified relevant points but answers were not generally well developed and the use of economic concepts and terminology was limited.
- Q.5 Most candidates were able to identify economic costs and benefits of cheaper electrical goods.
- Q.6 While there were some good answers to this question, the majority of candidates struggled to explain the situation of rising consumer spending and falling prices. Some candidates did not attempt this question.
- Q.7 The majority of candidates were able to identify some relevant points to explain why supermarkets could sell goods at low prices and still make a profit.
- Q.8 This question was generally not well answered. Candidates did not appear to have sufficient knowledge of the possible effects of free trade on the UK economy and the economies of developing countries.

Higher Tier

- Q.1 This question was answered very well with all candidates able to identify two changes in part (a). Some answers to part b) did not make sufficient use of the data and some candidates did not appear to understand the index number data in Fig 2.

- Q.2 There were some excellent answers to part (a) with the majority of candidates able to draw an accurate demand and supply diagram and explain the effects of the entry of supermarkets to the retail clothes sector. A few candidates confused demand and supply with break-even analysis. In part (b) there were many excellent answers that demonstrated very good application of the concept of price elasticity of demand to the clothing sector. While not required by the question set, some candidates made very good use of demand and supply diagrams in their explanations.
- Q.3 Most candidates were able to explain why increased consumer spending would normally lead to higher prices. Better answers linked rising consumer spending to market conditions and suggested reasons why prices were falling.
- Q.4 There were many excellent answers to this question but the majority of candidates equated social costs and benefits with external costs and benefits.
- Q.5 While this question was generally well answered, better use of economic concepts and terminology such as economies of scale, could have improved the quality of some answers. A significant number of candidates tended to make judgemental statements about supermarkets' use of workers in countries with low labour costs without backing them up with any real economic analysis.
- Q.6 Most candidates answered this question well but many missed the point that second hand clothing provided by charities to developing countries is a form of aid rather than a commercial profit-making trade.
- Q.7 There were some excellent answers to this question with many candidates able to explain the contribution of cheaper clothing to the calculation of the rate of inflation and link this with decisions made by the Bank of England's Monetary Policy Committee about interest rates.
- Q.8 Answers to this question were generally good but few demonstrated excellence. Some candidates launched into a theoretical analysis of comparative advantage and free trade versus protection, rather than drawing on the Case Study material to answer the question set. A few candidates interpreted 'free' trade as 'fair trade'. Better answers made reference to the opportunity cost of increased government expenditure on benefits for workers who might find themselves unemployed as a result of more open trade. They also included reference to the possible externalities that could arise from industrial development in developing countries resulting from increased trade opportunities.

Paper 2

Foundation Tier

- Q.1 This question was generally well answered but some candidates were not able to complete the production possibility frontier diagram.
- Q.2 Parts (b) and (c) were well answered but many candidates were unable to explain two features of the European Union as required in part (a).

- Q.3 Part (a) was not well answered with many candidates suggesting that in spite of Paul's poor record of financial management, he should take out a personal loan. In part (b), few candidates were able to explain why consumer organisations such as the Consumer Council and the Trading Standards Service might not advise consumers to purchase a television at a local consumer market. The majority of candidates were able to make an attempt to answer part (c) but answers generally lacked detail about the effects of higher interest rates on the economy.
- Q.4 This question was not well answered. Many candidates lacked the knowledge and understanding to explain how consumers would be affected by each of the scenarios outlined in parts (a), (b), (c), and (d).
- Q.5 This question was poorly completed by many candidates. In part (b) the majority were unable to identify the type of integration involved in Ryanair's bid for Aer Lingus and most answers lacked the knowledge and understanding of economies of scale required to answer part (c). Answers to parts (d) and (e) were also poorly developed.
- Q.6 Candidates tended to struggle with parts (c) and (d) of this question. In part (c), few candidates could identify relevant government policies that could attract investment. Similarly in part (d), few candidates demonstrated understanding of the economic effects of cutting business taxes.

Higher Tier

- Q.1 This was answered to a high standard by the majority of candidates. Surprisingly, some candidates made errors in parts (a) and (b). Many answers to part (c) omitted to make reference to economies of scale.
- Q.2 For many candidates this was their weakest answer on the paper. Many answers demonstrated limited understanding of corporation tax and business taxes in general as required in parts (a) and (b). For part (c) a significant number of candidates suggested that a reduction in the national minimum wage rate as a suitable government policy to improve competitiveness. While theoretically possible, many candidates were unaware of the reasons for the introduction of the minimum wage or the implications for poverty levels and government spending on social security benefits.
- Answers to part (d) were generally not well developed and hence did not merit the award of marks at the highest level.
- Q.3 This was the least popular essay question in Section B. However, it was generally answered to a very high standard by those who chose it. In part (c), some weaker answers outlined standard fiscal and monetary policy outcomes and neglected actions that firms could take to compete with cheap imports.
- Q.4 This was a very popular question that produced many excellent responses. The majority of candidates gave detailed answers that demonstrated a sound understanding

of monetary and fiscal policies, the causes of inflation and why the control of inflation is such an important priority for government.

- Q.5 This was not a popular question but those candidates who opted for it generally produced high quality answers. The best answers incorporated economic theory to analyse and evaluate the effects on the Northern Ireland economy of the increased numbers of immigrant workers from new European Union countries.
- Q.6 This was the most popular question in Section B and was completed by the majority of candidates to a very high standard. In part (b) candidates made excellent use of demand and supply diagrams illustrating both demand and supply side factors to explain why the price of oil might rise. In part (c) there were some excellent answers that included many of the current economic issues that have arisen from the rise in oil prices. A few candidates focused too much on the possible development of the market for renewable energy at the expense of developing more immediate implications of the rising price of oil.