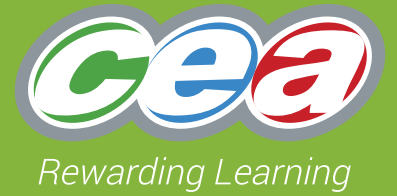


GCE



Chief Examiner's Report Economics

Summer Series 2022



Foreword

This booklet outlines the performance of candidates in all aspects of this specification for the Summer 2022 series.

CCEA hopes that the Chief Examiner's report 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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GCE ECONOMICS

Chief Examiner's Report

Subject Overview:

While it was pleasing to see a return to some form of normality with regard to external examinations, the arrangements for examining, marking and awarding for A level economics in summer 2022 could not be described as typical. The ability to omit units, which the vast majority of candidates chose to do, did have a positive impact on the quality of answers particularly at AS. Indeed, it was actually really enjoyable to read the quality and depth of some of the responses. This improvement in the general standard of responses was not as evident at A2, though this may reflect the fact that performance in A21 is generally of a very high standard anyway. At A2 examiners did report a diminished ability to deal with synoptic assessment, which may be a reflection of the disrupted experience students had at AS. Overall though, the senior examining team were pleased with the quality of student responses. Huge credit must go to the team of economics teachers for preparing candidates so effectively in such difficult circumstances.

Assessment Unit AS 1 Markets and Market Failure

Unit overview.

Candidates clearly prepared very well and performance in this paper was noticeably improved from previous years. This was reflected in a mean score was 47.3/80 which is five marks higher than 2018 and the standard deviation for the paper was 10.3.

Section A

- Q1** This question produced a range of responses. The best candidates were able to clearly define marginal cost and calculate the marginal cost of the 6th unit. Weaker answers were unclear about the concept of marginal cost, indeed some confused it with marginal utility. While others who seemed to understand the concept lost marks as they used a random example to illustrate it.
- Q2** (a) This question was generally well answered, however some candidates defined a normal good as having a YED of greater than one and an inferior good as having a YED of less than one.
- (b) This question was well answered by the majority of candidates. However, some candidates lost marks by failing to indicate that quantity demanded was likely to fall by 6%.
- Q3** This is the first time we have tested this particular concept directly, and as such we were expecting mixed responses. However, this question was well answered in the vast majority of cases. This may be because some of our candidates have first-hand experience of being sold a "lemon" online!
- Q4** (a) While this was well answered by many students, a significant number of students struggled with this question. Indeed, a sizeable number did not attempt the question at all!
- (b) This question was well answered by most students however some candidates did not include the £ sign in their answer and hence lost a mark.

Q5 This question was really well answered by most candidates. It was pleasing to see that most were able to produce accurately drawn and well labelled diagrams. Candidates should remember however that a question which carries six marks is marked in levels and as a result they should take care with how they structure and present their answer. A basic expectation would be that the key economic concepts in the question (in this case consumer surplus and a minimum price) would be clearly defined or explained.

Section B

- Q6 (a)** Although candidates are getting better at answering this type of question a significant number still fail to manipulate the data to make comparisons in relative terms. Failure to do so costs them relatively easy marks. In this particular question a number of candidates misread the chart and said that Scotland had 211 million drug related deaths in 2018 rather than 211 deaths per million.
- (b)** This question proved to be a very good discriminator. The best candidates were able to clearly explain and illustrate how both demand and supply were shifting to the right but also explain that the relative magnitude of the changes would impact upon the final price.
- (c)** Most candidates produced accurate diagrams and were able to explain that the consumption of drugs could impose negative externalities on society. Fewer however dealt with issues such as information failure or hyperbolic discounting.
- (d)** This question produced a range of answers and as such was a good discriminator. Weaker answers tended to be one sided with little evaluation or judgement, or lack focus on the question asked. Too many candidates seemed to answer a slightly different question in that they simply discussed all the alternative government responses for dealing with demerit goods such as heroin and cocaine.

Section C

- Q7** Perhaps surprisingly, this question was the least popular of the two essay questions. That said however it did produce some very good answers which discussed the strengths and weaknesses of centrally planned economies. Weaker candidates however simply gave one sided answers or compared the features of planned, free market and mixed economies.
- Q8** This was the most popular of the two essay questions, however performance here was very mixed as well. The best candidates presented clear arguments and evidence both for and against government funding of higher education. Weaker answers tended to confuse higher education with secondary education, or more worryingly produce rehearsed answers to similar questions that have appeared before. Candidates should be aware that while preparing answers to past paper questions is a useful revision strategy, examiners do really expect answers to address the specific question asked in the exam.

Assessment Unit AS 2 Managing the National Economy

Unit overview

The number of candidates sitting this particular unit was very small. This obviously makes a macro analysis of the paper quite difficult. That said however the paper did seem to work quite well in discriminating between candidates of different ability.

The paper had a relatively low mean (35.87/80), SD of 15.25 and a mark range from 6/80 to 68/80. There were only 31 scripts in total, so the mean may have been skewed by two very low scoring scripts. Section A was the best-answered with candidates scoring approximately 53% of the available marks. Section C was the least well answered with candidates scoring approximately 39% of the available marks.

Section A

- Q1** This was a relatively simple question designed to act as an introduction to the paper and as such it was generally well answered. Those who did not score full marks generally failed in the definition of injections and withdrawals rather than in exemplification.
- Q2** Most candidates were comfortable enough with the idea of the Gini coefficient, but a few, having defined it, then misinterpreted it and confused themselves and hence lost relatively easy marks.
- Q3** (a) The mode mark for this question was 1 out of 2. Most candidates scored 1 for calculating the difference between GNP and GDP correctly but failing to recognise that that €70988bn needed to be preceded by a minus sign.
- (b) This question was generally well answered despite the mathematical skills required being more complex than in the previous question.
- Q4** This question was generally well-answered; where marks were lost, it was usually in lacking the formal definition of a recession as involving two consecutive quarters of negative growth.
- Q5** (a) This was a fairly straightforward question in that the diagram offered relatively few possibilities for misinterpretation, and as a result only a small minority of candidates expressed this very poorly or incorrectly.
- (b) This question proved to be a really good discriminator, with a few really good scripts where candidates managed to produce a first-class explanation and illustration of appropriate fiscal policy measures.

Section B

- Q6** (a) It has become quite rare not to encounter competent commentary in questions of this sort, however it is still frustratingly common for candidates to fail to interpret the data in some meaningful way. In a question like this, where the data is presented as a percentage change even a clear recognition that a rise in inflation from 1% to 2% is a rise of one percentage point, (and not 1%) is worthy of credit since it shows that the candidate is at least thinking about the data.
- (b) Surprisingly, this question had a high discrimination value. Even some candidates who understood the basic idea misinterpreted the question as perhaps being less straightforward than it was, and marred otherwise valid answers by dealing with irrelevancies rather than developing the core idea.

- (c) This was another question which produced many disappointing answers. Many answers just attempted to paraphrase the data, apparently unaware of the ‘command’ word, analyse. This level of analysis should have been possible even without formally name-checking the concepts of “demand-pull” and “cost-push”, but, sadly, only a few very good scripts seemed to contain analysis at this level.
- (d) The final question in AS2 Section B often trips candidates up, however the general standard of responses in this case was fairly pleasing, perhaps because subtle clues in the data were well picked up and adapted by candidates.

Section C

- Q7** Fewer than a quarter of the candidates chose this option. Of those that did only a few were able to effectively examine the consequences of the relentless pursuit of growth or the difficulty in implementing a zero growth policy. The content of many answers was mainly normative, and as a result very few answers were awarded a mark in Level 3.
- Q8** While this was the most popular question it was not generally well answered. Candidates seemed to confuse the concept of lower productivity rates relative to our EU neighbours with the concept of an output gap.

Assessment Unit A2 1 Business Economics

Unit overview

There was a wide range of responses on the paper with some excellent candidates able to fully meet the range of assessment objectives through judicious use of appropriate economic concepts. Unfortunately, other candidates lacked a full understanding of those concepts, or more frequently, failed to apply the appropriate concept to the context of the question. In general terms Section A was well answered with most candidates scoring highly. Section B posed more problems with candidates failing to use the data provided or frame their answers in the context of the case study. Section C was well answered with a good split between the number of candidates choosing Question 6 or Question 7. The mean mark in this paper was very much in line with previous years. This particular unit lends itself to use of diagrams in candidate responses and many candidates were able to enhance the quality of their answer with appropriate use of clearly labelled diagrams. However, a minority of candidates still fail to use diagrams or simply draw a diagram but make little or no reference to it in the body of their written response.

Section A

- Q1** This simple introductory question was correctly answered by nearly all candidates. However, a small number failed to express their answer in thousands of tonnes.
- Q2** Most candidates grasped that this question was testing the concept of the shutdown point and answered appropriately with good use of data. A small number of candidates confused fixed and variable costs.
- Q3** (a) A surprisingly large number of candidates were unable to correctly identify 2016 as the base year. Centres need to be aware that the Quantitative Skills identified in Appendix A of the specification can be assessed across all four papers.
- (b) Despite the problems with Part (a) most candidates answered this correctly.

- (c) Answers to this question tended to be vague with candidates unable to clearly explain why there was a difference between market share by value and by volume.
- Q4** (a) This was well answered and those candidates who correctly identified that revenue was maximised when $MR = 0$ had no difficulty in calculating supernormal profit.
- (b) This question caused problems for a significant number of candidates who clearly did not understand the concept of first degree price discrimination. This was quite surprising given that this topic was examined in recent papers. When candidates understood supernormal profit as the entire area of consumer surplus they usually had no difficulty in calculating its value.

Section B

- Q5** (a) Most candidates answered this well and made good use of concentration ratios. A small number only made a narrative reference to the performance of one or two supermarkets and failed to gain all the marks available.
- (b) There was a wide variation in the quality of answers. Some candidates had a good grasp of the concept of creative destruction, others clearly did not understand it. A number of candidates chose to use examples from other industries rather than from the UK grocery market as the question required.
- (c) There were some very good answers to this. Candidates who failed to score highly fell into two categories. Some were unclear on the concept of a contestable market and confused it with perfect or monopolistic competition. A larger number produced one sided answers and decided the market was definitely contestable (or not contestable) with no reference to the alternative possibility. At A2 candidates aspiring to higher level marks need to be able to produce more nuanced answers.
- (d) There were some very detailed answers looking at a range of methods of price and non-price competition. Stronger candidates were able to explore in detail both the inevitability and desirability of a switch from non-price to price competition and some of these showed an impressive ability to engage in high level evaluation of the impact this would have on the grocery market. Weaker answers tended to reproduce the notes they had learned on oligopoly.

Section C

- Q6** This was the marginally less popular essay. There were some very good explanations of alternatives to profit maximisation and excellent discussions of the advantages and disadvantages of the desirability of profit maximising. It was pleasing to see candidates being able to address both sides of an argument. How realistic profit maximising was tended to be less well addressed by candidates.
- Q7** This was a slightly more popular option. Candidates showed an excellent understanding of a range of policies that government could use to deal with market dominance. Those candidates who obtained the higher level marks were able to build on this analysis by a strong evaluation of the strengths and weaknesses of these policies and the problems that their implementation might cause. It was pleasing to see candidates make use of various concepts of government failure such as regulatory capture or asymmetric information.

Assessment Unit A2 2

Managing the Economy in a Global World

Unit overview

The number of candidates sitting this particular unit was extremely small, so it is difficult to make accurate generalisations. In these circumstances, the paper had a respectable mean of 46/90, a standard deviation of 12.67 and a mark range from 23/90 to 61/90.

Section A

- Q1** This was a relatively simple question designed to act as an introduction to the paper and as such it was generally well answered. Those who did not score full marks generally failed to indicate the units in their answer.
- Q2** Most candidates were able to demonstrate knowledge of what moral hazard is, however some slipped up a bit by answering as if it were how others view the position of banks and not the banks' own awareness of how their position is viewed that leads them to feel immune from risks.
- Q3** This question was well answered by almost all candidates.
- Q4** (a) Quite surprisingly this question was not as well answered as I would have expected given its relative simplicity.
- (b) This part of the question was however generally well answered. It seems candidates (or these ones at least) are well versed in completing this type of calculation.
- Q5** This question was not generally well answered. There was a disappointingly large proportion of candidates who used microeconomic diagrams rather than macroeconomic ones. Even when macroeconomic diagrams were used, there was a significant failure to provide analysis involving the LRAS.

Section B

- Q6** (a) Even at A2 level, there seems to be a tendency to settle for a purely narrative description of trends with no attempt at manipulation of data to show the changes in relative terms. This is quite disappointing and results in students losing easy marks.
- (b) Despite significant clues in Source 2 that would have helped counteract deficiencies in theoretical understanding, this question was surprisingly poorly answered. Too many candidates seem to confuse cause and effect and as a result provided information and analysis in this question that was more suited to Part (c).
- (c) This question wasn't particularly well answered either, despite being relatively straight forward. There was a real lack of macroeconomic analysis with too many students depending on microeconomic diagrams. Remedial policies and their consequences were often discussed here instead of in Part (d).
- (d) This question was answered quite well, with most candidates able to take the clues in the data and develop them to provide a fairly comprehensive analysis and evaluation of the range of policy responses available to the US government.

Section C

- Q7** Only three candidates attempted this question so analysis of performance is difficult. Two of the responses to this were slightly better than the other, but even the better ones seemed to draw excessively on ideas that might have been prepared for a slightly different question focus.
- Q8** Responses here were generally well-informed and well-presented with pleasing levels of application. Despite this however, only a couple of really good answers systematically investigated a range of consequences for both developed and less developed countries.

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