

CCEA GCSE - Economics  
(Summer Series) 2015

## 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](http://www.ccea.org.uk)



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# GCSE Economics

## Chief Examiner's Report

### General Comments

The examining team was impressed by the generally high standard of candidates' performances across the two examination papers. The majority of candidates demonstrated high standards of economic knowledge and understanding, applied data selection and interpretation, and analysis and evaluation skills. This high standard of performance is reflected in the final award of grades which is broadly similar to that of previous years.

*Consumer spending, savings and debt in the UK* provided both a stimulating and engaging context for the report writing task in Paper 1. This was the second year in which the slight reallocation of time across the two examination papers was implemented to give Paper 1 an additional fifteen minutes. Once again, this appeared to enable the majority of candidates to complete their reports and address all aspects of the set task. Similar to previous years, the examining team was impressed by the performances of many candidates who demonstrated an excellent grasp of the economics issues and of the three Assessment Objectives. 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 effectively applied the concepts of risk and return, opportunity cost of financial choices, real changes in prices, income and savings, and real interest rates. Furthermore, they demonstrated thorough knowledge and understanding of relevant aspects of the UK economy and of the potential impact of a rise in interest rates for individuals and the economy as a whole.

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 of trade unions (Question 2). Section B was generally well answered. In Question 4 the majority of candidates demonstrated sound understanding of inflation and its effects, and of the advantages and disadvantages associated with credit easing policies. However, in Question 5 most candidates struggled to identify a relevant private cost that could result from using fracking to produce natural gas. Other parts of this question were very well answered. In Section C, Questions 6 and 7 were more popular essay choices than Questions 8 and 9. 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. Some candidates who chose to answer Question 7 gave weak answers to Part (b) that required them to use a production possibility frontier to examine how the government faces the basic economic problem.

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 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 including the spelling of 'economy'.

Candidates are encouraged to develop their writing style so that they can express ‘positive’ economic ideas and to use evidence to support their responses. Teachers are familiar with encouraging students to follow current affairs and economic events in support of their study of economics. However, recounting what has been happening in the news, and expressing unsupported opinions is not a substitute to composing a clear response to a set question based on relevant specification content and examples.

Candidates are encouraged to allocate their time according to the challenge of the task and the marks available and to write legibly.

## Paper 1

The report writing task is assessed holistically against all three assessment objectives with a heavier weighting assigned to Assessment Objective 3. The majority of candidates responded well to each of the five sub-tasks and many were able to achieve marks in the Level 3 and 4 mark bands. However, some candidates’ performances were more limited in some sections of the task where they demonstrated weaker 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’ performances on each section of the report.

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.

**Task 1** The majority of candidates gave an informed and relevant introduction to the task. However, some introductions highlighted issues that were not part of the task. This gave the impression to the examiners that they were writing a prepared introduction without fully focussing on the task that had been set. In some instances this incorrect focus continued and was evident in subsequent parts of the task. Candidates should be reminded of basic examination technique that they should answer the task set rather than one that they may have anticipated and prepared for prior to examination. Given the challenge of completing the substantive sections of the report in the allocated time, candidates are advised to keep their introductions concise and focussed.

**Task 2** Section 2 required candidates to explain two financial products that might be used by someone planning for retirement. The strongest answers demonstrated sound economic knowledge and understanding of the most appropriate financial products, for example, Individual Savings Accounts (ISAs), other bank accounts such as savings accounts, stocks and shares, and a small number included other products that were not referred to in Source 1, such as annuities. They also highlighted that such financial decisions needed to be based on the relative risk and return associated with key products and choices. Several weaker responses based their response on the popularity of financial products, such as current accounts, as shown in the statistical data in Source 1 (the ownership of financial products by age in 2012). Once again, some of these weaker responses wrote lengthy answers about the popularity of the various products with different age groups which compounded the impression to examiners that they were writing a prepared answer rather than responding to the set task.

**Task 3** Most candidates used Source 2 very effectively to describe the main changes in consumer spending and saving between 2012 and 2014 and to suggest reasons for the changes. The best answers described both graphs effectively and highlighted the extent to which changes in the data appeared to be correlated. Most candidates completed this part of the task well and gave relevant suggestions for the changes in

the data. Many of these demonstrated excellent understanding of the UK's recent economic performance and the issues that have affected consumers' ability to spend and save. Weaker answers generally lacked detail and understanding of economic factors that have affected levels of consumption and savings.

- Task 4** Most candidates made excellent use of the source material, and in particular Source 4, to demonstrate sound understanding of the extent of consumer debt in the UK. The best answers gave detailed explanations of a range of relevant factors including changes in people's attitudes to debt, the availability of credit following deregulation in financial markets and the impact of the rising cost of living, especially during a period of pay constraint. Stronger answers distinguished between secured and unsecured debt and highlighted categories of people who were most and least likely to be in debt. Weaker responses were more narrowly focussed with many referring only to the easy availability of payday loans. These were often written in a 'normative' style that offered opinions rather than drawing on evidence from the source material or from wider substantiated research. Such answers lacked development and many demonstrated low attainment in relation to the three Assessment Objectives.
- Task 5** The majority of candidates interpreted the source material and identified that people generally need to engage in more effective financial planning for their future. There were several excellent examples where candidates demonstrated in-depth understanding of the pressures that people experience in trying to manage their everyday finances and particularly during a period of economic austerity. The best answers applied the fundamental economic concepts that underpinned this part of the task, namely limited resources and the opportunity cost facing consumers of choosing between spending all their financial resources now and enjoying the immediate benefits associated with these choices, or saving some portion and forgoing some immediate consumer satisfaction so that they would have financial resources in the future and deferred consumer satisfaction. Some answers included excellent discussion of the financial challenges facing many poorer households who simply had no choice about planning for the future due to the constraints of their current financial resources. Once again, weaker answers had a narrower focus and many referred only to the lack of financial education among young people as the main problem that was affecting peoples' ability to manage finances and plan.
- Task 6** The final section of the task required candidates to evaluate the impact on individuals and the UK economy of a rise in interest rates. Most candidates interpreted the data in Source 6 and discussed the economic impact of the low interest rate that has operated in the UK since 2009. The best answers discussed the possible effects of a rise in interest rates on households with mortgages, and on those with different types of mortgages such as fixed rate and tracker. These responses also referred to the positive impact on savers. The wider effects of a rise in interest rates on the UK economy were discussed well and included analysis of the possible impact on inflation, economic growth, investment, employment and the balance of payments. The best answers demonstrated thorough understanding of the operation and current performance of the UK economy and of how a rise in interest rates might be needed to address rising inflation. Weaker answers typically lacked breadth and depth in their discussion and had little evidence of analysis or evaluation (Assessment Objective 3).

## Paper 2

### Section A

- Q1** This question was generally answered very well. However in Part (a) some weaker answers frequently omitted to include that the unemployed were those who did not have a job and were actively seeking work.
- Q2** Several candidates were unable to give an accurate definition of a trade union although most were able to give one example of their role. Some candidates did not appear to understand that trade unions were run by workers for workers. Part (c) was well answered with several candidates showing historical knowledge of the changes in the law introduced by Mrs Thatcher in the 1980s, and of the ways in which employee rights are now better protected.
- Q3** In Part (a) some answers failed to recognise that when businesses expand, their total costs are likely to rise and that their average costs are likely to fall.

### Section B

- Q4** The majority of candidates were able to define inflation in Part (a) and to interpret the stimulus graphical data on the UK Rate of Inflation to answer Part (b). In Part (c) explanations as to why prices rising faster than inflation can be problematic for the economy were generally well developed. In Part (d) most candidates were able to give a relevant advantage and disadvantage of the effect of the government's credit easing policy.
- Q5** In Part (a) the majority of candidates described the changes in the price of natural gas in the USA between 2004 and 2014. In Part (b) only a few candidates drew an incorrect demand and supply diagram. In Part (c) it was disappointing to see that very few candidates could explain a relevant example of a private cost that would result from using fracking to produce natural gas, while explanations of external costs were completed very well. Part (d) was well answered with the majority of candidates able to discuss advantages and disadvantages of a tax reduction on fracking profits.

### Section C

- Q6** This was one of the more popular essay questions and it was reasonably well answered. Candidates demonstrated good knowledge and understanding of privatisation and of the ways in which businesses compete in the private sector. Few answers made specific reference to the impact of the internet and the growth of online shopping and trading within their explanations. The arguments for and against privatisation were discussed well.

- Q7** This question was also popular but not all parts were well answered. Candidates were able to explain the basic economic problem in Part (a). However some responses to Part (b) were disappointing with several candidates unable to draw a Production Possibility Frontier (PPF) to show how the government faces the basic economic problem. Some drew a demand and supply diagram. The quality of answers to Part (b) varied with stronger answers using relevant examples such as spending on health or education to illustrate the problem for government. In Part (c) the best answers discussed policies that were most relevant to helping the economy to grow while weaker answers outlined and discussed fiscal, monetary and supply-side policies in general with only limited application to their relative effects on economic growth.
- Q8** This was one of the less popular questions and the quality of responses varied considerably. There were some excellent answers that demonstrated sound economic knowledge and understanding of the European Union (EU), EU enlargement and the economic costs and benefits of the UK being a member of the UK. However, it was disappointing to see some weaker answers to Part (b) in particular that referred mainly to the increase in immigration from relatively new Eastern Europe member states with points expressed in a normative style.
- Q9** This was also one of the less popular questions and there were few high quality answers. In Part (a) few candidates were able to explain a range of relevant features of a developing country. In Part (b) candidates were generally able to explain some effects of globalisation on developing countries but these were superficial and lacked application of economic concepts and ideas such as comparative advantage. In Part (c) candidates demonstrated general knowledge and understanding about types of aid but several answers did not adequately address the set task and include sufficient analysis and evaluation of whether aid was the best policy to help economic development.

## Contact details

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