GCSE

Chief Examiner's Report
Economics

Summer Series 2019

Foreword

This booklet outlines the performance of candidates in all aspects of this specification for the Summer 2019 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

Chief Examiner's Report

Overview

This was the first assessment of the revised GCSE specification with a modified, if broadly similar, scheme of assessment based on two examination papers. Paper 1 contained an identical structure, mark allocation and weighting of assessment objectives (AOs) as Paper 2 from the previous specification. Candidates were therefore familiar with the format of this paper. It was the longer of the two papers with a time allocation of one hour and forty-five minutes and was worth 60% of the overall award (90 marks of the total 150). Similar to the 'old' Paper 2, it contained three short stimulus response questions in Section A, two data response questions in Section B and candidates had a choice of one of three structured essay questions in Section C. Paper 2 replaced Paper 1, the pre-release case study paper from the previous specification, and contained two 30 mark data response questions (60 marks of the total 150). This paper retained same assessment weighting of 40% of the overall award and the same weighting of the three AOs.

Given these changes, it is very pleasing to report on the general high standard of candidates' performances which were 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. There were also many excellent performances which merited the high grades awarded.

In general, candidates appeared to find Paper 2 the more challenging of the two examination papers. The fact that there was no choice on this paper meant that weaker candidates struggled with some economic concepts. This was particularly noticeable in Question 2 that focused on international trade and exchange rates. This could in part be attributed to the pressures of the teaching schedule as the Global Economy, the final section of the specification, is often taught at the latter end of Year 12 when time is limited and there are fewer opportunities for revision and assessment. However, Question 2 did reveal some knowledge gaps of basic topics such as exchange rates. It is important that candidates who study GCSE Economics develop a sound grasp of such relevant and important topics. One further noticeable knowledge gap concerned the topic of social costs which was the focus of Question 7 in Section C of Paper 1. Several of the candidates who chose this essay question omitted to include the private costs portion of the definition and erroneously equated social costs with external costs. On the other hand, this question also produced some excellent responses.

Many candidates' responses to Paper 2 were also weakened by the ineffective use of the data response material. Some candidates appeared to ignore the data response material completely and it was disappointing to see parts of questions not attempted, especially when the stimulus material in the question contained many relevant points that could have been interpreted, analysed and developed to gain at least some of the available marks.

Members of the examining team commented that many candidates could improve their performances, some marginally and others significantly, by paying greater attention to the basic examination technique. Candidates should be reminded to answer the question set – if they are asked for one factor, then they should just give one and not a list. They will only be credited for one factor and they are wasting time and effort. They should read questions carefully, especially in Section C of Paper 1, and apply their knowledge, understanding and skills to answer the question set. Weaker responses sometimes appeared to be attempting to reproduce class notes, especially for questions where there was a focus on government policy. To achieve marks in the top bands of higher mark questions, candidates need to demonstrate their application of the AOs, make appropriate use of any data or stimulus material provided to address the issue or problem that is the focus of the question. It is good to see candidates making use of aids such as mnemonics to structure their responses and include all the relevant content. However, it is important that they have the correct grasp of the relevant theory to support their answers (see the comment below for Question 2 Part (f) on Paper 2).

As mentioned in previous years, the quality of candidates' written communication (QWC) is another important component that distinguishes the best from the weakest candidates. Every year, the same spelling errors appear. Some of these are basic grammatical errors, such as, the use of 'their' or 'they're', or 'paid' and 'payed', 'hire' (staff) and 'higher', while others relate to the spelling of core economic terms such as monetary and fiscal policy, deficit and currency. It is disappointing to see terms incorrectly spelt that candidates could copy straight from the wording in questions. Many candidates make basic errors in the use of the apostrophe. Candidates should also learn the correct use of the terms 'less than' and 'fewer than' when referring to economic variables. Candidates should be encouraged to write their responses in prose to those questions where the quality of written communication is assessed. Typically these are their essay choice on Section C of Paper 1 and the longer mark sections of both questions on Paper 2.

This year, the examining team received a few anecdotal comments from teachers about their candidates being unsure about how much to write to questions in relation to the layout of the paper and specifically the number of lines provided for their responses. Every attempt is made to ensure that the layout of the examination papers is clear to candidates and that sufficient space is provided for them. Centres will appreciate that the candidates' handwriting varies considerably so the advice to them should always be to allocate the appropriate time to each question and part of question in relation to the marks available. They should read the rubric on the front cover so that they are clear where their written communication will be assessed and they should be reminded that a long response is not necessarily a good quality response. Answer booklets contain supplementary pages which candidates can use if needed and it should not be necessary to request additional pages. One exception to this is that they may want to request a page of graph paper if they make an error when using the graph paper provided in the answer booklet.

Overall, it was pleasing to see that centres had prepared their candidates thoroughly for the examination. Questions that assessed the new sections of the specification, notably price elasticity of demand, the identification of a market as an oligopoly (cinemas), and the increased emphasis on some mathematical calculation, were very well completed.

The examining team was also pleased to see a very small increase in the number of entries as Economics, even at GCSE level, provides young people with very relevant knowledge, skills and understanding to help them understand so many of the major issues being discussed every day in the media. This can be summed up by one comment from a chance encounter with an experienced teacher:

"Customs Unions and trade deals are headline news – where else would you learn about these?!"

Paper 1

Overview

Candidates generally responded well to all questions and demonstrated good levels of attainment in relation to the three AOs. In Section A, and in particular in Question 1(a), some candidates gave more than one economic characteristic of a developing country. As the very first question, this could perhaps be attributed to nerves. Candidates should be reminded about examination technique and in particular the need to read questions carefully and answer the questions set. This is also very relevant to Section B and in particular, questions that require candidates to interpret graphical information showing change over time. In Section C, the best responses included detailed knowledge and understanding in relation to the sub-parts of their chosen essay topic (AO1), relevant application of skills and knowledge (AO2), and excellent analysis and evaluation (AO3). Weaker responses could be improved by some focus on improving both knowledge and understanding of subject content and the quality of written communication (QWC). In some instances, there was too much use of unexplained abbreviations and responses written in note format rather than using sentences and paragraphs.

Section A

Q1 The majority of candidates demonstrated good knowledge and understanding of the characteristics of a developing country and answered this question well. However, in Part (a) some candidates gave general economic characteristics which were not specific to developing countries. Also, it should also be noted that several candidates explained more than the one economic characteristic required to obtain full marks.

Q2 Parts (a) and (b) were generally answered well. In Part (b), some candidates were not awarded the full two marks available as they failed to calculate the percentage change in price correctly to use as the denominator for the calculation of price elasticity of demand (PED). In Part (c), many candidates failed to identify that the elasticity score of 0.25 that they had just calculated in Part (b) was inelastic and that a rise in price will lead to an increase in total revenue. One common error, even for those who did identify the inelastic score, was to state that it would lead to an increase in total profit rather than correctly stating that it would lead to an increase in total revenue.

Q3 The majority of candidates completed all parts of this question well and displayed a sound knowledge of income tax. Some weaker candidates struggled with Part (c) and could not explain one valid effect on the economy if the government was to reduce income tax.

Section B

Q4 In Part (a), most candidates described the change in milk prices over the designated period with a sizeable number calculating the percentage change even though this was not asked for in the question. A few weaker candidates described the change between January 2016 and January 2017 (the two years highlighted in bold along the x-axis in Fig 1) rather than the period January 2016 – July 2017 which was specified in the question.

For Part (b), the majority of candidates accurately plotted the demand and supply graph, but many failed to identify the new equilibrium price and quantity. In Part (c), a minority of candidates did not plot the new supply curve correctly. Also in Part (c), a few candidates who did plot the new demand and supply curves correctly had difficulty identifying the new equilibrium price and quantity as a result of the scale they had chosen for the x-axis of their diagram.

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In general, Part (d) was well answered. Some top candidates referenced the inelastic nature of the demand for milk and acknowledged that the rise in price would result in higher revenues for milk producers. However, some weaker candidates did not clearly distinguish between the two markets specified in the question, milk producers and other businesses that use milk as a raw material. Furthermore, their responses lacked detail with the impacts often implied rather than clearly stated.

Q5 The majority of candidates answered Parts (a) and (b) very well with many scoring full marks. In Part (c), candidates were generally able to identify two valid reasons why the government might be concerned about rising inflation. However, many responses lacked detailed explanation worthy of marks in the top band. Again in Part (d), the majority of candidates were able to identify two policies that the government could use to reduce inflation but better responses were distinguished by the level of detail and relevance of their explanation of anti-inflationary policies.

Section C

Q6 Question 6 focused on the financial capability section of the specification. While it was the least popular essay choice in Section C, it was generally answered well. In Part (a), many candidates demonstrated strong knowledge and understanding of credit and non-credit means of payment worthy of marks in the Level 3 band.

In Part (b), several relevant financial products suitable for young people planning for the future were identified and analysed. The most popular of these were mortgages, ISAs and shares. Some of the weaker responses lacked detail and some candidates referred more generally to pension products and 'pension pots' rather than specific financial products as stated in the question. The concept of acquiring finance for retirement was well understood so these candidates' responses credited usually at levels one or two of the mark bands.

For Part (c), the majority of candidates discussed in detail the costs and benefits to the economy of a rise in consumer credit. Most candidates provided balanced responses and there were several impressive answers that included very high standards of discussion.

Q7 This was quite a popular question but disappointingly in Part (a), only a few candidates correctly defined social cost as the sum of private and external costs. Many responses explained the concept of external costs and ignored private costs entirely.

Part (b) was answered to a good standard and most candidates explained three different external costs of car ownership with the most frequent being air pollution and congestion costs. Few included examples of private costs but they were still able to obtain marks in the highest mark band as their examples were relevant and within the wider classification of social costs. Overall, Part (c) was well answered with responses including detailed discussion of the impact of the government's plan to ban petrol and diesel cars on individuals, firms and the economy as a whole. Many weaker responses were limited by their focus on just the negative impacts of the ban and the lack of reference to possible economic opportunities that might also arise, such as the development of a new generation of environmentally-friendly vehicles.

Q8 Question 8 was the most popular choice of essay question. Part (a) was generally answered very well with many candidates being awarded the full six marks. These responses demonstrated clear and detailed understanding of the role of trade unions and how they may affect labour markets. However, while a large number of candidates demonstrated good understanding of the role of trade unions, they failed to include much detail on their effect on the labour market. Some weaker responses outlined the reasons for the decline in trade union power rather than explaining the actual role of a trade union.

Part (b) was also generally answered well. Most candidates were able to outline clearly the advantages and disadvantages of the National Minimum Wage (NMW). Some candidates included appropriate and accurate diagrams in support of their explanations, and while not specifically asked for in the question, these added to the high quality of their responses and allowed them to showcase their technical grasp of theory. The key feature of weaker responses was more limited demonstration of their subject knowledge of the impact of the NMW on pay and employment.

Part (c) required candidates to discuss the costs and benefits to the UK economy of a general increase in wages. Responses were of a very high standard with candidates in general demonstrating high levels of understanding of macroeconomic concepts such as cost-push inflation, aggregate demand, employment, economic growth and the Balance of Payments. There were some excellent answers that included reference to the impact on individuals, firms and the macroeconomic objectives of government. However, some weaker responses lacked scope and accuracy. Some seemed confused by the terminology of 'a general increase in wages' and appeared erroneously to think that only the government could increase wages. Some weaker responses did not include the effects of higher wages in general on businesses costs and international competitiveness.

Paper 2

Overview

Paper 2 consisted of two data response questions each worth 30 marks. It effectively replaced the pre-release case study paper (Paper 1) in the old specification and retained the same mark allocations across the three assessment objectives.

Question 1 focused on business growth and competition and this was generally well completed by the majority of candidates. However, Question 2 with its focus on international trade and exchange rates appeared to be the more challenging of the two questions. Several candidates omitted sub-parts of Question 2 which examiners attributed to lack of knowledge and understanding rather than to time pressure. Many candidates also made insufficient use of the stimulus material in their responses. Straightforward comprehension of the data could have helped weaker candidates to gain at least some of the marks available.

Q1 Part (a) was well answered by the majority of candidates who were able to describe the trend in the price of average cinema tickets between 2010 and 2017.

While Part (b) was answered very well by many candidates, it was disappointing to see that some candidates could not recall the definitions of fixed and variable costs and give accurate examples of each.

There was a variety of responses to Part (c) with many candidates failing to make effective use of the case study material, even though the question directed them to use Figure 2, to identify that the 'big three' had 70% of the market.

In Part (d), the majority of candidates correctly identified that the takeover was an example of horizontal integration.

In Part (e), it was clear that many candidates knew the different types of economies of scale in theory but had difficulty linking this knowledge to the case study. The best responses effectively linked three examples of economies of scale to the cinema market while weaker responses struggled to do this even though the data provided several details of economies of scale.

In general, candidates responded well to Part (f) giving good structured responses to discuss the possible effects of increased competition in the UK cinema market on consumers, workers and businesses. Some weaker responses struggled to include relevant discussion of the effects on businesses.

Part (g) was not generally well answered either due to misinterpretation of the question and failing to understand that the government was treating the film industry as a special case for tax cuts, or by completely missing the relevant data at the top of Page 5 in the examination paper. It appeared that students did not fully appreciate the concept that a fiscal incentive to a particular industry may ultimately provide the economy with a bonus in terms of job creation and economic growth. Some limited credit was given to responses that appeared to miss this section of the data completely.

Q2 Part (a) was answered well by many candidates who demonstrated their skills in data interpretation and understanding of the overall negative, if slightly improving, balance in the UK's Current Account of the Balance of Payments between 2010 and 2017. However, some candidates appeared to struggle to use appropriate wording to discuss the initial worsening deficit followed by the narrowing (less bad!) of this deficit. Many candidates omitted to include the actual units of the data with little to no understanding shown that £1,000 million was equal to £1 billion.

The majority of candidates were able to successfully complete the simple calculations in Part (b) to correctly give the Balance of Trade in January 2017 as -£3 billion and the Balance of Trade in Services in March 2017 as +£8.5 billion. One noticeable weakness was, again, the omission of units in responses. Given the overall challenging nature of this topic and question, this was not penalized although it would be good practice to see candidates using correct units when interpreting data and making simple calculations.

The majority of candidates in Part (c) were able to identify two factors that cause the UK to have a deficit on the Current Account of the Balance of Payments. It was evident that candidates generally understood that exports exceeded imports but many struggled to give causal explanations. One feature of some weaker responses was that they were also only able to provide one limited reason for this situation.

A few candidates gave exceptionally high quality responses to Part (d) with confident discussion of expenditure switching, supply-side and macro stability policies that might be used to reduce the deficit on the Current Account of the Balance of Payments. Many others confused the internal budget deficit with the external trade deficit of the Current Account and erroneously stated that government would have to find the funds from domestic taxation to settle such a deficit.

Part (e) was generally well answered. Many candidates gave effective explanations of how inflation, interest rates and speculation could cause the value of the pound to change. The best responses used the data effectively and included reference to the impact of recent events such as the economic uncertainty surrounding Brexit and the impact on speculation. However, it was noticeable that this was one of the parts of this question that was omitted by several candidates indicating a knowledge gap by some of this important, and currently very relevant, topic.

A minority of candidates answered Part (f) very well. Some of these candidates correctly referenced the mnemonic "WPIDEC" (weak pound, imports dear, exports cheap) to support their evaluation of the effects of a depreciation of the pound on international trade and the UK's economy as a whole. However, the question was also frequently omitted by a significant number of candidates. There were also many weak responses that confused the effects of exports and imports on the economy. Some candidates tried to use the mnemonic "SPICED" (strong pound, imports cheap, exports dear) to support their responses but were unable to connect this with the correct theory and the impact of a depreciating currency on the economy.

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