



GCE

Economics

Advanced Subsidiary GCE **AS H060**

OCR Report to Centres June 2017

About this Examiner Report to Centres

This report on the 2017 Summer assessments aims to highlight:

- areas where students were more successful
- main areas where students may need additional support and some reflection
- points of advice for future examinations

It is intended to be constructive and informative and to promote better understanding of the specification content, of the operation of the scheme of assessment and of the application of assessment criteria.

Reports should be read in conjunction with the published question papers and mark schemes for the examination.

The report also includes:

- An invitation to get involved in Cambridge Assessment's research into **how current reforms are affecting schools and colleges**
- Links to important documents such as **grade boundaries**
- A reminder of our **post-results services** including Enquiries About Results
- **Further support that you can expect from OCR**, such as our Active Results service and CPD programme
- A link to our handy Teacher Guide on **Supporting the move to linear assessment** to support you with the on going transition

Understanding how current reforms are affecting schools and colleges

Researchers at Cambridge Assessment¹ are undertaking a research study to better understand how the current reforms to AS and A levels are affecting schools and colleges.

If you are a Head of Department (including deputy and acting Heads), then we would be very grateful if you would take part in this research by completing their survey. If you have already completed the survey this spring/summer then you do not need to complete it again.

The questionnaire will take approximately 15 minutes and all responses will be anonymous.

To take part, please click on this link: <https://www.surveymonkey.co.uk/r/KP96LWB>

Grade boundaries

Grade boundaries for this, and all other assessments, can be found on [Interchange](#). For more information on the publication of grade boundaries please see the [OCR website](#).

Enquiry About Results

If any of your students' results are not as expected, you may wish to consider one of our Enquiry About Results services. For full information about the options available visit the [OCR website](#). If university places are reliant on the results you are making an enquiry about you may wish to consider the priority 2 service which has an earlier deadline to ensure your enquires are processed in time for university applications.

¹ Cambridge Assessment is a not-for-profit non-teaching department of the University of Cambridge, and the parent organisation of OCR, Cambridge International Examinations and Cambridge English Language Assessment.

Supporting the move to linear assessment

This was the first year that students were assessed in a linear structure. To help you navigate the changes and to support you with areas of difficulty, download our helpful Teacher guide: <http://www.ocr.org.uk/Images/234734-how-to-structure-and-teach-a-linear-course.pdf>

Further support from OCR

activeresults

Active Results offers a unique perspective on results data and greater opportunities to understand students' performance.

It allows you to:

- Review reports on the **performance of individual candidates**, cohorts of students and whole centres
- **Analyse results** at question and/or topic level
- **Compare your centre** with OCR national averages or similar OCR centres.
- Identify areas of the curriculum where students excel or struggle and help **pinpoint strengths and weaknesses** of students and teaching departments.

<http://www.ocr.org.uk/administration/support-and-tools/active-results/>



Attend one of our popular CPD courses to hear exam feedback directly from a senior assessor or drop in to an online Q&A session.

<https://www.cpdhub.ocr.org.uk>

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H060/01 Themes in Microeconomics

General Comments:

Most candidates have clearly been taught all aspects of the specification required for this examination. Most candidates attempted all of the questions and allocated their time appropriately. There was some evidence that a small number of candidates ran out of time when completing Section C questions.

The quantitative element of this examination continues to be the most challenging aspect for some students. This can be seen within Section A, the multiple choice questions and the diagrammatic elements of sections B and C. The lack of precision in the use of economic terms and calculations within some answers affected candidates' marks. This was notable in questions 16b(i), 16c and 16d(i)(ii). A number of candidates found the calculation of elasticities particularly difficult.

Candidates had clearly been taught suitable structures to use when answering the higher mark questions, 16 (f) and the essay. Most followed the guidance in these questions and used an appropriate diagram. Those who built a discussion of this diagram into their written analysis scored highly. Most candidates recognised the requirement for both analysis and evaluation in these questions in order to score the higher marks. Only a very small number did not provide evaluative elements.

Comments on Individual Questions:

Question No.

- 1 -15 Candidates generally found the multiple choice questions accessible. A small number of candidates did not provide an answer to some questions or included a number of different choices within the answer area. Candidates should be encouraged to ensure that their favoured answer is made clear. When a candidate provides a number of responses the examiner will not choose the correct answer for the candidate.

The majority of candidates correctly answered questions that related to definitions, characteristics of key terms or diagrams, such as questions 1, 2, and 4. Candidates found more difficulty in answering questions focussing upon the quantitative aspects of the specification. Questions 3, 9 and 12 proved difficult for a number of candidates. Question 8 was particularly challenging for candidates - very few were able to recognise the correct explanation.

16a The great majority of candidates correctly identified the required term.

16b(i) This concept was not well understood by candidates. Many appeared to confuse complementary goods with derived demand. Better candidate responses made clear, by use of words such as 'dependent' or 'determined by', that they clearly understood the concept.

16b(ii) Candidates understood the determinants of demand. Some ignored the instruction to use information from the case study and opted for determinants such as advertising. These answers could not be rewarded.

16c Many candidates were able to give a clear and precise definition illustrating understanding of income elasticity. As in previous years, some candidates offered an

- incorrect or very confused explanation. Most of those who did not score full marks provided a formula rather than the requested explanation. A small number confused income and price elasticity of demand. This is an issue for teachers to continue to address, as the ability to understand and explain elasticities correctly is an important skill within the specification.
- 16d(i)(ii) The command word 'Calculate' was used in the question however some candidates provided a written description rather than the number required. It is important that candidates respond appropriately to this command word as it will be common within the paper as a result of the increased emphasis on quantitative skills in this specification. Of those that did attempt the calculation a number did not recognise that the answer would be a percentage. Candidates appeared to find the calculation of the impact on demand for car travel particularly challenging.
- 16e Candidates found this question relatively straightforward and a large number gained all of the marks available.
- 16f This question differentiated well between candidates. Many had a strong understanding of negative externalities and were able to clearly evaluate the likely impact of the proposal in the specified market using an appropriate externality diagram. A small number of candidates confused marginal social cost and benefit curves on their diagrams. There was some evidence that candidates ran out of time when attempting this question. This may, in part, be due to their approach to the question. A large number of candidates spent a considerable amount of time explaining why the market had failed rather than focussing upon how the proposed solution would operate. Such answers often included a correct externality diagram that did not illustrate in any way the operation of a regulation. Although such answers showed strong economic understanding they did not answer the question set and could not therefore be credited. Within the time frame available candidates will struggle to achieve maximum marks if they do not focus their answers completely upon the question set.
- 17 This is an area of the specification that candidates are less comfortable with and only a very small percentage of candidates attempted this question. The strongest answers focussed on the operations and limitations of the price mechanism in allocating scarce resources. The strongest candidate responses effectively applied the theory taught to the situation outlined in the question. Such answers displayed a strong understanding of the problems associated with changing consumer's behaviour through the market mechanism. Weaker candidate responses tended to list the advantages or disadvantages of each system or rely on political factors with no attempt at economic analysis. A very small minority provided accurate historical descriptions of the transition process that Estonia or other countries faced with little attempt to focus on the economic aspects. Such answers although interesting could not be credited.
- 18 This was by far the most popular of the essay questions, answered by the vast majority of candidates. Most candidates were confident in their understanding of indirect taxation and were able to show the correct shift in supply and consequent impacts upon price and quantity consumed illustrating good analytical skills. Stronger candidates made effective use of market failure diagrams to illustrate how such actions would reduce welfare loss or increase allocative efficiency in this situation. To progress to the higher marks candidates also needed to display their ability to provide supported evaluation of the effectiveness of this solution in correcting the market failure associated with sugary drinks. This aspect of answers was frequently less well developed. Some candidates simply listed a variety of points such as PED at the expense of an in depth evaluation of the impact of such concepts. Candidates should be encouraged to fully develop each point identified rather than list concepts that maybe applicable. Marks at the higher levels are awarded for strong use of economics concepts to analyse and evaluate not breadth of knowledge.

Weaker answers often confused marginal external cost with marginal social cost and demerit goods with negative externalities. Incorrect or imprecise diagrams often accompanied such answers.

H060/02 Themes in Macroeconomics

General Comments:

The majority of candidates seemed to access this second paper and very few were unable to finish in the time provided. The multiple choice questions tested candidates' knowledge across a wide range of topics. The final essay question was often well answered, demonstrating the range of skills expected. In the final question, candidates with time to spare tended to continue at length with general macroeconomic theory where focused detail on the question would have gained them higher marks.

As in the previous year, parts of the data question, 16, constituted a major challenge for a minority of candidates and the short essay in part (f) especially so.

The Levels approach to marking enabled marks to be spread in the essay question, rewarding candidates appropriately.

Comments on Individual Questions:

Among the multiple choice questions, the following proved the most challenging to candidates:

- Q.1 Many candidates seemed unfamiliar with the real world components of national income. To meet this very applied approach in the new specification teachers are encouraged to refer often to examples.
- Q.5 This was a challenging applied question which required knowledge of the formula for the multiplier and the skill of substituting into the equation.
- Q.6 Only a minority of candidates answered this correctly and many may have been unfamiliar with the term PSNCR. This is one of a number of applied measures contained in the specification and teachers are recommended to ensure that candidates are aware of the measures referred to there.
- Q.12 The majority of candidates answered this question correctly, a tribute to sound teaching and learning on the topic of absolute and comparative advantage and the related calculations.
- Q.13 This question was another example of enquiry into a detail contained within the specification, namely current transfers within the current account of the balance of payments. As with question 6, familiarity with detail was lacking for the majority of candidates. Q.14 and Q.15 also found a majority of candidates with incorrect answers. Some teachers may wish to reflect on lesson schedules to ensure thorough coverage of the international material in the AS specification.
- Q.16(a) The majority of candidates answered this concisely and short answers showed that the data had been assimilated and processed.
- Q16(b) The rubric stated "Using information from the case study..." so here one mark was reserved for quoting an appropriate phrase and one for explaining it. Fewer than half the candidates gained the explanation mark.

- Q16(c) A majority of candidates stated that the rupee had appreciated and therefore scored zero. This is another indication that some centres may wish to increase their emphasis on teaching the international material in the specification.
- Q16(d)(i) The mark scheme sought to be as generous to candidates as possible, but many used the very imprecise phrase that the balance of payments “increased” and this vagueness derailed their comparison with unemployment. It is important for candidates to use the language of moving towards surplus or deficit, or of balance of payments surpluses or deficits increasing or decreasing.
- Q16(d)(ii) The mark scheme for this question rewarded up to four steps in linking the economic variables, so those who presented a full, clear transmission mechanism quickly built up to a score of full marks.
- Q16(e) This question was well answered. The mark scheme allowed an AS or AD approach and many candidates drew correct shifts and explained them well. Labelling of the macro diagrams was accurate and showed significant improvement.
- Q16(f) Some candidates misread the question and answered about the causes of a fall in inflation. Some credit was given to correct diagrams and explanation. The question was on the consequences of a fall in inflation and this was unknown to some. A large number of candidates incorrectly saw a fall in inflation as meaning falling prices and analysed deflation. The small number of candidates who score well were able to look at the impact on real income and exports and evaluate different scenarios in which these impacts would be smaller or greater. Discussion of the risk of deflation setting in was also credited as evaluation.
- Q17 This was the more popular choice of question and proved slightly more accessible to candidates. Most candidates had understanding of fiscal policies and offered diagrammatic analysis of the impact of fiscal policy on AD and AS. A number only considered changes in indirect taxes and the impact on AS, without looking at AD. The strongest candidates either explored how fiscal policy could set up conflicts between macroeconomic objectives or compared the effectiveness of fiscal and monetary policy, with particular reference to the speed of impact. The question offered candidates the opportunity to gain marks at whatever level they were performing.
- Q18 Generally, analysis marks proved straightforward to access, though a number only looked at the impact of falling unemployment on the AS side. Fewer candidates offered developed evaluation. The line most followed was that of looking at the state of the economy before the fall in unemployment. The most able candidates questioned which type of unemployment had seen the greatest fall and connected this to the relative impact on AS and AD as well as questioning current employment trends in the UK in the fields of the quality of jobs created and the problems associated with zero-hours contracts and low wage levels.

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