

A LEVEL

Examiners' report

ECONOMICS

H460

For first teaching in 2015

H460/01 Autumn 2020 series

Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates.



Reports for the Autumn 2020 series will provide a broad commentary about candidate performance, with the aim for them to be useful future teaching tools. As an exception for this series they will not contain any questions from the exam paper nor examples of candidate responses.

The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

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Paper 1 series overview

In this exceptional sitting of Paper 1 there were no obvious issues related to timing and the paper discriminated well. Several candidates did not attempt all questions in the paper, the proportion of No Responses being higher than in previous sessions. In Section A, good knowledge of Production Possibility Curves (PPCs), measures of market concentration and income elasticity of demand allowed higher ability candidates to score highly on questions on these areas of the specification. Responses to the higher mark questions were less good as candidates had to select relevant terms, concepts and theories to address the issues raised. Lower ability responses tended to be descriptive rather than analytical in their approach, although this did mean that there was more explicit use of the stimulus material than perhaps has been the case in the past. Diagrams were generally well used in Section B of the Paper, although short and long run monopolistic competition diagrams were not as accurate as they could have been. In Section C of the paper, there is no requirement to use diagrams in response to the questions. However, for many candidates they provided a good framework for analysis of the issues raised.

<i>Candidates who did well on this paper generally did the following:</i>	<i>Candidates who did less well on this paper generally did the following:</i>
<ul style="list-style-type: none"> • showed good knowledge and application of economic terms, concepts and theories throughout • selected and used economic concepts to analyse issues raised in questions using developed chains of reasoning • provided evaluation by considering counter-arguments, developing their evaluation using chains of reasoning and reaching supported judgements • used accurately drawn diagrams to frame the response to the questions set. 	<ul style="list-style-type: none"> • displayed an insecure grasp of economic terms, concepts and theories in answering questions • wrote descriptively about the stimulus material or the question selected and did not use economic terms, concepts and theories to frame their responses • used partial or incomplete chains of reasoning • stated points of evaluation rather than developing lines of counter-argument • drew diagrams which were poorly labelled and inaccurate.

Section A overview


This Section of the paper provides an opportunity for candidates to display knowledge and understanding of economic terms, concepts and theories and to apply these to the context provided by the stimulus material. Higher ability responses were able to select from the stimulus material the information required to perform calculation and to use PPC and market demand and supply diagrams to interpret the information provided in an analytical fashion. Lower ability responses took a more general and descriptive approach to the questions. This was most evident in responses to the question about the impact of an increase in the supply of reliable energy. Analytical responses to this question used market demand and supply analysis to construct the best responses to the question.

Section B overview

This Section of the paper requires the use of diagrams to analyse and evaluate the issues raised by the questions. Question 2 was answered more frequently than Question 3, but the quality of the responses was more variable. A major issue in responses to Question 2 was the accuracy of the diagrams produced by candidates – sometimes this was the result of incorrect labelling of AR, MR and MC curves, but in other cases it was because areas of profit were not shown correctly and the long run profit maximising position in monopolistic competition was not understood. A clear focus on the different meanings of economic efficiency allowed higher ability candidates to make good headway with the question and responses to Question 3 were more confident in the selection and use of appropriate diagrams. There was impressive analysis and evaluation of the effects on labour market efficiency of trade unions, including the impact on wages, productivity and countering the bargaining power of monopsonistic employers.

Section C overview

There were misconceptions among candidates about the concepts of merit goods and public goods as presented in the specification, which for some candidates adversely affected their ability to properly address the questions. For example, strong responses to Question 2 understood the difference between merit goods and goods with positive externalities while weaker responses confused the two. Strong responses to Question 4 also had a good grounding in the key characteristic of public goods and why the market would fail to provide them.

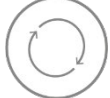
	Misconception	Merit goods may have external costs and / or external benefits but this is not what makes them merit goods – the defining characteristic is that consumers do not assign the 'right' value to the consumption of these goods because of information failure.
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Key teaching and learning points – comments on improving performance

While some merit goods might have positive externalities, this is not the defining characteristic of such goods.

Analysis based on a divergence between private and social benefits is not, therefore, accurate in examining the market failure arising from the existence of merit goods.

Getting candidates to focus on the problem of consumer perception of individual benefits from consumption through a series of example would help to improve understanding in this area. When candidates can see that the perceived benefits of saving for a pension or taking up vaccinations is lower than the actual benefit for some (or many) consumers it is easier for them to understand the problem as one of information failure rather than positive externalities. Candidates can then be introduced to different kinds of information failure to further develop their understanding of merit goods in context of the examples provided.

	AfL	Use different examples of merit goods to explore different types of information.
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I dislike this



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