

**WELSH JOINT EDUCATION COMMITTEE  
CYD-BWYLLGOR ADDYSG CYMRU**

**General Certificate of Education**

**Tystysgrif Addysg Gyffredinol**

**EXAMINERS' REPORTS**

**JANUARY 2007**

**AS/Advanced  
ECONOMICS**

<b>Unit</b>	<b>Page</b>
EC1	2
EC2	3
EC3	4

**WJEC  
CBAC**

## **Statistical Information**

This booklet contains summary details for each unit: number entered; maximum mark available; mean mark achieved; grade ranges. *N.B. These refer to 'raw marks' used in the initial assessment, rather than to the uniform marks reported when results are issued.*

## ***Annual Statistical Report***

The annual *Statistical Report* (issued in the second half of the Autumn Term) gives overall outcomes of all examinations administered by WJEC.

# ECONOMICS

## General Certificate of Education

January 2007

### Advanced Subsidiary/Advanced

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#### Unit Statistics

The following statistics include all candidates entered for the unit, whether or not they 'cashed in' for an award. The attention of centres is drawn to the fact that the statistics listed should be viewed strictly within the context of this unit and that differences will undoubtedly occur between one year and the next and also between subjects in the same year.

<b>Unit</b>	<b>Entry</b>	<b>Max Mark</b>	<b>Mean Mark</b>
EC1	262	50	27.0
EC2	295	40	19.8
EC3	264	40	21.1

#### Grade Ranges

	<b>EC1</b>	<b>EC2</b>	<b>EC3</b>
A	35	26	28
B	31	23	24
C	27	20	20
D	23	17	17
E	19	15	14

*N.B. The marks given above are raw marks and not uniform marks.*

## **General Comments**

The entries for all three papers collectively were similar to January 2006. As usual in the January examination the standard was variable across the three papers. There were some excellent scripts but a number of weaker candidates who were quite possibly retaking units they had not performed well on in June 2006. They still seemed to be having difficulties with key economic concepts.

EC1, although more accessible than last year, still found even good candidates unable to perform consistently well over the whole paper. As WJEC A level Economics examinations are not content specific and many candidates find EC1 a challenge.

The January 2007 EC2 paper proved to be a good discriminator testing the whole range of AS macroeconomics from the components of aggregate demand, through fiscal and monetary policy, exchange rates and the four macroeconomic objectives. EC2 focused on macroeconomics and candidates who regularly read newspapers and watch the news should have felt more comfortable with this paper. Use of the data and economic theory is also important when developing answers to the questions. Carefully reading the data first can be very valuable.

The mean mark for EC3 was exactly the same as it was in January 2006 which is not surprising as the question paper is fairly predictable with questions from previous papers reconfigured for a new examination. EC3 gives candidates some choice and there was evidence that many had not thought carefully enough before choosing their two questions. The banner headlines before each question are designed to give candidates a thread to hang their answer on, and thus an aid to starting off their essay. Candidates are reminded that they should use economic theory wherever possible and apply it effectively to the question set.

## **Paper specific comments.**

### **EC1**

- Q.1 Most candidates scored one or two marks on this question but rarely three. They were expected to mention the rise in productive potential from a higher output of capital goods with the production possibly frontier shifting out to the right.
- Q.2. This was a straightforward question with most candidates gaining two marks. However a minority did not specify the quarters of the years, and the weakest saw the high points of the line as representing the highest prices.
- Q.3. This question expected an application of cross-elasticity of demand to the data and the best candidates were able to show the positive relationship between DVDs and cinema admissions. Many were less confident with the concept and were rather confused in their analysis.
- Q.4. This was a well-answered question on the whole with the best candidates correctly calculating the income elasticity and commenting that mobile phones had an income elastic demand. Very few candidates scored zero on this question.

- Q.5 In part (a) accurate labelling was required identifying the excess supply and the need for the government to buy up the surplus. Few candidates scored full marks on this question. In parts (b) and (c) examiners were prepared to accept plausible arguments although many candidates only gained one mark instead of two because identification was not followed by explanation.
- Q.6 Most candidates had little trouble with part (a) but struggled to accurately define an indirect tax in part (b). Pleasingly the majority of candidates successfully calculated the percentage in part (c). Part (d) proved to be more challenging with evaluation required as well as some reference to the data. Most candidates did not make a wide enough range of points, and as a result very few candidates scored full marks on this question.
- Q.7 Only a handful of scripts scored over three marks on this question. Many were unclear as to exactly what a public good was and the small minority that did failed to evaluate. A minority did appreciate that roads have characteristics of both public and private goods.
- Q.8 Many candidates were expecting that as it was the last question on the paper evaluation was required and as a result lost marks by arguing that the increase in interest rates would increase inflation. It was surprising that few candidates were able to point out that falling import prices (resulting from a higher exchange rate) can help to lower inflation.

## EC2

- (a) (i) Many candidates were confused about percentage changes, and only the best were able to explain clearly that house prices rose throughout the period but that the rate of increase varied. The weakest candidates wrote about prices rising and then falling thus failing to recognise that a falling positive rate of change still meant that house prices were rising.
- (a) (ii) Most candidates scored some marks on this question but many failed to fully explain the wealth effect. Some talked plausibly about the 'feelgood factor' resulting from the increased value of property while others were rewarded for explaining that a booming housing market meant increased consumer spending on furniture and carpets, etc. Too few answers appreciated that in the UK the link between house prices and increased consumption has been via equity release/remortgaging based on an increase in collateral.
- (b) The majority of candidates were able to identify the components of aggregate demand and many were able to use the data effectively showing which of these components were rising and which were falling. A common mistake was to write that consumption was falling when it was rising at a slower rate. Many candidates failed to link their explanations to aggregate demand.
- (c) As the question included the word 'might' any plausible explanation for the slowdown in the growth of consumer spending was acceptable as long as it was not contradicted in the data. Most candidates scored well on this question.

- (d) Many candidates were unable to define productivity often confusing it with production. Those that did understand productivity were often unable to explain the link between investment and output per worker. There were some poor marks on this question which was made more challenging as evaluation was expected and rarely addressed.
- (e) This was a challenging question with candidates expected to use the data and economic theory when looking at two separate policies which pulled the level of aggregate demand in opposite directions. The possible results of these policies had then to be applied to the four key macroeconomic objectives. In addition some evaluation was required. This was a wide-ranging question that challenged the best candidates with few managing to look at the combined effect of the cut in interest rates and the increase in taxes as a way of rebalancing aggregate demand to facilitate export led growth. However, even though few scored full marks weaker candidates produced answers worthy of some reward.

### **EC3**

- Q.1. This was a very popular question but many candidates in part (a) failed to apply their answer to oil. Weaker candidates often explained the factors that affected demand for oil rather than its price elasticity of demand. Part (b) was quite challenging and very few candidates were able to develop and evaluate a satisfactory range of points. This was a classic example of a question which looks easier on first reading, but is actually quite challenging.
- Q.2 This was a popular question but relatively few candidates could define market failure accurately and then apply it to congestion. The reasons for the rise in road congestion were often well explained but few applied them to economic theory. In part (b) candidates wrote generally on how road congestion could be reduced rather than assessing whether building more motorways was the best approach. Hence very often there was not enough focus on the question set.
- Q.3 This was not a particularly popular question compared to Q1 and Q2 but part (a) was generally well done. In part (b) candidates found it difficult to look at the overall picture in the economy, but nevertheless there were some encouraging answers.
- Q.4 There were some excellent answers to part (a) with a good blend of theory and contemporary examples. Part (b) was generally answered quite well but some answers were rather mechanistic, betraying a lack of understanding about why supply side policies really work. Evaluation was often rather superficial.
- Q.5 Part (a) was generally very well done with effective use of theory. It was pleasing to see so many candidates drawing an accurate tariff diagram and then explaining well. Part (b) was much more challenging with limited use of theory and very little evaluation common among answers. The attractiveness of part (a) made this a popular question.
- Q.6 This was a challenging and unpopular question and most of the candidates who attempted it submitted weak and superficial answers. There was little use of theory in part (a) and in part (b) few candidates could deal effectively with all the measures mentioned in the question.

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