General Certificate of Education

Economics ECON3

Unit 3   Business Economics and the Distribution of Income

Report on the Examination

2010 examination - June series

Unit 3: Business Economics and the Distribution of Income (ECON3)

General

The June 2010 series represented the second sitting of A2 economics for the current specification. There were no problems with the paper and all the questions seemed to be accessible to candidates. On this occasion, Question 2 (the EU Context) was a little more popular than Question 1 (the Global Context), while Question 5 was the most popular of the essay questions. Standards of legibility and presentation were generally good, and there were no major breaches of the rubric. Candidates appeared to use the time available to good effect.

Centres are thanked for preparing so thoroughly their candidates to work with the new numbering system and the new style answer book. The majority of candidates responded well to the changes to the June 2010 exams, but where difficulties were experienced, centres are asked to draw candidates' attention to the comprehensive range of guidance material that is available on this subject in order that they are confident about what is required of them in future examinations. Support available on this issue includes Guides for teachers and students, and specimen question papers and mark schemes showing the changes in action. All documents published in support of the changes to exams can be accessed via notices published on all qualification homepages, all subject notice boards, and on the parent and student area of the web.

Question 1 - The Global Context

Part 01

Very few candidates failed to score well except for the candidates who chose a few statistics at random.

Part 02

There was some imprecision and confusion about the law of diminishing returns, with some candidates confusing changes of output with changes of revenue. The best candidates linked diminishing returns with changes in potential productivity. The very best candidates made linkages with the idea of optimum use of capacity in the short run.

Part 03

The best answers considered the implications for growth in food output, positive versus negative externalities, and the potential problems of monopoly. Weaker answers tended to be purely theoretical and not linked to the data.

Question 2 - The European Union Context

Part 04

Most candidates had no problems but weaker candidates confused prices and sales, or failed to realise that they were working with index numbers.

Part 05

Many candidates were able to provide an accurate list of the key characteristics of perfect competition and produced clear and accurate diagrams. Weaker candidates confused perfect competition with monopoly and drew diagrams showing individual firms with downward sloping demand curves. Very few candidates were completely correct when labelling the graphs relating to both markets and firms.

Part 06

The best candidates looked at the potential benefits for both firms and consumers and used evidence from the data. Weaker candidates mentioned economies of scale and tended to write long answers on the danger of monopoly, without reference to the scenario.

Question 3

Part 07

The best candidates related female average earnings to wage theory and marginal revenue product. Weaker candidates discussed discrimination but there was no attempt to link this with economic theory. Some confused part time earnings with lower *average* earnings.

Part 08

The more-able candidates considered trade union power and monopsony theory and considered alternative and realistic ways to improve female earnings. Weaker candidates were less realistic and some wanted the government to establish a higher minimum wage for female workers than males, without reference to possible implications.

Question 4

Part 09

Candidates tended to refer to the examples given in the question, but often took insufficient care in distinguishing between them. Some did not use any examples in their answers but wrote in general about technological change.

Part 10

Rather too many candidates spent the whole time writing on the problems of oligopolies and did not relate their answers to the privatisation versus nationalisation debate. Many candidates automatically assumed that nationalised industries would make profits for the government.

Question 5

Part 11

The distinction between absolute and relative poverty was well understood and earned some marks for the vast majority of answers to this question. Some of the weaker answers tended to be written about the causes, not the consequences, of poverty.

Part 12

Most candidates were able to discuss the problems of benefits and taxes and relate them to issues like the poverty and unemployment trap and even government finance and the opportunity costs of spending on the other 'needy' areas. Many candidates included the Lorenz Curve in either Part 11 or 12 without really explaining how this related to the question.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the Results statistics page of the AQA Website.