Examiners' Report

Principal Examiner Feedback

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Introduction

This was the sixth sitting of this paper (8EC0 01) from the new specification launched in September 2015. Following the appeals paper used in October 2020, it was also the first full series since exams resumed. 8EC0 Paper 01 tested candidates on their knowledge and understanding of topics covered in Theme 1 of the specification content.

The structure of the paper comprised of two sections. Section A included five short questions, broken down into smaller parts, based on a spread of specification elements in Theme 1 (totalling 20 marks). Candidates were advised to spend 25 minutes on this section. Section B focussed primarily on the market for fish, a highly topical issue, with a wide range of data provided from which candidates could draw to gain application marks (totalling 60 marks). Candidates were advised to spend 1 hour and 5 minutes on this section. Extract B related to issues surrounding the 'tragedy of the commons', which raised issues surrounding private ownership in a market economy. Section B comprised of one data response question broken down into a number of parts, including a choice of extended open-response questions. Candidates selected one essay from a choice of two. The total time available for this paper was one and a half hours and there was little evidence of candidates running out of time. Overall, the paper appeared accessible to the vast majority of candidates and differentiated effectively.

In Section A, each short question was broken down into non-supported multiple choice questions, using option boxes which were dealt with well, plus a short answer question worth one, two or three marks. Three-mark responses were often impressive with good subject knowledge (K), often starting with a definition, analysis (An) and application (Ap) where required, although candidates would benefit from ensuring they attempt to apply their answers given the data/context provided.

In Section B, there was a clear recognition that good economics is rewarded rather than over worrying about a set structure to respond. This was highlighted with the ten-mark response where one substantial point regarding the characteristics of rational decision making would have been sufficient, assuming it demonstrated an understanding of the concept in context, was fully integrated and answered the broad element of the question. This, followed by one substantial applied evaluative point, which answered the broad elements of the questions through a coherent chain of reasoning, was sufficient to obtain full marks on one page. Candidates who made two substantial points each evaluated in depth may have limited their time available to answer other questions. Of course, where a ten-mark question requires candidates to assess two reasons or the effects, then there is a requirement to move beyond substantially evaluating one major point. It is pleasing that candidates grasp the need to provide logical chains of reasoning with their analysis and apply theory and data to questions. Most candidates grasped the need in the fifteen-mark and twenty-mark responses that a limited number of

points (typically two substantial points) evaluated in depth would be sufficient to access the top levels.

There was still some evidence of candidates struggling with evaluation with it either missing or at Level 1 evaluation, which is often generic and not developed. For top level evaluation, candidates are reminded to ensure points are explained and in context. Centres may wish to further encourage candidates to evaluate what they have already written as their substantial point and to critically evaluate the knowledge, chains of reasoning, and data as a means of developing their evaluation. This will also help them to access top level essay evaluation (L3) in the essays where 'sustained judgement' is required. Candidates would benefit from attempting to weigh up theory and the sufficiency of the data as they write, to offer clear and sustained judgement. With the essays, a small number of candidates still did not indicate clearly which essay (6(f) or 6(g)) they were answering by marking a cross in the box available, although their written responses did make it clear.

It is important to practise full papers using the Sample Assessment Materials and the now extensive body of live papers under timed conditions to strengthen exam skills. Across the paper, drawn diagrams would be beneficial in some cases, with more precision in labelling as well as a careful explanation. Candidates should be encouraged to 'interact' with the diagrams to maximise marks. The performance on individual questions is considered in the next section of the report.

Section A:
Multiple-choice and short-answer questions
A significant number of candidates were very well prepared and demonstrated an excellent understanding of the specification and the techniques involved in answering the questions. The multiple-choice questions format provided an accessible format for candidates to select their chosen option. Candidates are mostly confident in using definitions, annotating or drawing diagrams and calculations. An area to work on would be completing tables and ensuring a careful reading of the question set and data/context provided.

Section B:
Data response questions
The new format for data questions met with a positive response on the whole. Responses to 6(a) on revenue provided confident diagrams carefully illustrating and labelling the fall in revenue. The quantitative skill four-mark calculate question 6(d) was straightforward, with the majority of candidates showing their working and obtaining full marks. Evidence of candidates mastering the breadth and depth of the specification were clear in response to 6(e) on discussing the impacts on an economy of specialising in the fishing industry. There was a substantial weighting for evaluation marks (sixteen out of forty-five marks) in the level-based responses. A ten-mark question comprises four evaluation marks, a fifteen mark question

comprises six evaluation marks and a twenty mark question comprises six evaluation marks. Consequently, it is vital that candidates make in-depth applied evaluative comments when required by the question, as well as offer judgement using positive economics throughout in order to avoid disappointment.

Candidates have grasped the need to avoid generic evaluation comments and provided significant depth of explanation and application in their evaluation. To achieve the higher level, the maximum evaluative marks, there needed to be evidence of substantiated judgement. This was often missing or left to a conclusion which summarised the points covered and made a generic judgement call. Both essay questions were accessible to candidates though question 6(g) (methods of government intervention) proved to be significantly more popular than question 6(f) (the external costs of fishing). Policy response questions are typically more popular on this paper.

Question 1 (b)

Candidates typically performed well on this question, with most able to explain why flood defences are provided by the public sector. Many candidates were able to put explanations in the context of the Calder Valley, which was necessary to gain the application mark.

Question 2 (a)

The majority of candidates were able to accurately define a minimum price, though some did inevitably confuse it with a maximum price.

Question 2 (c)

Though many candidates were able to achieve both marks available here, lack of development was an obvious issue for many. Typically, we were looking for some notion of excess supply and the resulting storage costs for the EU.

Question 3 (b)

This question was a challenge for some. Many candidates were able to explain a function of money in relation to Bitcoin, but a minority were able to score full marks. Candidates typically confused the different functions of money.

Question 4 (a)

Many candidates were able to explain the difference between positive and normative statements, but many ignored the context of vaccination, which meant they missed the application mark.

Question 5 (a)

Many candidates were again able to identify that flour production was price inelastic in supply, but a only minority were able to then move on to effectively explain why flour is difficult to produce quickly in the short run because it is derived from wheat which takes time to grow.

Question 6 (a)

This question required candidates to consider the impact of the new Total Allowable Catches (TACs) on the market for fish. Most candidates were able to clearly draw a supply and demand diagram and used the extract fully to support their answers. Almost half of the candidates scored full marks on this question.

Question 6 (b)

This was the first of the levels-based questions, and candidates performed well, with a majority scoring high marks. Candidates understood how it is rational for fishing companies to maximise profit whilst the impact on society was problematic because of the 'tragedy of the commons' explored in the extract. Better candidates were able to clearly identify how maximising profits causes failure in the market for fish and went on to give clear examples using the extract.

Question 6 (c)

Extract B contained plenty of information candidates could use to consider the characteristics of private ownership and once the key concepts of excludability and rivalry were applied to the situation the majority of responses were able to score marks. Better candidates could explain two characteristics using the extract effectively.

Question 6 (d)

This question was a four-mark calculation based on the concept of cross elasticity of demand. A majority of candidates were able to complete this successfully, which is a pleasing indicator of the improving numeracy of the cohort each year.

Question 6 (e)

This fifteen-mark question was a strong test of a candidate's ability to link textbook knowledge of an economy specialising in a particular industry, usually discussed in the context of production possibility frontiers, with the reality of the Scottish fishing industry. Most candidates could effectively draw a PPF to support their analysis. Better candidates tended to develop their analysis using examples from the extract, developing the advantages of specialisation such as higher productivity. The best candidates were then able to evaluate effectively and considered the problems of over-specialisation for the workers themselves or the Scottish economy, particularly with the moves to reduce TACs discussed in 6(a). Top candidates considered the extent to which the factors considered impacted on the market, and the time scale over which the forces considered were likely to play out in practice.

Question 6 (f)

The first of the essay questions, this question was the least popular by a significant margin. Candidates also performed substantially worse on this response than they did on 6(g). The question allows candidates to demonstrate their understanding of a range of possible external costs arising from fishing. Extract B talks about the depletion of fishing stocks and candidates were expected to use a negative externality diagram to anchor their analysis. Strong candidates made a good attempt to substantiate points diagrammatically and in context. Many recognised the dangers of overfishing, such as a higher supply of fish leading to lower prices compared to other foodstuffs, the damage to marine life cause by nets, and the risk of pollution from fishing boats. There was usually a clear recognition that some costs will be more significant than others and this could involve clear evaluation using concepts developed during the teaching of the course, such as putting a precise value on the external costs, the difficulties of establishing how quickly the impacts can develop, and the possibilities of more environmentally friendly methods of fishing. Top level KAA marks required at least two likely costs and the better responses would draw an accurate negative externalities diagram. Evaluation marks could be achieved equally well by considering the many benefits from the fishing industry such as the 24 000 jobs in Scotland, and the quality of fish as a food compared to red meat.

Question 6 (g)

This was a highly accessible question considering the methods that could be used to reduce overfishing. There are numerous possibilities that candidates could explore, and the vast majority talked about indirect taxes, a minimum price for fish, regulation or provision of information. This essay requires a clear exercise of critical analysis and good candidates would be expected to have a developed a

clear appreciation of the method of government intervention to correct the market failure of overfishing. Sophisticated responses recognised that some forms of government intervention would be more effective than others. Good use of diagrams was seen throughout the candidates' responses, usually an indirect tax diagram or minimum price diagram. To access evaluation marks candidates could explore the various strengths and weaknesses of each method proposed and use the prompts in the extracts to consider how effective the policy might be. Another line of development considered how some combination of policies might be necessary to effectively tackle the problem of overfishing. There was also a recognition that the UK's new position outside the EU may lead to overfishing or conflict overfishing stocks, something which has been borne out of practice. The best responses would work by proposing realistic solutions to the problem of excess demand and then evaluating the most effective in the context of the real-world situation.

Paper summary

Based on their performance on this paper, candidates are offered the following advice:

Section A: short-answer questions and multiple choice

• Define accurately the key economic term(s) used in each question.

• Candidates should not spend too much time on definitions only.

• Be prepared to annotate diagrams when relevant to the question, and make sure these are properly labelled and explained in the text. Question 6(a), for example should be used to indicate the quantity traded before and after the imposition of the new TACs.

• Always refer to the information provided explicitly, it is better to refer to specific numbers, for example the data on employment in the Scottish fishing industry in 6(e) could be used to support analysis in 6(f).

• Know the difference between private and public goods.

• Ensure candidates practise calculating cross price elasticity of demand, price elasticity of supply etc.

• It is important to emphasise that the stem is used specifically to gain application marks.

Section B: data response

• Focus on developing economic analysis in the high mark questions. A number of candidates moved from definitions and a brief explanation of an economic issue straight into evaluation. This was evident in fifteen- and twenty-mark questions. Economic analysis typically involves explaining the sequence of events leading up to a particular outcome. The weighting on a twenty-mark question is 14 KAA and 6 Eval. If the KAA is not sufficiently developed there is little chance of accessing L4.

• Where diagrams are requested, these should be drawn as they will be well rewarded. It is essential, however, that they are drawn accurately. External costs in particular is a crucial concept and in 6(f) allowed access to both KAA and Eval marks.

• Where diagrams are not requested but it helps with your analysis then they should be encouraged. Diagrams that add detail such as referring to welfare loss, incidence, revenue or producer/consumer surpluses were able to access the higher levels. Diagrams did best when integrated into analysis and the points on the diagram were explicitly referred to.

• Having identified externalities from extracts, it is important to explain which parties are specifically affected and how they affect the third party. It is important to be clear what the externality means for the affected parties e.g., in the market for fish it is the wider society which suffers from overfishing because there will be less fish for everyone as time goes by.

• When drawing indirect tax diagrams, it is important to show not just the left shift of the supply curve but the overall incidence of the tax and how it is shared between producers and consumers.

• Public services such as the NHS were often confused with public goods that are non-rival and non-excludable. Health care has positive externalities in consumption and is under-provided in a free market. It is often called a 'merit good', a term not used on the specification, but which teachers often use. Public goods may not be provided at all in a free market.

• Understanding the external benefits of some activities that produce external costs is also useful. Often these are not so clearly apparent or easy to distinguish, as in the case of the jobs that depend on the fishing industry in Scotland.