

Report on the Components

June 2007

1985/MS/R/07

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This report on the Examination provides information on the performance of candidates which it is hoped will be useful to teachers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding of the syllabus 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.

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Economics (1985)

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ECONOMICS GCSE 1985 REPORT 2007

Chief Examiner's Report

There were 1302 candidates this session. The general standard is a high one, with 77.9% of entries being for the higher tier although this percentage was slightly down on last year. The vast majority of candidates were entered for the appropriate tier, although there was at least one Centre where most candidates were entered for a tier which was obviously unsuitable.

The question papers are in the form of question and answer booklets. Additional lined pages are given at the rear of these for candidates to extend any of their answers should they wish to do so. Many take this opportunity. However, in many cases, as in previous years, **candidates fail to notify the examiner that their answer is continued at the back of the booklet.** Teachers are urged to emphasise to their candidates the importance of this. A simple 'see page 15' or 'cont. at back' will suffice!

Paper 1 Foundation Tier

General Comments

Most candidates were able to display some breadth of knowledge and understanding on this paper, and demonstrated a reasonable ability to analyse and evaluate within some questions. While some weaker candidates did not attempt all parts of some questions, the majority were able to attempt all parts of all questions. There was no evidence of candidates running out of time.

The Quality of Written Communication was assessed within two questions and nearly all candidates achieved at least half marks for this skill. Common spelling errors included 'benifit' for benefit, even though the word was in the question, 'costumers' for customers and 'there' instead of their.

Question 1

The data was in the form of a pie chart which showed the market of shares of food retailers in the UK.

- (a) All candidates recognised that Tesco had the largest market share.
- (b) About half of the candidates calculated the total share of the four largest supermarkets at 74%. Many other candidates gave 88% because they included 'other' as one of the largest four supermarkets. There were a few arithmetic errors.
- (c) Most candidates showed some understanding of the concept of opportunity cost, although many could not explain it sufficiently clearly (or concisely) to gain both marks. Most did give a reasonable example.
- (d) Candidates were asked to tick two boxes which named the organisations responsible for competition policy. A minority got both correct, with the Bank of England in particular being a popular incorrect answer.
- (e) To what extent do supermarkets operate in competitive markets? Candidates were specifically asked to use Fig. 1. Many completely ignored this instruction which limited their mark. Those who did use Fig.1 in some cases pointed out that Tesco was a monopoly by legal definition, others that the four largest firms have 74% of the market between them.
- (f) Do consumers benefit from competitive markets? Most candidates argued that they do, with low prices being the most frequent argument, along with quality, variety and choice. Again, many candidates ignored the part of the question which asked for references to specific markets, and argued in general terms only.

Question 2

Candidates were presented with a table showing the demand for and supply of tickets for a rock concert.

- (a) and (b) Candidates were asked to draw and label both curves and label and state the equilibrium price. Many could do this wholly correctly, although in some cases they did not draw a line to show the equilibrium on the graph. There were more errors with the supply curve than the demand curve. Some candidates drew the supply curve so it was horizontal rather than vertical (even though the axes had been pre drawn and labelled). Some candidates failed to label the demand and supply curves. Some did not quite get the demand curve accurate. The most common error was to get price and quantity the wrong way round ending up with an equilibrium price of 35.

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- (c) Candidates were asked to describe the supply curve from a choice of four descriptions. The majority did not choose perfectly inelastic, reflecting a lack of familiarity with this concept.
- (d) This part of the question concerned a price being fixed below equilibrium. The better candidates recognised and quantified the excess demand. There was a wide range of quality in the answers.
- (e) Most candidates recognised that the price would rise and the quantity sold would fall. However, the most common errors included failure to draw a new supply curve on the diagram. Quite a lot of candidates did not use the diagram as instructed at all.

Quite a few correctly identified the new equilibrium point without drawing the supply curve. Often candidates showed a shift in the demand curve instead. Despite the inaccuracies on the diagram, most candidates managed to correctly state that price would rise and quantity sold would fall, even if the diagram showed something different!

- (f) There were a wide variety of answers to this question, which required a diagram and explanation. A very common error was to shift both the demand and the supply curves. Some shifted supply instead of demand to the right. There was a common problem of candidates mixing up the effects on DVDs with DVD players. Nevertheless most candidates picked up some marks on this question.
- (g) This part of the question asked whether pop singers should be paid more than nurses. Too many answers were on the lines of 'easier' or 'harder' jobs and what was 'fair' and who did most for society, and lacked economics. Those candidates who realised that demand and supply were important were the ones who did well on this question.

Question 3

A bar chart showed the price of cigarettes in four countries.

- (a) All candidates named the UK as being the most expensive.
- (b) Most candidates calculated that cigarettes were five times more expensive. A large minority stated the difference at £3.68. Except for a few arithmetic errors, all candidates answered one of the above.
- (c) Most candidates named either VAT or duty as a tax on cigarettes; although there were a few candidates unable to do this.
 - (ii) There were four terms to choose from to describe the tax. For some candidates this seemed to be a complete guess. A minority correctly identified both indirect and regressive.
 - (iii) Candidates were able to explain reasons for the tax. Some explanations were very clear while others were not, or were incomplete. Reasons suggested often centred around the demerit good argument as well as providing revenue.
 - (iv) Arguments against the high tax were poor overall. A common argument was that it was not fair because tobacco is addictive, but without any reference to incomes. The good answers referred to its effects on lower income groups or the possibility of smuggling as other countries' prices were so much lower.

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- (v) This part of the question very topically asked whether a smoking ban in public places would be more effective than taxes. Most candidates gained marks here. The best answers made a comparison of the two policies. Arguments went both ways.
- (c) Is there a case for taxing food? Most candidates gained some marks but overall this was not well answered. Some were very alarmist, stating it would lead to starvation. Others argued that it could counter obesity. The best answers recognised that such a measure would hit the lowest income groups the hardest, and gave arguments regarding extra spending on health and education.

Question 4

Some information about UK travel and tourism was presented.

- (a) A lot of candidates were able to calculate the balance of trade in tourism, as a £15.5bn deficit. It could be argued that the data was a bit misleading, so marks were also awarded to those candidates who also factored in the third figure in the data. However, many candidates presented their answer without recognition that it was a deficit. There were also a variety of wrong numerical answers.
- (b) The effects of a fall in the value of the £ on tourism were explained well by many candidates. However, a large minority had their answers 'the wrong way round'.
- (c) Most candidates could name two countries using the euro, with France and Germany being the most popular answers. The most common wrong answers were Poland and Switzerland.
- (d) Would it help tourists if the UK adopted the euro? Answers tended often to be vague. It would be 'easier' and 'less hassle'. Better answers explained there would be no exchange commission costs and prices would be easily compared.
- (e) This part of the question concerned costs and benefits to then UK economy of tourism. A lot of candidates recognised benefits in terms of growth, jobs and the balance of payments. Some mentioned inflation and possible external costs, including litter and congestion. A frequent problem on this tier was confusing tourists with immigrants, e.g. they would take British jobs and housing.

GCSE Economics (1985/02)

Case Study Paper – Foundation Paper

General Comments

Candidates were familiar with a range of aspects of the housing market and were able to deploy economic concepts to varying degrees alongside their general knowledge. Weaker candidates used few, if any, economic concepts. The longer discursive questions, threw up, as might be expected, the most difficulties as candidates struggled to construct an argument. Some candidates had gaps in their knowledge, and therefore, omitted some questions. Generally candidates were entered for the correct tier. On the whole candidates were well prepared for the case study topic.

Comments on individual questions.

- 1a. Candidates lost marks on this part of the question as they failed to compare the changes over the period. Some candidates instead compared the level. However most candidates were able to show some sort of comparison and achieved at least one mark.
- 1b. Candidates generally showed good knowledge when answering this part of the question and were able to at least state one factor which would shift the demand curve. Some candidates gained only one mark, as they were unable to explain their idea.
- 1c. In general, candidate's diagrams were well drawn, however, some candidates transposed demand and supply. A number of candidates, however, were unable to distinguish between demand/supply in Greater London and the North diagrammatically and, therefore, received a maximum of two marks for the diagram. Examiners allowed for candidates who showed in their explanation the distinction between demand/supply in Greater London and the North. Explanations differed greatly in quality. Top candidates explained why prices differed and, therefore, achieved two marks for the explanation. Weaker candidates simply stated the price and quantity changes and received no marks for the explanation.
2. This question saw a wide range of marks given. Weaker candidates simply repeated the data, whereas more able candidates were able to combine data with explanation and at the top end gave a judgement.
- 3a. The key to this part of the question was relating ideas to a first time buyer. If candidates explained ideas about house buyers as a whole they received few, if any, marks. There were some good answers to this question where candidate's referred to age, income and other spending such as rent. Weaker candidates lost marks with little or no explanation. Some candidates repeated ideas in one and two and therefore only received a maximum of two marks.
- 3b. This part of the question required candidates to look at both sides of the argument; however, most candidates gave a one sided answer and so received lower marks. Most answers looked at certain groups of people (e.g. first time buyers) being unable to buy a house.
- 4a. A number of candidates gained full marks on this part of the question. It was pleasing to see candidates being able to use figures from the case study. Weaker candidates used the wrong line on the graph (NHPI).
- 4b. Candidates were rarely able to give two detailed points (i.e. one good and one bad). The common mark for this part of the question was three. Some candidates got the reasoning entirely the wrong way round.

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- 5a. Generally a well answered question. Again, it was pleasing to see candidates using data from the case study. Some candidates gave unnecessary reasons.
- 5b. This part of the question, on the whole, was not answered well. Few candidates understood the point and merely repeated the data, for example, about the celebrity neighbours.
- 5c. Almost all candidates said that there were more billionaires abroad, therefore, using information from the case study. More able candidates made a good point about exchange rates.
- 6. Examiners marked this question using a level of response approach. Candidates were not simply given marks for marking price and quantity, etc, on a diagram, as had been the case in question 1(c). Few candidates got beyond analysis of a shift in supply (Level 2). Some candidates missed out on Level 2 because they simply said "supply shifted from S to S¹". The direction of movement must be stated, i.e. "supply shifted to the right from S to S¹". This was again true when candidates were explaining the changes in price and quantity. A common error was supply increases, so price falls and, therefore, demand rises thus shifting the demand curve.
- 7. Candidates were asked to "discuss" in this question. Some candidates achieved lower marks as they failed to give points on both sides. At the top candidates gave a judgement.
- 8. In general this question produced weak answers. Candidates failed to link mortgages to the average percentage costs of running a house. By simply stating mortgages would be affected, candidates were able to achieve one mark.
- 9a. Candidates often omitted the income aspect of the definition. Credit was given to candidates who gave an example. However, the example had to be to do with local government spending rather than central government spending such as the NHS.
- 9b. Weaker candidates had clearly not learnt this aspect of the specification and, therefore, gave some very odd answers which were not really related to the question. A common answer was "fairness".
- 9c. Candidates found this part of the question more difficult. There seemed to be some confusion about fairness and the progressive/regressive nature. Candidates also tended to give one-sided answers, therefore, gaining lower marks.
- 10. The majority of candidates answered this question well. They appeared to be well prepared for this type of question, being able to give both costs and benefits of home ownership. Candidates generally gave some good points; however, very few gave a conclusion, therefore, and did not achieve full marks. Some candidates went off the point and answered their own question. Weaker candidates gave short answers and were often content to conclude answers after making a single point.

Paper 3

General Comments

The great majority of candidates were able to demonstrate a sound knowledge and understanding of economic concepts and apply them appropriately in order to achieve a good mark on this paper. There were, however, rare examples of candidates not attempting answers to some questions. However, there was some evidence of time constraint problems, with a small number of candidates struggling to finish the last question.

There was no obvious distinction between performances on the various questions this year. The Quality of Written Communication was assessed within two questions and many candidates achieved full marks for this assessment. Common spelling errors included 'benifit' for benefit, even though the word was in the question, 'costumers' for customers and 'there' instead of their.

Question 1

The data was in the form of a pie chart which showed the market of shares of food retailers in the UK.

- (a) To what extent do supermarkets operate in competitive markets? Candidates were specifically asked to use Fig. 1. Many completely ignored this instruction which limited their mark. Those who did use Fig.1 in some cases pointed out that Tesco was a monopoly by legal definition, others that the four largest firms have 74% of the market between them.
- (b) Do consumers benefit from competitive markets? Most candidates argued that they do, with low prices being the most frequent argument, along with quality, variety and choice. Again, many candidates ignored the part of the question which asked for references to specific markets, and argued in general terms only.
- (c) This was essentially a question about internal economies and diseconomies of scale. Candidates from many Centres were very well prepared for this and achieved high marks. A common weakness, however, was to state that costs would fall rather than average costs. There were some candidates, however, who presented little of relevance in their answers.

Question 2

Candidates were presented with a table showing the demand for and supply of tickets for a rock concert.

- (a) and (b) Candidates were asked to draw and label the demand and supply curves and label the equilibrium price. Many candidates gained full marks for this. However, there were some who reversed the axes, and others who failed to label their curves.
- (c) While a lot of candidates did identify the supply as perfectly inelastic (for both marks), many did not. Simply 'inelastic' was a frequent answer. 'Fixed' and 'totally inelastic' were common responses.
- (d) This part of the question concerned a price being fixed below equilibrium. The better candidates recognised and quantified the excess demand. Many candidates also stated that a black market might develop. Overall, this was answered well on this tier.

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- (e) Candidates were asked to calculate the price elasticity of demand, which was (-) 0.25. This was done badly, with most candidates failing to reach the correct answer. A lot of candidates did state the correct formula but could not reach the answer.
- (f) The demand and supply analysis question brought a wide variety of responses. Weak answers confused demand and supply factors; for example, stating that a tax on DVDs would shift the demand curve. There were also answers which reversed the curves on diagrams, although this is far less frequent than some years ago. Some candidates failed to put both curves on the diagram, and so could not possibly analyse what would happen to price and sales.

Some candidates presented rehearsed kinds of answers which had poor application to the product in the question, such as falling interest rates for DVDs or subsidies on DVDs. The best answers had accurate diagrams, clear written analysis and strong application. These, for example, discussed the price and availability of substitutes (e.g. Internet downloads), the price of complements (DVD players), technological advancements in supply, etc. There were plenty of excellent answers, and probably more candidates achieved top level answers this year than ever before.

- (g) This part of the question asked whether pop singers should be paid more than nurses. Some answers were on the lines of 'easier' or 'harder' jobs and lacked economics. Those candidates who realised that demand and supply were important were the ones who did well on this question, and this was the case for many candidates.

Question 3

A bar chart showed the price of cigarettes in four countries.

- (a) Candidates were asked to explain why the tax was both regressive and indirect. Candidates from some Centres were able to do this well for full marks. There were some candidates, however, who were less successful, and some explanations of regressive were lacking in accuracy.
- (b) Is high taxation on cigarettes justified? There were some excellent responses to this part of the question. Many candidates recognised that it is a demerit good with negative externalities which harm both the user and others. Candidates also stated that it was a good revenue earner and that revenue could be used to counter the damage done. The best answers also considered the counter arguments; most focussing on the regressive nature of the tax.

Question 4

Some information about UK travel and tourism was presented.

- (a) A lot of candidates were able to calculate the balance of trade in tourism, as a £15.5bn deficit. It could be argued that the data was a bit misleading, so marks were also awarded to those candidates who also factored in the third figure in the data. However, too many candidates presented their answer without recognition that it was a deficit.
- (b) The effects of a fall in the value of the £ on tourism were explained well by many candidates. A minority had their answers 'the wrong way round'. Most also explained the effect on the balance of payments accurately.

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- (c) This part of the question concerned costs and benefits to the UK economy of tourism. A lot of candidates recognised benefits in terms of growth, jobs and the balance of payments. Some mentioned inflation and possible external costs. An occasional problem on this tier was confusing tourists with immigrants, e.g. they would take British jobs and housing.
- (d) This part of the question concerned the case for and against adopting the euro. Some answers were very vague and reflected a superficial understanding of the issues, e.g. it will be 'easier' and 'less hassle' without development. Others concentrated on a 'pound stronger than the euro' which was not very helpful. The best answers considered both sides of the argument. There were plenty of top class answers which referred to issues such as price transparency, abolition of currency conversion costs, short term menu costs and loss of domestic policies regarding interest rates and exchange rates.

GCSE Economics (1985/04)

Case Study Paper – Higher Paper

General Comments

On the whole, candidates were well prepared for this examination paper showing a good knowledge and understanding of the housing market. Candidates had a good understanding of the economic issues involved and most were able to use economic terminology throughout their answers. Candidates still appeared to struggle with questions, which required them to 'discuss', and, therefore, failed to achieve the top level on those questions.

Comments on individual questions

- 1a. Candidates lost marks on this part of the question as they failed to compare the changes over the period. Some candidates instead compared the level. However, most candidates were able to show some sort of comparison and achieved at least one mark. Some candidates used the data and were rewarded for this; however, they needed to give data for both areas to gain the mark.
- 1b. This part of the question was generally well answered. Candidates had clearly learnt the determinants of demand and most were able to explain their idea.
- 1c. This question was generally well answered. Some candidates drew two diagrams and others combined their answer on one; credit was given to both versions. Weaker candidates failed to show a distinction between demand/supply in the North and Greater London, therefore, achieving a maximum of two marks for the diagram. Examiners rewarded candidates who, in their explanation distinguished between demand/supply in the North and that in Greater London (for example D is demand in Greater London and D¹ is demand in the North). A few candidates transposed demand and supply curves. Explanations differed greatly in quality. Top candidates explained why prices differed and, therefore, achieved two marks for the explanation. Weaker candidates simply stated the price and quantity changes and received no marks for the explanation.
- 2a. The key to this part of the question was relating ideas to a first time buyer. If candidates explained ideas about house buyers as a whole they received few, if any, marks. There were some good answers to this question where candidate's referred to age, income and other spending such as rent. Weaker candidates repeated ideas in one and two and, therefore, only received a maximum of two marks.
- 2b. This part of the question required candidates to look at both sides of the argument. However, most candidates gave a one sided answer and so received lower marks. Most answers looked at certain groups of people (e.g. first time buyers) being unable to buy a house. More able candidates concluded that the prices are the result of market forces and confidence.
- 2c. Candidates were able to explain a number of initiatives which the government could use. Unfortunately, most candidates failed to "discuss" i.e. suggest problems with each initiative and make a judgement; therefore, most candidates received a maximum of four marks (Level 2).
- 3a. Most candidates struggled with this part of the question. Weaker candidates did not understand the question and gave answers to their own question. More able candidates clearly stated what the real price fell to mid 1996 and then rose after 1996. Candidates appeared confused by the word "real".

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- 3b. This part of the question also appeared to confuse candidates. Most candidates failed to achieve more than two marks. It appears that this area of the specification is one which candidates struggled to understand. Candidates tried to give ideas for both lenders and house buyers, but unfortunately sometimes were incorrect. Few candidates discussed that lenders have a depreciating loan (dependant on rates).
- 4a. Generally a well answered question. It was pleasing to see the large numbers of candidates who used the data.
- 4b. Candidates struggled to answer this part of the question. Weaker candidates simply explained about the celebrity neighbours and offered no real economic concepts or explanation in their answer. More able candidates were able to explain the market mechanism and how that would ensure the sale. Examiners gave credit to candidates who talked about advertising.
5. Examiners marked this question using a level of response approach. Candidates were not simply given marks for marking price and quantity, etc, on a diagram as had been the case in question 1(c). Few candidates got beyond analysis of a shift in supply (Level 2). Some candidates missed out on Level 2 because they simply said “supply shifted from S to S¹”, direction of movement must be stated i.e. “supply shifted to the right from S to S¹”. This was again true when candidates were explaining the changes in price and quantity. A common error was supply increases, so price falls and therefore demand rises thus shifting the demand curve. A few candidates transposed demand and supply curves. More able candidates achieved full marks by explaining why it may not be good for the market.
6. Many candidates missed the key words in the question: “discuss” and “extent”. Candidates clearly understood external costs and were able to explain those in relation to house buying; however, few candidates evaluated the effects or discussed the possible external benefits of house building. Those who did so achieved a mark in Level 3.
7. Most candidates understood the link between the base rate and mortgages. Examiners awarded one mark for simply making the link between the base rate and mortgages. Some candidates lost a mark by only explaining changes in the average percentage costs of running a house when the base rate rose (or fell) and not both.
- 8a. Most candidates were able to answer this part of the question well. Examiners gave credit when an example was used. However, it had to be related to local government spending and not central government spending such as the NHS.
- 8b. Generally candidates were well prepared for a question on this topic. Candidates were rewarded with higher marks by explaining why, in fact, council tax was regressive. Weaker candidates simply stated what a progressive tax was.
9. This question produced a varied response. Some candidates were prepared to use all the information from the case study and so in fact answered their own question and confused the topic. A number of candidates missed out on Level 4 as they did not include at least one point on each of the costs for the individual and the economy and benefits for the individual and the economy. More able candidates gave a conclusion and were credited with high marks for this, but only if they had given costs and benefits for both individuals and the economy.

General Certificate of Secondary Education

Economics (1985) June 2007 Assessment Series

Component Threshold Marks

Component	Max Mark	A	B	C	D	E	F	G
1	100	n/a	n/a	62	55	49	42	36
2	100	n/a	n/a	41	34	28	22	16
3	100	71	54	38	26	n/a	n/a	n/a
4	100	53	45	37	28	n/a	n/a	n/a

Specification Options

Foundation Tier

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	200	n/a	n/a	n/a	112	98	84	70	56
Percentage in Grade	200	n/a	n/a	n/a	22.10	24.64	22.10	14.49	9.42
Cumulative Percentage in Grade	200	n/a	n/a	n/a	22.70	18.0	70.60	85.1	94.8

The total entry for the examination was

Higher Tier

	Max Mark	A*	A	B	C	D	E	F	G
Overall Threshold Marks	200	158	137	110	84	61	49	n/a	n/a
Percentage in Grade	200	7.50	18.66	30.50	27.84	11.65	1.78	n/a	n/a
Cumulative Percentage in Grade	200	7.90	27.30	57.50	84.80	96.20	97.90	n/a	n/a

The total entry for the examination was

Overall

	A*	A	B	C	D	E	F	G
Percentage in Grade	5.90	14.66	23.97	26.61	14.43	6.13	3.10	2.02
Cumulative Percentage in Grade	6.20	21.30	45.00	71.20	85.7	92.0	95.10	97.20

The total entry for the examination was 1302
Statistics are correct at the time of publication.

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