



## External Assessment Report 2010

|         |                  |
|---------|------------------|
| Subject | <b>Economics</b> |
| Level   | <b>Higher</b>    |

The statistics used in this report are pre-appeal.

This report provides information on the performance of candidates which it is hoped will be useful to teachers/lecturers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding. It would be helpful to read this report in conjunction with the published question papers and marking instructions for the Examination.

# Comments on candidate performance

## General comments

The overall response was encouraging and, as with previous years, there were a significant number of outstanding candidates. Although Items A and B were generally well answered, some candidates were let down by one relatively poor essay which cost them a higher grade. However, the most popular essays — 1, 4 and 5 — were, on the whole, well answered.

## Areas in which candidates performed well

### Item A

Most candidates showed a sound understanding of cartels and price wars (a), and nearly every candidate understood the concept of real income and correctly explained how it is affected by a fall in oil prices (c)(i).

Most candidates also made the link between falling oil prices and airline costs in (c)(ii), and therefore realised that the result might be lower air fares.

All candidates answered (f) well, and most referred to increased quality as well as reduced prices.

Question (g) was well answered, although most explanations were based on environmental issues rather than the more obvious decline in economic growth.

Nearly every candidate correctly described one problem in (h).

### Item B

Most candidates gained full marks in (a) and (b).

In (d), most candidates realised that the recession would lead to a fall in the demand for houses.

Although most candidates knew that a fall in the exchange rate would improve our balance of payments (e), only a minority realised its inflationary impact.

Question (f) was quite well answered, although only a minority linked their answers to increases in AMD.

Question (g) was well answered, with some candidates describing the multiplier effect and others concentrating on supply-side policies such as increased spending on training (which could be mentioned in the Budget).

In (h), almost half the candidates were aware of the importance of the eurozone for UK exporters. However, a significant number thought UK exports would fall because the slowdown must result in a fall in the value of the Euro.

## **Section B**

Question 1 was very popular and was well answered by a majority of the candidates. In part (a), most answers were based on the key difference between wants and demand, and in (b), the usual types of aid were mentioned, with the majority also describing the importance of free trade and debt relief. In part (c), all candidates gave both advantages and disadvantages.

All parts of Question 2 were very well answered by the few who attempted it.

Question 5 was not only popular; it was also well answered by the majority of candidates. The diagrams in (a) were almost invariably correctly drawn, although only a minority of answers contained a detailed explanation of the diagram. Part (b) proved to be straightforward, but part (c) caused problems as few candidates knew the relationship between the MPC and the multiplier (some candidates thought that the question was asking about the Monetary Policy Committee).

## **Areas which candidates found demanding**

### **Item A**

The majority of answers to (b) were disappointing. Very few candidates included the fall in demand in their diagram, and a surprising number labelled their curves the wrong way round.

The answers to (d) were also poor, with few candidates linking price elasticity to changes in total revenue.

### **Item B**

In (c), most candidates lost marks by failing to link their answers to the information contained in the passage.

## **Section B**

In Question 3, although part (a) was well done, with most candidates correctly identifying and comparing the main differences, the rest of the question was poorly answered. Few candidates showed an understanding of price elasticity of supply, while a surprising number wrote about price elasticity of demand. Part (c) was very badly answered, with most answers again being based on price elasticity of demand.

In Question 4, although parts (a) and (b) were generally well done, few candidates could correctly identify supply-side measures and therefore failed to explain how they could reduce inflation.

Part (a) in Question 6 was quite well answered, but most candidates failed to define long-run average total costs, and many confused economies and diseconomies of scale with increasing and decreasing returns.

### **Advice to centres for preparation of future candidates**

Candidates should be encouraged to allocate their scarce resource (ie time) more or less equally among the items and essays — there was some evidence of candidates having to rush their last essay.

If a question in Section A is directly linked to the passage, make sure the candidates refer to the passage in their answer.

In Section B, candidates should be encouraged to read all the questions carefully and then take time to decide which ones to answer. A number of candidates in this year's exam obviously chose a 'wrong' essay, and some scored out their answer and then attempted another question.

Candidates should answer the question which is asked — not the one they hoped was going to be asked, eg although Question 3 was on price elasticity, it asked about supply, not demand.

Make sure candidates pay close attention to the command words, and always relate the length of their answers to the marks allocated.

## Statistical information: update on Courses

|                                    |     |
|------------------------------------|-----|
| Number of resulted entries in 2009 | 632 |
| Number of resulted entries in 2010 | 632 |

## Statistical information: performance of candidates

### Distribution of Course awards including grade boundaries

| Distribution of Course awards | %     | Cum. % | Number of candidates | Lowest mark |
|-------------------------------|-------|--------|----------------------|-------------|
| Maximum mark — 100            |       |        |                      |             |
| A                             | 29.9% | 29.9%  | 189                  | 69          |
| B                             | 23.9% | 53.8%  | 151                  | 57          |
| C                             | 24.4% | 78.2%  | 154                  | 46          |
| D                             | 8.4%  | 86.6%  | 53                   | 40          |
| No award                      | 13.4% | 100.0% | 85                   | —           |

### General commentary on grade boundaries

While SQA aims to set examinations and create marking instructions which will allow a competent candidate to score a minimum of 50% of the available marks (the notional C boundary) and a well prepared, very competent candidate to score at least 70% of the available marks (the notional A boundary), it is very challenging to get the standard on target every year, in every subject at every level.

Each year, therefore, SQA holds a grade boundary meeting for each subject at each level where it brings together all the information available (statistical and judgemental). The Principal Assessor and SQA Qualifications Manager meet with the relevant SQA Head of Service and Statistician to discuss the evidence and make decisions. The meetings are chaired by members of the management team at SQA.

The grade boundaries can be adjusted downwards if there is evidence that the exam is more challenging than usual, allowing the pass rate to be unaffected by this circumstance.

The grade boundaries can be adjusted upwards if there is evidence that the exam is less challenging than usual, allowing the pass rate to be unaffected by this circumstance.

Where standards are comparable to previous years, similar grade boundaries are maintained.

An exam paper at a particular level in a subject in one year tends to have a marginally different set of grade boundaries from exam papers in that subject at that level in other years. This is because the particular questions, and the mix of questions are different. This is also the case for exams set in centres. If SQA has already altered a boundary in a particular year in say Higher Chemistry this does not mean that centres should necessarily alter boundaries in their prelim exam in Higher Chemistry. The two are not that closely related as they do not contain identical questions.

SQA's main aim is to be fair to candidates across all subjects and all levels and maintain comparable standards across the years, even as Arrangements evolve and change.