



External Assessment Report 2011

Subject	Economics
Level	Higher

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

After a slight increase in numbers over the last three years, there was a large fall (57) this year. However, the fall in quantity was accompanied by a rise in quality and an increase in the average mark. The result was a significant increase in the percentage of candidates gaining an upper A pass.

In general, Item A was better answered than Item B and, although the average quality of essay answers was high, at least one part of every essay question was poorly answered by most candidates.

Areas in which candidates performed well

Item A

Question (c) (i): Most candidates knew what is meant by a 'Trade in Goods deficit', although a few referred to volume rather than value.

Question (c) (ii) and (iii): Most candidates knew why we have a deficit in goods and a surplus in services.

Question (d) (ii): The majority of candidates knew that the MPC would increase the interest rate in order to reduce inflation/inflationary pressure.

Question (e) (i) and (ii): Most candidates knew how a fall in sterling would boost exports, although only a slight majority knew how it would increase inflationary pressure.

Question (f): Most candidates drew a diagram showing either a fall in supply or an increase in demand — both were credited.

Question (g) (i): Most candidates cited the correct evidence, ie 'during the boom, champagne consumption soared', but a significant minority failed to link this fully to income elasticity.

Question (g) (ii): Most candidates correctly made the link between price elasticity of demand and total revenue (probably because it has been asked so often in the past).

Item B

Question (a) (i): This question was very well answered by nearly every candidate.

Question (b): Although the reasons given were extremely varied, most were valid.

Question (c): Most candidates gave an adequate explanation of how the scheme affected the car market.

Section B

Question 1 (b): Most candidates knew how the RPI is calculated and how it differs from the CPI.

Question 2 (a): Most definitions and examples of entry barriers were accurate.

Question 3 (c): Most candidates knew how the Budget can be used to reduce income inequalities.

Question 4 (a), (b) and (c): These were very well answered by the majority of candidates, with a significant number scoring full marks.

Question 5 (a): It was pleasing to see most candidates answering the question that was asked, ie they concentrated on the economic problems facing LDCs.

Question 5 (b): Most candidates showed a sound understanding of price inelastic demand.

Question 5 (d): Although a majority of candidates gained full marks in this question, a disappointingly significant number described the factors that affect demand — not price elasticity of demand.

Question 6 (a), (b) and (c): Most candidates found these questions relatively straightforward and scored highly in them.

Areas which candidates found demanding

Item A

Question (a): Very few candidates related their answers to the banking sector.

Question (b): A disappointingly small number of candidates based their answer on the importance of the financial sector for the UK economy or the state of the government finances at the time of the crisis.

Question (d) (i): Although for some candidates this question was relatively straightforward; for the majority it proved to be very difficult.

Item B

Question (a) (ii): Most candidates gave a definition of an LDC, not an emerging economy.

Question (d): Only a minority of candidates realised that there would be a reduction in both the supply of, and demand for, second-hand cars.

Question (e): Although a large majority of candidates gave a valid argument for extending the scheme (mainly because this argument can be found in the passage), very few gave a valid argument against.

Section B

Question 1 (a) (ii): Most candidates did not know the difference between private and public goods.

Question 1 (c) and (d): The descriptions of the advantages of low inflation were, in many cases, weak, and the majority of candidates simply identified economic aims of governments, and made no attempt to describe them.

Question 2: Although part (a) was well answered, very few candidates scored highly in part (b). Some diagrams were very poorly drawn, and, in part (c), a significant number failed to link their answer to the importance of covering (average) variable cost.

Question 3: Apart from part (c), this question was poorly answered by a majority of the candidates. Most had little idea why VAT was cut; even fewer were aware of the effects of a shift in the burden of taxation, and a significant number did not understand part (d), basing their answer on an explanation of how a budget deficit can be used to bring a country out of recession.

Question 4 (d): A disappointingly large number of candidates based their answer on the UK joining the EU, not the eurozone.

Question 5: Although most parts of this question were very well answered by most candidates, some candidates confused positive and negative income elasticity with elastic and inelastic income elasticity.

Question 6 (d): Very few candidates displayed a sound understanding of the advantages and disadvantages of floating exchange rates.

Advice to centres for preparation of future candidates

- ◆ Stress to candidates the need (especially in Economics) to read all questions very carefully. There was more evidence than usual this year of candidates misreading questions. For example, in essay 2 (b) many candidates wrote about total, not average, fixed costs; in 4 (d) a large number of answers were on the EU, not the eurozone; in 5 (c) many candidates wrote about price elasticity, not income elasticity; and in 6 (c) candidates did not take note of the phrase 'other than' and wrote about unemployment being caused by falls in demand.
- ◆ Strongly recommend that candidates take time over their choice of essays. A significant number this year answered parts of an essay, scored out their answers and then chose to answer another essay.
- ◆ Encourage candidates to read every part of an essay before deciding to attempt to answer it. They should avoid being sucked into attempting an essay because the first part or two look easy. For example, essay 6 begins by asking a relatively straightforward question, but the question gets progressively more difficult.

- ◆ Stress the importance of relating the number of relevant points in an answer to the marks devoted to it, eg in essay 2, many answers to part (c) — worth 10 marks — were far shorter than the answers to parts (a) and (b) — worth 8 and 7 marks respectively. Essay 1 (d) asks for a description of three economic aims for 6 marks, yet most candidates simply mentioned the aims without describing them.
- ◆ Encourage candidates to ask themselves ‘What exactly is this question asking me to do?’ For example, essay 3 (d) does not ask the candidate to explain how a budget deficit can cure a recession, but to explain how a recession usually creates a budget deficit. Misreading a question invariably results in no marks.
- ◆ Continue to encourage candidates to keep their knowledge of current economic events as up-to-date as possible. Such knowledge can be invaluable when discussing economic theory.

Statistical information: update on Courses

Number of resulted entries in 2010	632
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Number of resulted entries in 2011	576
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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	38.0%	38.0%	219	69
B	24.0%	62.0%	138	57
C	17.2%	79.2%	99	45
D	6.8%	85.9%	39	39
No award	14.1%	100.0%	81	-

General commentary on grade boundaries

SQA aims to set examinations and create marking instructions that 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, though, 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.