

AS LEVEL

Examiners' report

ECONOMICS

H060

For first teaching in 2019

H060/01 Summer 2024 series

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Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates.

The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. A selection of candidate answers is also provided. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

Where overall performance on a question/question part was considered good, with no particular areas to highlight, these questions have not been included in the report.

A full copy of the question paper and the mark scheme can be downloaded from OCR.

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Paper 1 series overview

H060/01 Microeconomics examination is one of two examination components for AS Economics.

To do well in this component candidates need to apply their knowledge of microeconomic concepts to the situations presented in the question paper. This involved using precise terminology and well labelled diagrams to explain microeconomic concepts.

Candidates who did well in this component used evidence from the data provided and the question stems to answer the question asked. Diagrams when used were clearly drawn, well labelled and integrated into the written analysis. Questions which required extended writing were logically structured with extended chains of reasoning being used to develop balanced arguments before reaching a justified conclusion.

Candidates who did well on this paper generally:	Candidates who did less well on this paper generally:
<ul style="list-style-type: none"> • used precise economic terminology • included their calculation in Question 16 (b) (i) • used numbers from the data provided to prove their points in Questions 16 (b) (ii) and 16 (d) (i) • presented clearly labelled diagrams which were then referred to in the written analysis • provided clear chains of reasoning in Questions 16 (e) and Section C • structured the answers to Questions 16 (e) and Section C to show clear evaluation and a justified decision • showed awareness of relevant examples from the UK economy. 	<ul style="list-style-type: none"> • provided answers in the multiple-choice section which were not clearly written • did not use precise economic terminology • produced bar charts rather than economic diagrams • did not refer to their diagram within the written analysis or evaluation • produced answers to Questions 16 (e) and Section C which did not focus on the question set but rather the question they wished had been set.

Section A overview

Section A consists of 15 multiple choice questions, some of which tested quantitative skills. The mark scheme provides explanations for each question to illustrate the correct answers and justifications for incorrect or distractor points. Candidates could choose two of the given answers as correct responses to Question 8. Examiners therefore awarded the mark for either of these two options.

Many candidates scored highly in this section of the examination showing strong knowledge of the concepts. Questions 2, 5, 7, 12 and 13 assessed quantitative skills.

Several candidates found Questions 4, 9, 10 and 13 difficult showing a lack of understanding of composite demand, free goods, maximum prices and PES.

Misconception



A small number of candidates lost marks in this section by not clearly recording their answers.

Examiners cannot award a mark if the letter the candidate has chosen is not clear.

Candidates who wish to alter their answers for multiple choice questions should be encouraged to cross out their answer and write the new letter for the response they wish to choose outside of the answer box.

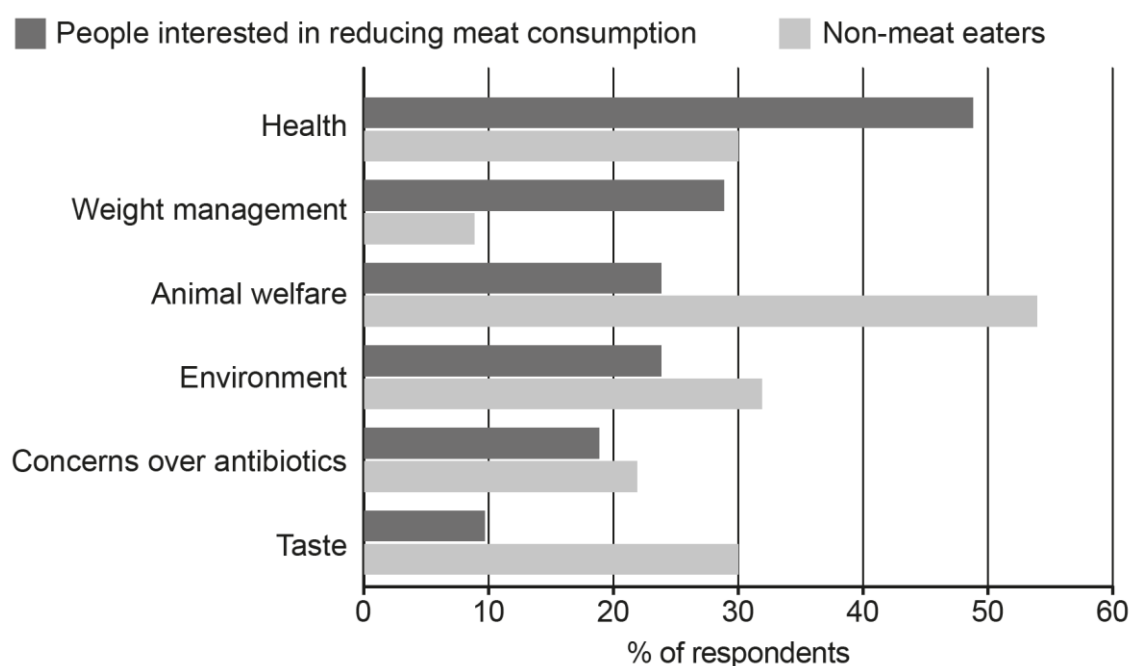
Section B overview

To score highly in this section of the paper candidates need to use economic terminology and calculations with some precision to clarify cause and effect. Candidates must make use of the information provided in the case material.

Question 16 (a)

Fig. 1

Reasons people give for eating less or no meat



16

- (a)** Using **Fig. 1**, state what percentage of non-meat eaters thought it was better for their health not to eat meat.

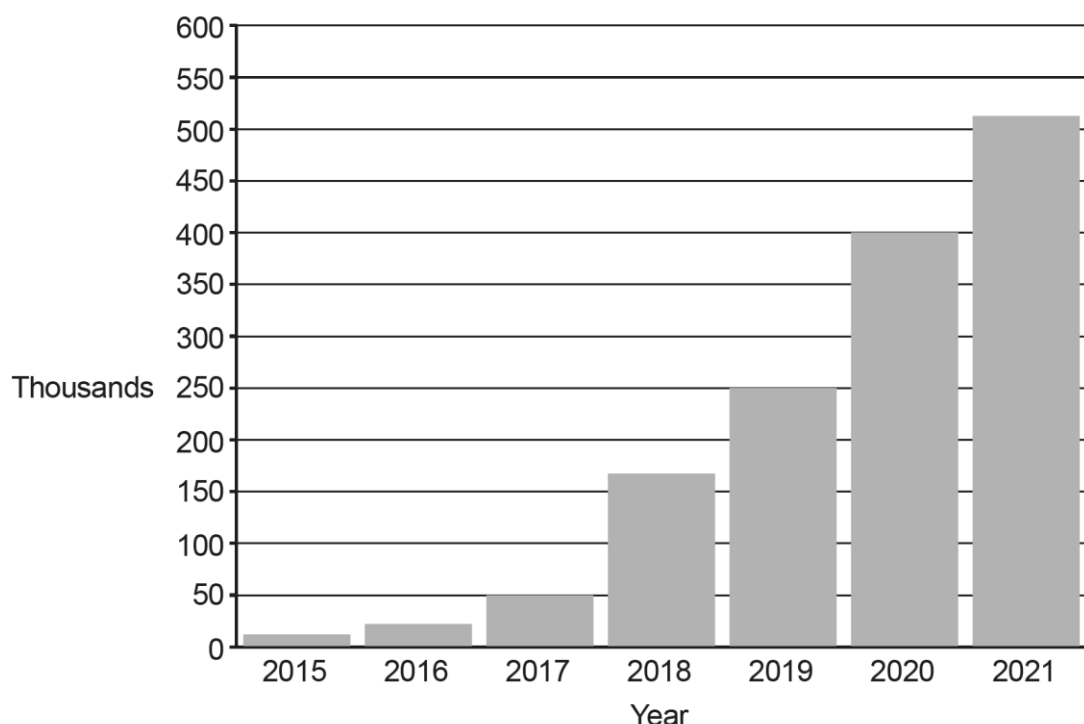
.....
 [1]

Many candidates were able to correctly read the answer from Fig.1.

Question 16 (b) (i)

Fig. 2

Number of people signing up to Veganuary



(b)

- (i) Using Fig. 2, calculate the percentage increase in the number of people who signed up for Veganuary from 2017 to 2021.

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.....

.....

..... [2]

This appeared to be a straightforward calculation for many candidates. As the graph was not precise figures from 505000 to 515000 were creditable for the year 2021. A small number of candidates chose a figure which was outside of this margin and could not be rewarded.

Question 16 (b) (ii)

- (ii) Using the income elasticity value (**line 25**), explain how a fall in income will affect the demand for oat milk.

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..... [2]

Many candidates had a clear understanding of this concept. Such candidates recognised that the figure presented showed a fall in income would lead to a proportionally larger fall in demand for the product. Many used appropriate numbers to support their answer.

Question 16 (c)

- (c) Using a diagram, explain how supermarkets may respond to the popularity of Veganuary.

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..... [4]

Candidates approached this question in two ways, and both were appropriate. Some candidates recognised that supermarkets would increase supply when faced with rising demand. This was illustrated using an outward shift of supply or a movement along a PPF curve to illustrate an opportunity cost. Other candidates illustrated the rising demand and suggested that prices would possibly rise as a result.

A small number of candidates incorrectly labelled the axis on their market diagrams as price level and quantity demanded.

Question 16 (d) (i)

(d)

- (i) Using the value of cross elasticity of demand (**lines 20–21**), explain the relationship between oat milk and dairy milk.

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..... [2]

A small number of candidates confused this relationship and stated that the products were complementary. The most successful responses made effective use of the number provided to justify the weak substitute nature of the two products.

Question 16 (d) (ii)

- (ii) Explain how the change in demand for oat milk will affect the producer surplus of oat farmers.

.....

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..... [4]

Several candidates provided appropriate and well labelled diagrams to support their answers to this question. Although a diagram was not required it was creditable and often gained 3 of the 4 marks available. To gain full marks candidates needed to show awareness that oat farmers provide the raw material required to produce oat milk. Many candidates did not recognise this relationship and gained a maximum of 3 marks for an awareness that rising demand for the product would increase producer surplus.

Question 16 (e)*

- (e)* Evaluate, using an appropriate diagram(s), the effects on farmers of an increase in demand for vegan products. [10]

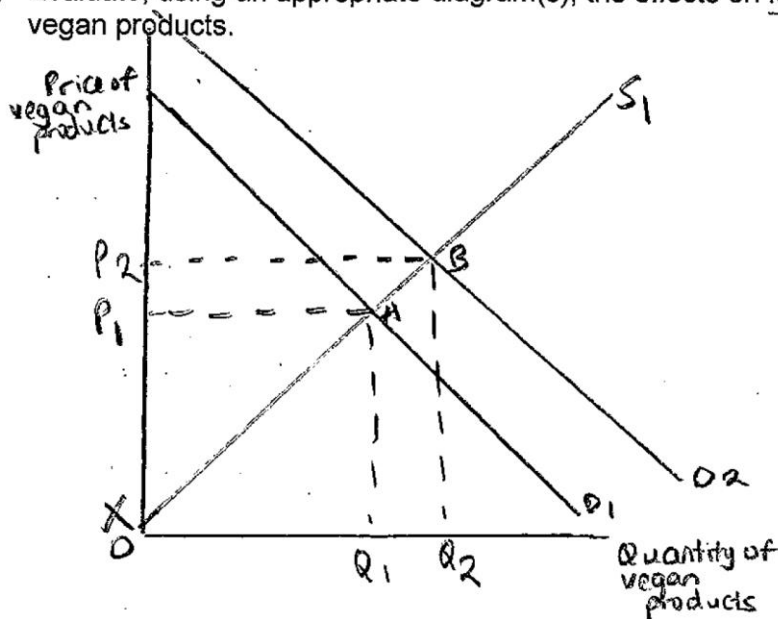
This question tested all assessment objectives. The command word evaluate informs candidates that a balanced two-sided discussion is required. To gain marks within Level 3, candidates are required to make effective use of at least one diagram within their analysis. The diagram must be integrated into the written analysis.

The most successful responses recognised the differing effects on dairy or meat farmers compared to farmers growing crops. Such candidates often supported their analysis with two diagrams, one illustrating rising demand for crops and the other a fall in demand for dairy or meat products. Effective evaluations frequently focused on the importance of price elasticity of demand and the ease with which farmers could alter their production.

Less successful responses often reproduced the answers provided for Question 16 (d) (ii) with little development.

Exemplar 1

- (e)* Evaluate, using an appropriate diagram(s), the effects on farmers of an increase in demand for vegan products. ^{→ attracts new farmers} [10]



As the demand for vegan products increases such as the number of people signing up for veganuary increasing from around 20,000 to 50,000, the demand for vegan products increases from D_1 to D_2 . This causes the price of vegan products to increase from P_1 to P_2 and the quantity to increase from Q_1 to Q_2 . This allows for farmers to maximise their revenue as their area of revenue increases from P_1, Q_1, O to P_2, Q_2, O . This

Exemplar 1 shows how the candidate has effectively analysed their diagram within the written analysis. By using letters at specific points in the diagram the candidate is able to effectively guide the reader towards a clear understanding of the point illustrated in the diagram. This shows good analytical skills.

Section C overview

One essay has a stem which provides some context for the question. Candidate responses do not have to relate to the information provided in the stem. However, the stem can provide context which can be used to support candidates' answers if required. Candidates can and should make use of relevant examples that they have studied to offer context to their answers.

There was some evidence that candidates had expected an essay question covering market failure. Some candidates attempted to adjust such a prepared answer to fit one of the essay titles provided, most frequently Question 18. This was frequently not a successful strategy.

Option overview

Essay 17 was the least popular choice with candidates. The responses to this question were less likely to gain a mark within Level 3 or Level 4 on the mark scheme. This question did not provide a stem which candidates could use to support their writing.

Question 17*

17* Evaluate, using an appropriate diagram(s), the effectiveness of incentives in ensuring efficient resource allocation in an economy. **[20]**

This topic area was not well understood by the majority of candidates. Many answers comprised a series of statements related to incentives that might impact on different economic agents. Such answers were limited to a mark within Level 1 as they rarely showed a chain of economic reasoning. The most successful responses recognised that incentives are a key element of the rational decision-making model. Answers which recognised this, then explained with a diagram how rising prices would cause a different reaction from suppliers and consumers within a market. Strong evaluations explained reasons why economic agents may not respond rationally to identified incentives. The concept of efficiency was rarely discussed within this essay.

Question 18*

18* In Europe, farmers receive substantial financial support from the EU, through the common agricultural policy (CAP).

Evaluate, using an appropriate diagram(s), the effectiveness of government subsidies to encourage the production of goods such as agricultural products.

[20]

Candidates found this essay to be relatively straightforward and there were several very strong answers which showed awareness of the particular issues of the UK agricultural sector. The most successful responses provided well developed chains of reasoning supported by accurate and clearly labelled diagrams analysing the impact on farmers' costs and output.

Evaluation frequently focused on the opportunity cost of such government spending, rather than its effectiveness in increasing output, as required by the question. Such answers rarely gained much credit as they were not sufficiently focused on the requirements of the question. The more successful responses made effective use of concepts such as PED and PES to question the effectiveness of this solution for agricultural products.

The stem made reference to the common agricultural policy, and this encouraged several candidates into discussion concerning the merits of a buffer stock system. Such discussions did not effectively relate to the question being asked.

Several candidates attempted to answer this question using the concept of market failure. Such answers frequently stated that agricultural products, as merit goods, are underprovided in the UK. Such answers often showed reasonable analysis accompanied by relevant well explained diagrams. Evaluations however were limited to an explanation of government failure.

Copyright information

Question 16 (b) (i) Fig 2. <https://www.theguardian.com/environment/2021/jan/05/veganuary-record-number-people-pledge-eat-vegan-food-january> © theguardian.com/uk, The Guardian.

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