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Examiners' report

AS LEVEL

ECONOMICS

OCR Level 3 Advanced Subsidiary GCE in Economics

H060

For first teaching in 2019

H060/01 Summer 2025 series

Version 1

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Contents

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 responses 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 Teach Cambridge.

Paper 1 series overview

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 active diagrams to explain microeconomic concepts.

Candidates who did well in this component used evidence from the data provided, and the question stems to contextualise their answer. The strongest candidates showed awareness of a range of economic principles and ideas each of which were clearly explained. The answers which required extended writing, Questions 16 (e), 17 and 18 were logically structured with extended chains of reasoning showing a two-sided argument before reaching a justified conclusion.

Candidates who did well on this paper generally:	Candidates who did less well on this paper generally:
• used precise economic terminology • included their calculation in 16 (b) (i) • produced clear well labelled diagrams showing correct axis, curve and equilibrium labels • tailored their answers in Questions 16 (e), 17 or 18 to the specific needs of the question and the context provided • showed awareness of relevant examples from the UK economy.	• provided answers in the multiple-choice section which were not clearly written • did not produce a diagram when instructed to do so in the question • produced unclear diagrams which were too small or difficult to read • produced a correct diagram but did not refer to it in the written work in Questions 16 (e), 17 or 18.

Section A overview

Many candidates scored very highly in this section of the examination paper. Questions 2, 3, 7 and 12 assessed quantitative skills.

Questions 2 and 7 were generally well understood showing an understanding of opportunity cost and supply shifts.

A noticeable number of candidates found Questions 3 and 5 challenging, showing a lack of understanding of the demand curve and revenue. A smaller number of candidates struggled to answer Questions 10, 12 and 13 correctly. These candidates lacked a clear understanding of factors moving the demand curve, cross price elasticity and the impact of government failure.

Section B overview

To score highly in this section candidates needed to be able to make sense of the data provided and use economic terminology with some precision to describe cause and effect. More successful candidates made good use of the data provided to support their answers.

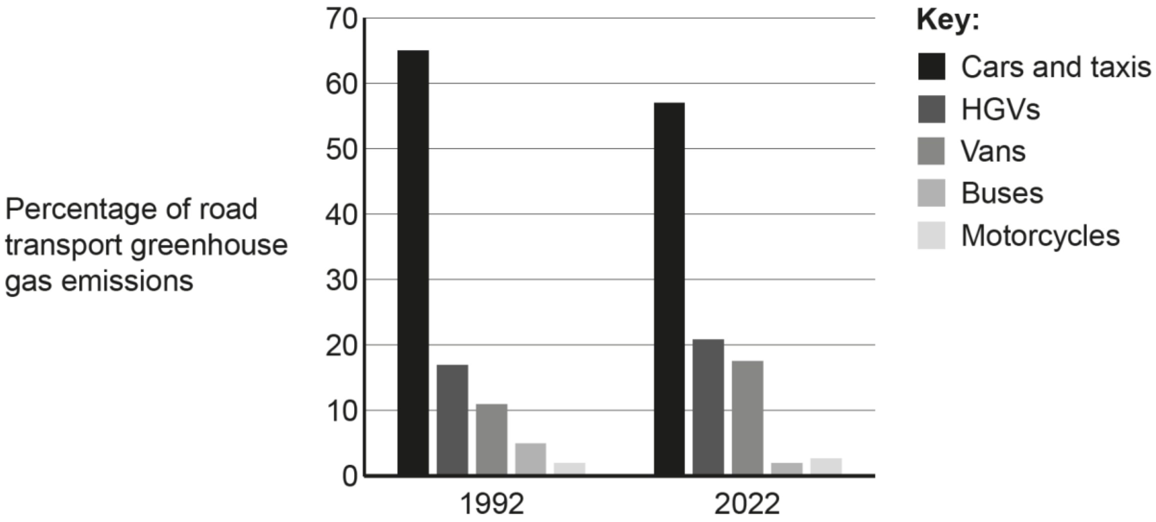
Question 16 (a)

Electric cars speed ahead

In 2022, road transport accounted for approximately 21% of the UK's total greenhouse gas emissions. The largest contributor to this was cars and taxis as shown in Fig. 1.

Fig. 1

Percentage of road transport greenhouse gas emissions contributed by different forms of road transport 1992 and 2022.



16
(a) Using **Fig. 1**, state which form of road transport had the greatest percentage fall in greenhouse gas emissions between 1992 and 2022.

....

.... **[1]**

Many candidates incorrectly stated cars and taxis as they simply compared the size of the bars in each year rather than calculating the percentage change.

Question 16 (b) (i)

In 2022, the sale of new cars in the UK dropped. The demand for new electric cars, which are environmentally cleaner than petrol or diesel cars continued to increase.
Fig. 2 shows the increase in sales for new electric cars in the UK.

Fig. 2

Year	No. of new electric cars sold
2018	15 500
2019	37 850
2020	108 200
2021	190 700
2022	267 000

(b)
(i) Using **Fig. 2**, calculate which year had the largest percentage rise in the number of new electric cars sold in the UK.

....

....

....

.... **[2]**

The question required a given year. Some candidates provided more than one year showing a lack of clarity. Other candidates incorrectly rounded their figure downwards to 185%.

Question 16 (b) (ii)

(ii) Using the extract, explain how division of labour is used in the production of electric cars.

....

....

....

.... **[2]**

Many candidates had a clear understanding of this concept and were able to provide a relevant example from the case study. A number of candidates incorrectly described specialisation or ignored the instruction to use the extract.

Question 16 (c)

(c) Using a diagram, explain what effect the removal of indirect tax would have on the market of electric cars.

....

....

....

.... **[4]**

Candidates approached this question in two ways, both were appropriate. The majority provided a correct demand and supply diagram showing a shift right of the supply curve. Others used an externalities diagram showing the correct shift of the MPC/MSC curve. Diagrams were not always well labelled as quantity demanded is not a correct axis label for a market diagram showing both demand and supply.

Misconception

Axis labels should be Price and Quantity, not quantity demanded.

Question 16 (d) (i)

(d)
(i) Using the information on income and elasticity of demand in the extract, explain the likely effect of a continuing fall in real income on electric car producers.

....

....

....

....

....

.... **[4]**

The strongest candidates recognised that the value indicated a luxury or superior good. Such candidates were then able to clearly explain how this value would lead to a fall in revenue/profit for car producers. A number of candidates ignored the instruction to use the information on income and elasticity. Such candidates explained how a rise in income would affect demand for electric cars therefore not answering the question set.

Question 16 (d) (ii)

(ii) Explain the effect on the price and quantity demanded of electric cars of an increase in the price of cobalt.

....

....

....

.... **[2]**

A well answered question by most candidates who recognised the impact on costs of production, price and therefore demand. A small number of candidates thought incorrectly that cars and cobalt were in joint supply.

Question 16 (e)*

(e)* Evaluate, using an appropriate diagram, the effect of an increase in demand for electric cars on people in the Democratic Republic of the Congo. **[10]**

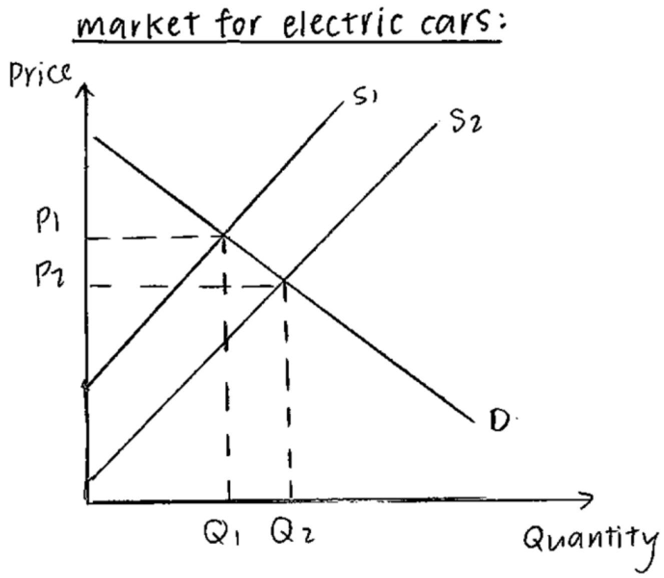
This question tested all assessment objectives. The command word evaluate informs candidates that a balanced two-sided discussion is required. To gain marks within Level 3 candidates are required to make effective use of at least one diagram within their analysis. The diagram must be integrated into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

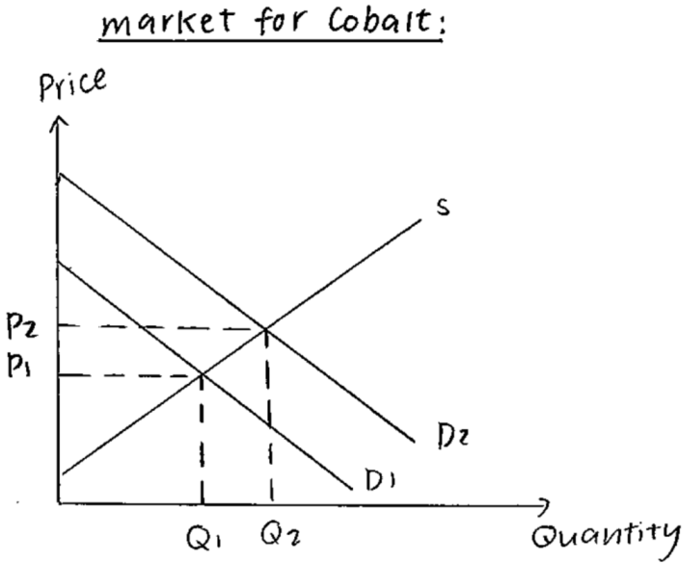
The strongest candidates recognised the relationship between the two products. Such candidates were able to illustrate how rising demand for cars would create an increased demand for cobalt and therefore a derived demand for workers. Often two diagrams were used to illustrate this relationship. The positive impact on labour demands, profit and living standards were then developed.

Evaluations were often less well developed. More successful candidates explained the impact of longer working hours on health or the negative environmental externalities impact on future growth.

Less successful candidates ignored the requirement to explain the impact on the people in the Democratic Republic of the Congo and discussed the impact on the business only. Several candidates incorrectly discussed how rising demand for electric cars would lead to greater electric car supply in the Democratic Republic of Congo.

Exemplar 1





16e) more income, they may be able to afford more goods and services to increase their standard of living. For example, those who joing work may now be able to afford to send their children to school to receive education since it is not state provided. In the long term, this may have wider impacts to society as more individuals attending education means that they can enhance their skills to joing high-paying jobs in the future. Hence, income inequality will be reduced due to these job opportunities.

In Judgement, an increase in demand for electric cars may have a higher harmful affect on Congo than benefit it. ~~A~~ Eventhough it provides job opportunities, the jobs in mining are often dangerous. Working hours are long and some workers are only paid £3 a day, emphasising that the beneficial affect may be only marginal as £3 is not enough to completely change their standard of living. In fact, it may propose more harm as it puts workers into risks of health problems. Many workers are from low income households, so they may not be able to afford healthcare services which significantly deterioates their standard of living. As older workers become ill, younger children may also be pushed into work rather than entering school, showing that the benefits are extremely marginal. However, this depends upon the severity of working conditions and the cost of living in Congo

The candidate has drawn two effective diagrams which illustrate how the market for cobalt is impacted by the changes in the market for electric cars. The candidate included a page in their essay which explained this relationship in great detail and made specific reference to points on each diagram. This showed good analytical skills. The analysis develops into strong analysis in the written section, included here below the diagrams. In this section the candidate explains how the wider community may benefit from this change. There is a clear chain of analysis linking rising prices for cobalt to improved standard of living and access to education. This is a fully developed chain which links to the long term impact on potential access to higher income jobs.

The judgement section also develops a strong chain of analysis emphasising the opposite position. Here the candidate has identified key pieces of information from within the material provided, the low wage and long working hours. This information is then used to explain why rising demand may create potentially negative impacts in society. Although there are other points the candidate could include the answer effectively answers all aspects of the question gaining full marks.

Section C overview

Each 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.

Assessment for learning

The level descriptors in the mark scheme illustrate what is required to achieve each level of analytical or evaluative skill.

Candidates should be reminded that to gain answers in Level 3 there must be some developed chains of reasoning supported by correct diagrams which are integrated into the written work.

Question 17*

17* In 2022, the price of food on average, increased by 70%, while the price of clothing, on average, increased by 10%.

Evaluate, using an appropriate diagram(s) the impact of these changes in price on consumer surplus. **[20]**

The topic of consumer surplus was generally understood by most candidates who were able to draw a diagram illustrating the fall in consumer surplus for each product. Such answers gained a mark in Level 2 by showing some reasonable analysis linked to the relative price changes.

Stronger candidates moved to Level 3 by using their diagrams to illustrate how the different amounts of price change and PED would impact the amount of consumer surplus lost. The strongest responses recognised the impact on different income groups of these changes to essential goods. A large number of candidates illustrated their answers with, usually correct, diagrams. Less successful candidates recognised that PED was important but were unable to explain why. Such answers were limited to a mark within Level 1.

Evaluation was often less well focused. Strong evaluations frequently explained the importance of the cause of the change in price on the size of consumer surplus. The strongest candidates used a correct diagram to illustrate how rising demand may lead to increased prices and consumer surplus.

A small number of candidates confused consumer and producer surplus. These candidates produced diagrams illustrating an increase in producer surplus.

Question 18*

18* Norway devoted more of its resources to the output of capital goods in 2022. This had an impact on the country's output of consumer goods.

Evaluate, using an appropriate diagram(s), the effect on consumers of an economy devoting more resources to the output of capital goods. **[20]**

Candidates who made effective use of an appropriate PPF diagram to illustrate the opportunity cost/trade off often gained marks in Level 3. Candidates who were then able to explain the impact that reduced output would have on welfare of consumers showed strong analytical skills.

Successful evaluation often focused on either the situation of spare capacity or technological change. Candidates who focused on technological change or greater productivity often weakened their argument by not recognising that it would take time for such changes to impact the consumer market. Stronger candidates explained both the short- and long-term impacts of such a change accompanied by appropriate diagrams which were fully explained.

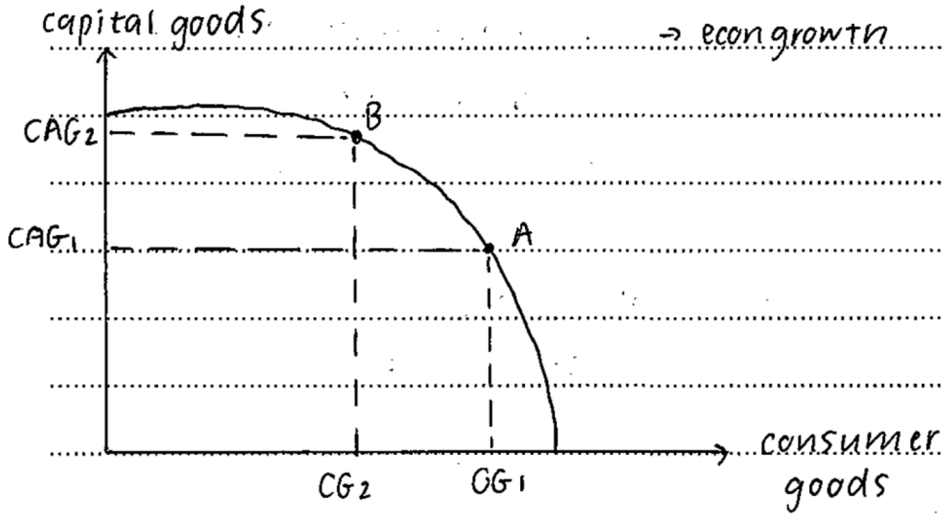
Exemplar 2

Question No. 18

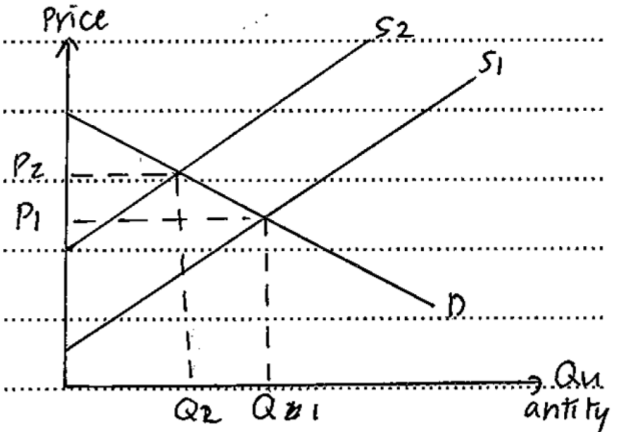
→ lower variation

→

→ econ growth



An economy has scarce resources and unlimited wants and needs, leading to the basic economic problem. Therefore, a choice has to be made on what to produce with their limited factors of production, ensuring that ~~m~~ both productive and allocative efficiency is met to the maximum point possible. Therefore, when Norway devoted its resources to the output of capital goods rather than consumer goods, it had an opportunity cost of consumer goods meaning that they could produce fewer of these goods due to limited resources. This is shown on the PPF curve as the economy moves from operating at point A to point B, ~~and~~ where more capital goods are produced resulting in a number of consumer goods being given up. Since the amount of consumer goods produced falls, this results in a smaller variation for consumers. For example, if Denmark chooses to allocate fewer of its resources to producing food products, consumers may face a fewer variation in choices available. This may be seen in ~~an~~ a smaller selection of domestic fruits and vegetables, for example, as more factors of production of will be allocated to producing capital goods rather than agriculture. Thus, a fewer variation may result in lower consumer utility in the long term.



One other impact on consumers may be an increase in price of goods and services. since supply of consumer goods fall from S_1 to S_2, goods and services becomes more scarce despite a ~~g~~ continuously growing demand. Therefore, they increase in value and prices to consumers may increase from P_1 to P_2. This is especially an issue as goods and services may no longer be affordable as consumers are rationed out of the market. An increase in price will particularly have a disproportionate effect on low income households.

This candidate has correctly drawn the PPF to show a reduction in consumer goods. The accompanying discussion states the movement from A to B but does not use the diagram to explain the impact of reduced consumer goods from CG1 to CG2. Had the candidate done this the point could have moved to good rather than reasonable analysis.

The candidate has shown stronger analytical skills in their discussion of the second diagram showing reduced supply. Here the candidate specifically states the impact on price with reference to points on the diagram. The chain of analysis is also fully developed to explain the disproportionate effect on lower income groups of such a change. This section shows good analytical skills.

The candidate attempted to evaluate and show the other side of the argument. However, the evaluative statements did not show the required chains of analysis which limited their answer to a mark in Level 3.

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