

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL A-LEVEL ECONOMICS

(9640) Paper EC03

Report on the examination

June 2022

REPORT ON EXAMINATION: INTERNATIONAL A-LEVEL ECONOMICS 9640 EC03 JUNE 2022

General comments

Students performed strongly on the quantitative elements of the paper and the multiple-choice section, showing a good level of knowledge and understanding of key concepts and an ability to apply these effectively to contexts. Some of the questions within the data response (Section C) were more challenging, as were the essay questions (Section D). Section C responses would have benefitted from making better use of the case study material provided or some other context. The majority of students chose to answer the essay question on intervention in labour markets, rather than on the individual as a rational decision maker. Students choosing the labour market option generally performed better than those choosing the other alternative.

Section A

Eight of the questions had a facility of more than 65%. The two questions which did not were still answered correctly by more than half of students. Question 8 was the most difficult on the section with a success rate of around 55%.

QUESTION 01

Students found this question relatively easy with the vast majority getting the correct answer, although each distractor was picked by at least one student.

QUESTION 02

Students found this question relatively easy with a sizeable majority getting the correct answer. Each distractor was picked by at least one student, with answer D being the most commonly selected, showing students understood a Lorenz curve diagram but had not necessarily comprehended all of the information in the question stem clearly.

QUESTION 03

This question proved to be the second hardest of the multiple-choice questions, however the majority of students still answered correctly. However, a reasonable number chose the incorrect option of D recognising the inability of firms to generate abnormal profits in the long run and the consequent lack of scope for dynamic efficiency.

QUESTION 04

A large majority of students displayed the appropriate knowledge of the relationship between average and total revenues and the mathematical skills to calculate the correct answer. Virtually every incorrect answer selected A, suggesting unfamiliarity with the distinction between average and total revenue.

QUESTION 05

Students found this question relatively easy. The majority of students who did not choose the correct answer mistook the productively efficient output for the normal profit level of output.

QUESTION 06

Despite a reasonable majority of students choosing the correct answer, this question was incorrectly answered as D by most of those who did not get the correct answer. This was an unusual example on the paper of students not applying mathematical knowledge appropriately.

QUESTION 07

Students responded well to this question about likely causation. Those who did not answer correctly generally chose option D implying an unfamiliarity with where the minimum efficient scale lays on the long run average cost curve.

QUESTION 08

This question was the lowest-scoring of all multiple-choice questions, however around 60% still answered correctly. Incorrect responses were spread across the three distractors, suggesting a general lack of familiarity with some of the influences on wage elasticity of demand.

QUESTION 09

Students displayed strong knowledge of the impacts of a subsidy and a large majority chose the correct answer to a question which had been anticipated to be the most difficult of the multiple-choice section.

QUESTION 10

Students also found this question relatively easy. Incorrect responses were spread across the three incorrect options.

Section B

Students responded well to this section, particularly the calculations which made up 11.2 and 11.3, with more than 80% of the answers scoring full marks on these questions.

QUESTION 11.1

The majority of students gave a 'textbook' definition to this question. Incorrect responses tended to confuse decreasing returns to scale with the short run concept of diminishing returns.

QUESTION 11.2

Students answered this question extremely well, displaying sound knowledge of the meaning of marginal product and how to calculate it.

QUESTION 11.3

Again, students were able to demonstrate accurate knowledge of average product and how to calculate it.

QUESTION 11.4

Students were relatively successful in demonstrating their understanding of the law of diminishing returns, although some failed to either provide the required diagram or to link their explanation to it. A number of responses over-complicated the diagram by attempting to illustrate both total and marginal or

average output on one diagram when only one curve was necessary. Good levels of understanding were often shown by students who provided a marginal and average output curve and explained the relationship between the two.

QUESTION 12.1

The majority of responses provided a clear response which scored full marks by suggesting a reason that linked profits and market concentration. Economies of scale was a particularly common reason stated, although many students also focused on price/revenue reasons for the link.

QUESTION 12.2

The relationship between concentration ratios and profits were generally understood although some students struggled to clearly link specific patterns in the data to their conclusions (or to provide one). A number of particularly successful answers suggested alternative factors which might have influenced profits or suggested useful other aspects of data which could support a more definitive conclusion about any relationship.

QUESTION 13

Responses to this question varied significantly in terms of the knowledge, level of analysis and how well these aspects were related to one or more markets. Weak responses conveyed a lack of understanding of the features of contestable markets, whilst the overall use of the prompts provided within the extracts was limited. Many responses focused on how technological change may affect contestability within different market structures as opposed to within specific markets, which may have given greater scope for better application of knowledge and the development of analysis.

QUESTION 14

Responses attracted a wide variety of marks, with the most successful using the examples of firms with monopoly power in specific markets to exemplify reasons for or against government intervention in those particular markets. The degree to which students used the information provided in the extracts often had quite an impact on the success of their answers. It would be worth remembering that this question forms part of the data response section of the paper and the purpose of the extracts is to provide clues that would support the effective development of responses.

A number of students chose the (valid) approach of questioning the overall appropriateness of intervention, however some of those lacked the level of analysis which responses referring to specific methods of intervention benefitted from. A range of diagrams were used to good effect to support either the analysis or evaluation offered by strong responses.

QUESTION 15

This question was chosen by fewer students than question 16 and was less successfully answered. A reasonable level of knowledge of the reasons for consumers not maximising utility was demonstrated, with stronger responses linking these to specific consumption decisions and so providing some context to their answers.

Weaker responses failed to provide appropriate evaluation, usually focusing just on reasons for irrational behaviour at the expense of considering any alternative viewpoints or providing any consideration of the traditional assumptions about rational behaviour. These aspects also tended to limit the effectiveness of judgements made, where these were attempted.

QUESTION 16

Most students appeared to manage their time effectively enough to have sufficient time to complete their responses to this question, although a more focused approach involving focusing on the exact requirements would have benefitted some students. Generally students were more successful answering this question than question 15, however few answers reached the highest levels due to a lack of sustained analysis and/or evaluation. Weaker responses were too focused on the causes rather than solutions to wage differentials, while better responses provided workable policies which would address wage differences: minimum wages were a particularly common suggestion, supported with a diagram to illustrate the impact.

Performance could be improved by a more careful planning process for responses because many misunderstood the requirements of the question, choosing to focus on policies which might address inequality within society rather than the more specific question which had been asked about differences in wages. Again, even answers which focused on the use of progressive taxes to reduce gaps in net wages frequently strayed away from the main requirements of the question by discussing how increased government revenues (from taxes on higher earners) could be used to support low-wage households, missing the opportunity to focus more specifically on the requirements of the question.

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