LEAVING CERTIFICATE EXAMINATIONS

1999

ECONOMICS

HIGHER LEVEL CHIEF EXAMINER'S REPORT
ORDINARY LEVEL CHIEF EXAMINER'S REPORT

ECONOMICS - HIGHER LEVEL

1. Introduction

The purpose of this report is to inform teachers of the performance of candidates in the Leaving Certificate examination 1999 in Economics at higher level. It is hoped that, taken together with the detailed marking scheme which has already been published, it will be helpful to teachers in their work of guiding future examination candidates.

The Economics examination paper at higher level consists of two sections. Section A comprises a total of nine short response type questions. Candidates are required to answer six of these questions and may be awarded a maximum of 100 marks. Section B comprises a total of eight questions and candidates are required to answer four questions and may be awarded a total of 300 marks.

2. Performance of Candidates

The 1999 higher level paper was generally very well received. It was perceived as a well laid out paper with questions ranging over the entire syllabus. Examiners reported a good balance of questions, which gave candidates a fair test. In recent years much progress has been made in structuring a paper which is both demanding in terms of knowledge, yet presented in a format which is student friendly and reassuring to candidates in the examination situation.

The number of candidates who sat the higher level Economics paper was 3932. Comparative figures for previous years are illustrated below.

Year	1995	1996	1997	1998
Candidates	4410	3749	3972	4072

The numbers are generally quite static from year to year as can be seen.

69.4% of candidates were awarded an A, B or C grade in1999 with just over 6 in 100 receiving an E, F or NG grade. This is in keeping with trends in previous years as results from previous years indicate (See Appendix I).

3. Analysis of Paper

The following table is derived from an analysis carried out at the sample 20 stage on the marks awarded to all candidates. It shows the average mark scored in percentage terms per question, the rank order of individual questions in terms of average score, the percentage of candidates who answered each question and the order of popularity of individual questions.

Question	Average % Mark Scored	Average mark rank order	% of candidates Attempting	Popularity rank order
		Section A		
	65.5		100	Compulsory
		Section B		
Q.1	67	2	70	2
Q.2	65	3	75	1
Q.3	58	6	56	5
Q.4	68	1	64	3
Q.5	47	8	40	6
Q.6	60	5	58	4
Q7	54	7	20	8
Q.8	63	4	39	7

Section A: Average percentage mark- 65.5%
Section B: Average percentage mark- 60%
Overall Examination: Average percentage mark- 62.9%

Set out below is an analysis of candidates' answers to each question with specific reference to common errors:

Section A

Q.1   **Law of Diminishing Marginal Utility**
This was generally well answered. The main errors included:
-       Not referring to marginal or extra utility
-       Not referring to 'eventually'
-       Confusing it with the law of diminishing marginal returns.

Q.2   **Factors causing a supply curve to shift to the right**
This was well answered. Some candidates confused it with demand. Quite a few did not refer to the direction of the change in the variable.

Q.3   **Capital**
It was poorly answered. Examiners were surprised that at this level many candidates did not know the definition of 'capital'.

Q.4   **Marginal Efficiency of Capital**
It was poorly answered; this was possibly due to the fact that this subject has not been examined in recent years.

Q.5   **Public Sector Borrowing Requirement**
This was very well answered. The common error was the failure to mention the three components of PSBR.

Q.6   **Functions of the Central Bank**
It was answered in excellent fashion. Some candidates concentrated on the implementing of monetary policy.

Q.7   Full Employment
It was well answered. The most common error was the omission of any reference to "at existing wage rates"

Q.8   GNP at factor cost and GNP at market prices candidates
This was very poorly answered. Many inserted depreciation or net factor income from abroad. Candidates also got the signs incorrect.

Q.9   Assumptions of Law of Comparative Advantage
This was answered very well. Those who did not score well simply stated two assumptions or concentrated on the assumptions of the model i.e. two workers two countries etc.

The overall average score in this section was 65.5%

Section B

Q.1   Demand
(a) (i)Three characteristics of an economic good
(ii) Two examples of commodities which are not economic goods
These questions were generally well answered. Some candidates had difficulty explaining the meaning of "transferable". Some found it difficult to state a third characteristic.
(b) Factors influencing a consumer's demand
This was well answered and caused little difficulty.
(c) Definitions of Normal, Giffen and Inferior Goods
This part of the question caused the greatest difficulty, particularly the meaning of Giffen and Inferior goods.

Q.2   Oligopoly
(a) Explain oligopoly. Give two examples of oligopolistic industries.
This part was well answered. Common errors included
  - The omission of reference to 'close substitutes'
  - Giving two firms as examples rather than two industries.
(b) (i) Explain, with diagram, the D/C for an oligopolistic firm
(ii) Explain 'rigidity of prices'
This was generally well answered by most candidates.
(c) (i) Explain price and non-price competition
(ii)Which form of competition is best for the consumer?
The definitions were very well answered. Part (ii) posed some problems. Some chose non-price competition. Others concentrated on a particular market i.e. perfect competition.

Q.3   Enterprise and Investment
(a) (i) Define enterprise
(ii) Do all entrepreneurs earn the same profit?
Part (i) was well answered. The most frequent error was not referring to the risk undertaken.
In part (ii) few candidates referred to 'rent of ability.'
(b) Discuss why entrepreneurs are important.
This was well answered. The main problems were not stating the required number of points and/or not explaining the points adequately.
(c) (i) Explain Investment

(ii) Discuss the factors influencing investment.

Part (i) was poorly answered. Many confused it with simply depositing money in a bank. Those who scored poorly in part (ii) did so because they confused the factors with those affecting savings or they failed to state the required number of points and/or did not explain the points adequately.

Q.4 Elasticity

(a) (i) Define CED. (ii) Show the formula for CED.

This was generally well answered. Some candidates found difficulty in giving a precise definition of CED. Some candidates may have inverted the formula.

(b) Complements/Substitutes to Good A

It was well answered in general. Some candidates again found this question difficult with many taking a guess at the answer.

(c) Definitions

These were well answered. The two which caused the most difficulty were perfectly elastic and perfectly inelastic demand.

Q.5 Taxation

(a) Define Progressive and Regressive taxes. Give an example of each.

This was poorly answered. Many candidates concentrated on referring to ability to pay with only a few getting the idea of proportionality in the answer.

(b) Effects of a reduction of income tax on the economy

This was very well answered. The only weakness was not stating a sufficient number of points.

(c) Tax increases and the Law of Diminishing Returns

This question tested all candidates. Some candidates were unable to deal with it. Many knew the Law of Diminishing Returns but only a minority understood how it affected taxation and whether it applied to direct or indirect taxes. Only those candidates with a thorough knowledge and understanding of the course were able to deal with this question comprehensively.

Q.6 Economic Development

(a) Define 'economic development'

This was well answered. The candidates who failed to score full marks failed to include reference to structural changes within the economy.

(b) How can economic development be promoted by own governments and foreign governments?

This was answered in excellent fashion. The only weakness was where candidates did not supply a sufficient number of points and/or did not adequately explain the points supplied.

(c) Three benefits and three costs to economic development.

This part was well answered. Sometimes points were inadequately explained.

Q.7 Exchange rates and Foreign Trade

(a) Five factors affecting the foreign exchange value of the Irish currency.

This was not answered well. Candidates were unaware of the factors and few provided five factors.

(b) Effects of Irish exports on Irish imports and Government Borrowing.

The problem with this answering was that candidates confused the areas of a surplus on the Balance of Payments as income for the Government. It is a recurring problem.
(c) Effects on the Balance of Payments of the IDA attracting foreign firms. This was reasonably well answered. Few candidates mentioned the introduction of foreign capital or the introduction of foreign staff as relevant points.

Q.8   Economic aims and policies
(a) State and explain three government economic aims.
This was very well answered. Marks were lost by an inadequate explanation of given points.
(b) Explain Fiscal and Monetary Policy
Some excellent answers were seen here.
(a) Two examples where economic policies may conflict
This part was generally well answered. Points given, however, could have been explained more clearly.
(b) Monetarist Policy
This part was not well answered. Confusion arose when candidates took it for monetary policy.

4.   Overall Comments

The overall comments on the paper from examiners were varied. Comments ranged from 'very fair paper' to 'straightforward' to 'fair paper with reasonable definitions'. It was felt that there was a good balance between micro and macro questions. Questions 5 and 7 in Section B were welcomed by the examiners as they felt that they sought to ascertain the candidates' true comprehension of economics. It was also felt by the examiners that the last part of a question could be used to apply knowledge already sought in the previous parts of the question.

5.   Recommendations for Teachers and Students

Examination candidates should bear in mind the following advice:

- Choose the level which you are going to attempt with care.

- Read all questions very carefully before beginning to write. There is a good choice on the paper. Candidates tend to answer questions sometimes in the order in which they appear on the examination paper. This is not necessary. It is useful for candidates to spend some time reading the paper before answering and to decide on the combination of questions which they feel best suit them.

- Section A which accounts for 25% of the overall grade is generally well answered by the majority of candidates. As short response type answers are required, it is recommended that candidates take all nine questions instead of the minimum of six, if the time allows them, in order to give themselves the best possible chance of scoring a high mark in this vital section.

- Take advantage of the full allotment of time for the examination. Write all relevant details without wandering from the required answer.

- Stay in the examination centre for the full duration of the examination. Attempt <u>at least</u> four full questions from Section B.

- Take a critical look at each answer before leaving it and consider whether the answer deals with the question asked.

Some common reasons, identified by examiners, as to why candidates do not perform well in written examinations are:
- not undertaking the required number of questions
- writing too little and not developing points stated
- poor choice of questions.

APPENDIX I: ECONOMICS – HIGHER LEVEL, 1996-1999

Year	1996							No. of Candidates	3,749					
Grade	**A1**	**A2**	**B1**	**B2**	**B3**	**C**	**C2**	**C3**	**D1**	**D2**	**D3**	**E**	**F**	**NG**
%	1.7	5.5	5.0	9.7	12.9	9.8	9.7	12.6	7.0	7.8	10.7	5.7	1.9	0.1
Year	**1997**							**No. of Candidates**	**3,972**					
Grade	**A1**	**A2**	**B1**	**B2**	**B3**	**C**	**C2**	**C3**	**D1**	**D2**	**D3**	**E**	**F**	**NG**
%	2.7	5.6	8.0	10	11.3	10.1	11.3	10.5	8.0	6.8	9.2	5.2	1.1	0.1
Year	**1998**							**No. of Candidates**	**4,072**					
Grade	**A1**	**A2**	**B1**	**B2**	**B3**	**C**	**C2**	**C3**	**D1**	**D2**	**D3**	**E**	**F**	**NG**
%	3.3	7.4	8.6	12.5	11.4	9.9	9.3	9.7	6.8	5.9	8.9	4.1	1.9	0.4
Year	**1999**													
Grade	**A1**	**A2**	**B1**	**B2**	**B3**	**C**	**C2**	**C3**	**D1**	**D2**	**D3**	**E**	**F**	**NG**
No.	228	244	409	362	389	350	373	374	279	248	424	89	59	4
%	5.8	6.2	10.4	9.2	9.9	8.9	9.5	9.5	7.1	6.3	10.8	4.8	1.5	0.1

ECONOMICS - ORDINARY LEVEL

1. Introduction

The purpose of this report is to inform teachers of the performance of candidates in the Leaving Certificate Examination 1999 in Economics at Ordinary Level. It is hoped that, taken together with the detailed marking scheme which is already published, teachers will find it helpful in their work of guiding future examination candidates.

The Economics examination paper at ordinary level consists of two sections. Section A comprises a total of nine short response type questions. Candidates are required to answer six of these questions and may be awarded a maximum of 100 marks. Section B comprises a total of eight questions and candidates are required to answer four questions, and may be awarded a total of 300 marks.

2. Performance of Candidates

The number of candidates who sat the Ordinary Level Economics examination was **1268**. Comparative figures for previous years are illustrated below:

Year	1995	1996	1997	1998
Candidates	1725	1350	1341	1322

The candidates taking the examination do well overall.

The examination differentiates effectively between candidates as the grade spread indicates.
71.61% of students received an A, B or C grade in 1999 with fewer than 6 in 100 receiving an E, For NG grade. This has been the trend in recent years as results from previous years indicate (See Appendix II).

3. Analysis of Paper

The following table is derived from an analysis carried out on the marks awarded in the initial sample of 20 scripts chosen at random by each examiner. It shows the average mark scored in percentage terms per question, the rank order of individual questions in terms of average score, the percentage of candidates who answered each question and the order of popularity of individual questions.

Question	Average % Mark scored	Average Mark Rank Order	% of candidates attempting	Popularity Rank Order
Section A	73.17	-----	100	Obligatory
Section B				
Q.1	52.32	8	40.66	6
Q.2	55.84	7	33.93	8
Q.3	59.49	3	72.48	2
Q.4	58.19	5	61.36	3
Q.5	64.44	2	77.68	1
Q.6	58.43	4	51.54	4
Q.7	71.92	1	37.09	7
Q.8	56.47	6	43.75	5

Section A: **Average Percentage Mark - 73.17%**
Section B: **Average Percentage Mark - 59.57%**
Overall Exam: **Average Percentage Mark - 62.9%**

Set out below is an analysis of candidates' answers to each question with specific reference to common errors.

Section A

Q.1   **Factors of production**
The majority of students were able to state the four factors of production; land, labour, capital and enterprise. Students are expected to be familiar with the exact terminology.

Q.2   **Entrepreneur**
Many candidates omitted any reference to 'risk' and therefore did not achieve full marks for the question. In some cases the answers were very vague.

Q.3   **Mobility of Labour**
While the majority of candidates mentioned mobility in a geographical sense, the mention of occupational mobility was less common.

Q.4   **National Income**
This question was not a popular choice and the standard of answering was low overall.

Q.5   Homogeneous Goods
Good explanations of the term were evident, however many students had problems giving a correct example.

Q.6   Members of the EU
This was by far the highest scoring question, indicating that students have a very good knowledge of EU membership.

Q.7   The Black Economy
Many candidates had the general concept but reference to "national income statistics" was required for full marks.

Q.8   Current Budget Surplus
This was generally very well answered. Not mentioning the word "government" or "current" in the definition lead to loss of marks.

Q.9   Demand/Supply
This type of question was new to Section A but was very well received. The main error was incorrect labelling of the equilibrium price/quantity.

Section B

Q.1   Monopoly

Response rate 41%   Average mark 52%

This question was not popular with the majority of candidates, ranking sixth out of a possible eight in terms of popularity.
The main reasons for loss of marks included the following:
- Incorrect identification of P,Q, AC and SNP - this was a very common problem in part (a)
- In relation to labelling, AC and MC were frequently mixed up.
- Poor development of points made in parts (b) and (c).
- Inability to give correct examples of monopoly
- Repetition of answers, particularly in part (b).
- Two distinct examples of barriers to entry not given.

Q.2   Costs of Production/Luas

Response rate 34%   Average mark 56%

This was the least popular of all eight questions in Section B with the second lowest average score.
Where there is a restricted factual focus to a question, candidates score well.
Parts (a) and (c) were factual and did not present problems. Part (b) required analysis of the graph and this posed some difficulties, as seems to be a usual experience at this level.
The explanation of the U shape of the Average Total Cost Curve was poor and often totally incorrect.
Candidates are advised to pay more attention to areas of the course involving diagrammatic representation as lack of knowledge in relation to these results in a significant loss of marks.

Q.3   Demand/Elasticity

Response rate 72%   **Average mark 60%**

This proved to be a very popular question. In comparison with the other micro-economic questions, it also had a higher average score at 60%, indicating a definite preference by candidates for micro-economic questions that require a written account rather than analysis of diagrams/graphs. It is encouraging to see that some elements of this section of the course are very well understood by candidates.

Some of the problems identified by the examiners included:
- Lack of understanding of the concept "transferability".
- Difficulty identifying a commodity which is <u>not</u> an economic good.
- Explaining the symbol as 'delta'.
- Referring to P1 and Q1 in the Price Elasticity of Demand formula as Price 1 and Quantity 1 rather than the original/first price and original/first quantity before the price change.

Q.4   International Trade

Response rate 61%   **Average mark 58%**

While this question ranked third in order of popularity, the scoring was only reasonable.
Part (a) relating to the Law of Comparative Advantage proved quite demanding with only the ablest candidates scoring full marks.   While many candidates could explain why Country B would produce machinery, explaining why Country A would produce food proved more challenging.

However, part (b) being factual in content compensated for marks lost in part (a) and part(c).

In relation to part (c), while the concept of invisible trade was generally understood, there was some confusion with the examples, especially in relation to tourism.

Q.5   Money and Banking/The Euro

Response rate 78%   **Average mark 64%**

This was the most popular question in Section B and was generally well answered, with candidates achieving an average score of 64%, the second highest average score. Stating the functions of money and then asking the candidates to explain two of them proved successful. A number of students gave the definition of 'legal tender' rather than money in part (a) of the question. Most candidates scored very well in the question on the Euro. In the light of this, both candidates and teachers deserve commendation, as the existence of the Euro is a new development in economics.

The functions of the Central Bank caused confusion in some cases. Candidates, in many cases, devoted their attention to the monetary policy function to the detriment of the other functions.

Q.6   Inflation/Interest Rates

Response rate 52%   **Average mark 58%**

The question was attempted by 52% of candidates and had an average score of 58%. A particular trend noticeable among Ordinary Level candidates is an economy of words when answering a question. As part (c) of the question required two points for each grouping, candidates lost marks as only one point was given in many cases.

Very few candidates could discuss how a reduction in interest rates brings benefits to the government. However, most candidates concentrated on the other two options, hence full marks were gained.

Q.7   Underdeveloped Countries

Response rate 37%   **Average mark 72%**

This was not a popular question, although it brought good rewards. It is important for this reason to instil confidence in pupils to attempt a question which, although it may appear detailed, is well within their capabilities. Some candidates wrote at length leading to unfocused answers which made marking very difficult.

Some candidates did not confine problems to economic problems in part (a) and a number of candidates had a difficulty with the definition of the "developed world" in part (c).

Q.8   Taxation/Development of Economic Thought

Response rate 44%   **Average mark 56%**

This question was at the lower end of the scale in terms of both popularity and scoring. This seems to be attributable in the main to part (c), which concerned the development of economic thought. Repeatedly over the years, questions on the history of economic thought are very badly answered at ordinary level.

Amongst the common errors were the following:
• P.R.S.I given as an example of direct tax.
• Difficulty in explaining 'certainty' and 'convenience' in relation to canons of taxation.
• Associating Adam Smith with the canons of taxation but giving nothing by way of explanation.
• Extremely poor performance on part (c) - 0/20 and 8/20 were very common scores achieved.

4.   Overall general comments
There was general agreement among the examiners that the paper was fair for ordinary level students, that it offered reasonable choice of questions and that all the major sections of the syllabus were covered. The inclusion of current economic issues e.g. the Euro and the Luas was welcomed.

Section A, which accounts for 25% of the overall grade was generally well answered by the majority of candidates. The average percentage mark for Section A was 73.17%.

While the paper involved a substantial amount of reading, it was felt that this was certainly beneficial as it helped candidates focus on the exact requirements of each sub-section of the question. The questions for this reason included indicators such as "Give **one** example"……"State and explain **three** measures"…

The micro-economic questions, which involved an analysis of graphs, were the least popular questions on the examination and also earned the lowest scores. Where there was a restricted factual focus to questions, candidates scored well, however where more demanding skills such as ability to comprehend and apply economic theories were required, only the more able candidate scored well.

Marks were lost through non-elaboration of points made e.g. "State and explain two reasons"……."State.. and write brief notes on"…..

A small number of candidates still do not attempt the required number of questions. This was particularly evident on scripts that attained less than a Grade D.

5.   **Recommendations for Teachers and Students**
Examination candidates should bear in mind the following advice:

Read all questions very carefully before beginning to write. There is a very good choice on the examination paper. Candidates tend to do questions in the order in which they appear on the examination paper and in many cases may not take the best combination.

Make full use of the time allocated to the examination. Attempt <u>at least</u> four full Section B questions.

Take a critical look at each answer before leaving it. Ensure that all relevant details are included.   Such efforts are almost invariably rewarded.

Teachers might bring the following common errors, highlighted by the examiners, to the attention of students:
- not doing the required number of questions
- writing too little
- not developing answers where required
- poor choice of questions

APPENDIX II: ECONOMICS – ORDINARY LEVEL, 1996-1999

Year	1996							No. of Candidates	1,350					
Grade	**A1**	**A2**	**B1**	**B2**	**B3**	**C**	**C2**	**C3**	**D1**	**D2**	**D3**	**E**	**F**	**NG**
%	2.4	6.3	3.4	8.7	15.0	7.3	10.4	13.9	7.0	9.3	11.5	2.8	1.5	0.4
Year	1997							No. of Candidates	1,341					
Grade	**A1**	**A2**	**B1**	**B2**	**B3**	**C**	**C2**	**C3**	**D1**	**D2**	**D3**	**E**	**F**	**NG**
%	1.91	8.6	4.0	12.0	15.8	10.7	10.9	12.5	6.6	8.6	8.1	1.3	0.7	0.3
Year	1998							No. of Candidates	1,322					
Grade	**A1**	**A2**	**B1**	**B2**	**B3**	**C**	**C2**	**C3**	**D1**	**D2**	**D3**	**E**	**F**	**NG**
%	4.8	9.0	8.2	10.9	12.1	9.5	10.3	9.3	4.8	5.9	10.9	1.8	1.6	1.0
Year	1999													
Grade	**A1**	**A2**	**B1**	**B2**	**B3**	**C**	**C2**	**C3**	**D1**	**D2**	**D3**	**E**	**F**	**NG**
No.	151		358			399			292			44	16	8
%	3.0	8.8	5.2	10.7	12.4	11.0	10.7	10.3	8.4	5.0	9.4	3.2	1.5	0.5