
GCSE

ECONOMICS

8136/1: Paper 1 How markets work
Report on the Examination

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General

This was the first sitting of the examination for the new GCSE Economics specification. The paper as a whole appeared to provide a good degree of challenge whilst also being accessible. There was very little evidence that timing was a problem, with very few students failing to finish and with only a very small percentage of questions which were not attempted.

Some students appeared less well-prepared for questions on the 'new' topics that were not part of the legacy GCSE specification, such as 3.1.3 (How prices are determined) and 3.1.5 (Competitive and concentrated markets). Teachers would be well advised to focus on ensuring that the specification is fully covered in class, as the longer exam and greater number of questions (compared with the legacy specification) allows for a greater coverage of the subject content.

It was also evident that not all students were sufficiently prepared for the longer questions worth 6, 9 and 15 marks. To score highly on these questions, students will need to produce well-developed chains of explanation in addition to displaying a justified conclusion, with sustained evaluation.

Multiple choice questions: 1 – 10

Students generally found these questions accessible. The least challenging questions were questions 1, 3 and 4, with over 90% choosing the correct answer for each. Most questions were still answered correctly by the majority of students. The only instance where there was a prominent distractor was question 5, where very slightly more students selected option C rather than the correct option, B. This question was testing the concept of a change in equilibrium price and quantity; although a 'new' concept for the GCSE Economics specification, this is a fundamental concept which students should understand.

Question 9 was also perceived to be relatively difficult, concerning negative externalities as a market failure. 46% of students chose the correct response, C, although 30% chose option A. It would be worth centres spending time practising a range of multiple-choice questions with students, so that they are familiar with the styles of question that could be asked and the range of topics that could be tested.

Section A

Question 11

Most students could identify two types of economy of scale, with the majority opting for purchasing and technical economies of scale. However, some were only able to identify one type and a small number appeared unfamiliar with the term.

Question 12

Most students were able to identify an appropriate positive externality that could result from building a new motorway, eg how it might reduce congestion elsewhere. The majority were also able to explain the positive externality, eg benefitting users of other roads by reducing overall journey times.

Question 13

The question required students to explain how a fall in consumer incomes might affect the equilibrium market price of cars. For students to score 1 mark they had to identify the relevant

change in equilibrium price and for the second mark support this with an appropriate explanation, such as reduced affordability of a luxury item.

Question 14.1

Showing good numeracy skills, almost 80% of students scored 2 marks on this question, correctly working out the monthly total costs to be subtracted from monthly revenue. Most presented clear working to aid them in accurately calculating the monthly profit, although a small number of students added the costs to the revenue.

Question 14.2

Just over 60% of students scored 2 marks on this question, although over 90% scored at least 1 mark. While the vast majority of students were able to identify a possible reason why entrepreneurs such as the café owners might aim to make a profit, nearly a third weren't able to explain this objective.

Question 15

Most students identified possible reasons why a surgeon may earn more than a cleaner. The majority of students also began to develop a chain of reasoning to explain their argument. However, only just under a third of answers could fully develop their answers so as to score in the top level of marks.

Centres are advised to spend time with students focusing on providing fuller development of answers to questions worth 6 or more marks. In this case, the best responses were able to give reasonably detailed explanations of demand or supply factors, such as the relative lengths of training periods or the level of academic qualifications required for each occupation.

Question 16

Just over half the students were able to give two potential costs/drawbacks to individual workers from specialising in a particular task/job.

Question 17

Again, just over half the students were able to explain a possible opportunity cost faced by governments making economic decisions, scoring the full 2 marks. Many students did not seem to have a basic understanding of this fundamental concept.

Question 18

Around two-thirds of students were able to identify a possible cause of monopolistic power in a market, but fewer than half were able to explain the identified cause. A number of students muddled monopolistic power with a competitive market. Whilst this is a 'new' topic for the GCSE specification, students should be familiar with the various forms of competition.

Question 19.1

Students again demonstrated good numerical skills, with almost 90% scoring the full 2 marks.

Question 19.2

More than 75% of students were able to identify and explain a possible method of increasing productivity in Sam's cupcake-making business, scoring the full 2 marks. There was a good range of interesting and plausible explanations, showing that the majority of students had understood this concept well.

Question 20

Whilst understanding and drawing supply and demand diagrams are 'new' aspects of the GCSE, these skills should be considered as fundamental to economics. Just over 60% of students were able to score the full 3 marks for an accurately labelled drawing, but nearly 15% of students scored only 1 mark. Errors included shifting the demand curve rather than the supply curve (even though there was a strong steer in the question), or shifting the supply curve left instead of right. It would be worth centres giving more time to practising drawing shifts of curves in supply and demand diagrams.

Question 21

Most students could identify reasons why recent and forecast changes in the UK economy might be beneficial or problematic for UK builders, making effective use of plentiful information in Figure 1 and their own knowledge. Explanations were generally well developed. Just under 30% of students were able to access the top level (mark range 7-9), largely because of weaknesses in presenting fully justified conclusions. For example, some attempts at conclusions were merely simple assertions or basic summaries of what had already been written. To score in the top level, a conclusion should provide supported justification and/or weigh up the relative significance of the points made. Despite this, there were some very impressive answers that demonstrated real command of economic terminology, effective use of the source text and the ability to build up a sustained argument.

Section B**Question 22**

Just under two-thirds of students scored the full 2 marks on this question. 85% were able to score 1 mark with a partial definition of oligopoly.

Question 23

This multi-step calculation was generally well done, with students making good use of workings to help arrive at correct answers. The most frequent error was in not rounding answers to one decimal place as requested.

Question 24

The vast majority of students could identify two possible consequences of the oligopolistic nature of the UK coffee shop market. However, only a relatively small number were able to give two full explanations of the possible consequences, with better responses focusing on issues of pricing, quality or product differentiation.

Question 25

Students seemed to find this an accessible question, with over 80% achieving a score in at least Level 2. Only just over a third of students were able to achieve a score in Level 3, however. As noted earlier, students must be prepared to write longer, logical chains of explanation if they are to achieve scores in Level 3 on 6 or 9 mark questions. The source, Item A, gave hints at some points that students could make, but it is up to the student to be able to explain the economics that underpins these.

Question 26

There were some superb responses to this question. Many students used their economic understanding effectively to argue the case for and against intervening in the coffee shop market, given the supporting information in Items A and B. The best answers were well-developed and showed analytical chains of reasoning. Some excellent answers considered both sides of the argument leading to a genuinely evaluative conclusion. However, a significant number of answers were let down by a superficial conclusion which was often little more than an unsupported assertion or brief summary of what had already been presented.

Some sort of planning of answers was evident in many cases for this question, which seems to have been broadly beneficial for the quality of answers. Although many answers were substantial, timing did not appear to be a problem for students answering this question.

Use of statistics

Statistics used in this report may be taken from incomplete processing data. However, this data still gives a true account on how students have performed for each question.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results Statistics](#) page of the AQA Website.