
A LEVEL ECONOMICS

7136/1 Markets and Market Failure
Report on the Examination

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General Introduction to the November Series

This has been an unusual exam series in many ways. Entry patterns have been very different from those normally seen in the summer, and students had a very different experience in preparation for these exams. It is therefore more difficult to make meaningful comparisons between the range of student responses seen in this series and those seen in a normal summer series. The smaller entry also means that there is less evidence available for examiners to comment on.

In this report, senior examiners will summarise the performance of students in this series in a way that is as helpful as possible to teachers preparing future cohorts while taking into account the unusual circumstances and limited evidence available.

Overview of Entry

The entry was far smaller than that which would normally be seen, the exam was taken by only 190 students, compared to almost 12500 in 2019. It is not possible to comment on the background of the entry, however, the standard of the work seen was lower, as evidenced by the mean mark of 45.95% (2019: 48.1%). Fewer level 3 responses were seen for the questions which require the application and analysis of specific knowledge, such as the 9 and 15 mark questions. Fewer level 5 responses were seen in the essay questions, and in general there were fewer high value scripts.

In terms of optionality, in Section A, Context 1, 'The circular economy', was more popular than Context 2, 'The adult social care market', with just over 65% of students choosing it. In Section B, Essay 1, regulation and taxation of technology firms with monopoly power, and the impact of taxation on consumer and producer surplus, was chosen by around 40% of students; with the choice of the remainder being split almost equally between Essays 2 and 3.

Comments on Individual Questions

The Context Questions

Questions 1 and 5

Students were required to calculate a percentage change and the median from given data. Unfortunately, some students confused median with mean. However, overall, a similar proportion scored full marks (approximately 55%) on both questions. A significant number did not give their answers to one decimal place, or the nearest penny, or ignored the units for Q5, and consequently were awarded only one mark. A method mark was awarded to inaccurate answers if the students included their workings.

Questions 2 and 6

Most students used the data effectively in the extracts to show particular issues, however, sometimes figures were quoted inaccurately, due to misreading the graph, misquoting figures from the tables, or, more often, not including the correct units. The most common weakness in Q2 was a failure to explain why higher living standards lead to higher volumes of waste, and it was not sufficient to rely on correlation only. In Q6, there was more likely to be an attempt to explain why the data show that there is likely to be substantial upward pressure on wages of care workers.

Questions 3 and 7

Whilst most students attempted to include an appropriate diagram in their answers to these questions, it was clear that some were less familiar with the concept of monopsony and the monopsony diagram, and struggled to answer Q7 well. Students are likely to be far more confident with externalities theory given the greater number of contexts to which it can be applied, and consequently, most were able to construct accurate negative externalities in production diagram for Q3. Some used demand and supply, and a few used the consumption rather than the production diagram. In the best answers to both questions students integrated the diagrams effectively into their answers to help to develop the explanation and analysis, however, sometimes there was no reference to the accompanying diagram.

Questions 4 and 8

Both questions asked students to evaluate/assess policies that could be used to deal with particular issues, the reduction of waste and the encouragement of recycling, and the improvement of social care provision in the UK. In order to do so effectively the students should make good use of the data to suggest appropriate policies to deal with the issues raised. Unfortunately, relatively few did this, and many responses were characterised by poor use of the data. Consequently, not all of the policies discussed were appropriate, and this led to superficial analysis and evaluation.

The Essay Questions

Questions 9, 11 and 13

Generally, the answers to the 15 mark questions provided evidence of a lack of knowledge in some areas, as they focus on specific aspects of theory. For example, in Q9, the impact of indirect taxation on consumer and producer surplus, most students were able to draw and explain an indirect taxation diagram, and analyse the effects, but few dealt well with consumer and producer surplus. Some ignored it, and some demonstrated a complete misunderstanding of the terms. Similarly, in Q11, it was surprising, given that one might expect a high level of familiarity and confidence with production possibility diagrams, that few students were able to use it effectively to illustrate several features of the basic economic problem. In Q13, which by a slim margin had the highest mean mark, many answers focused solely on the overconsumption of demerit goods, however, others were enriched by the use of behavioural economic theory.

Questions 10, 12 and 14

In comparison to the context essays, Qs 4 and 8, and with the exception of Q14, far fewer level 5 answers were seen. In Qs 10 and 12, generally, some students did not consider all aspects of the question. For example, in Q10, the students needed to discuss the increasing regulation 'and' taxation on 'technology' firms with 'global' market power. Inevitably perhaps, for some, this became a general theoretical discussion of intervention to deal with firms with monopoly power. That said, there were some very good insightful answers regarding technology firms, supported by good context. In Q12, students' answers were often one-sided, and did not acknowledge the adverse impact of government intervention to reduce inequality. More so than with the other questions, Q12 elicited a number of superficial, rather bland answers. However, in Q14, a straightforward 'assess the view that price discrimination is always damaging', a number of students made effective use of diagrams (though the quality of the diagrams was variable) to develop their theoretical analysis, consider both sides of the arguments and draw sensible, supported conclusions, and hence more

answers were worthy of level 5. Whilst the majority of students was able to include a range of relevant contexts, a number of answers suggested a lack of awareness of the benefits of price discrimination, presuming that it is ‘always’ damaging.

Concluding Remarks

The paper was comparable to previous papers. In terms of optionality, for the context questions in Section A, the split was virtually identical to that seen in the 2019 paper, with a strong preference for Context One in this series; there was a more even split in Section B.

In terms of skills, fewer students demonstrated ‘sound’ knowledge (AO1), and consequently the application (AO2) and analysis (AO3) were weaker than would normally be expected. In addition, fewer level 5 answers suggests that evaluation (AO4) was more superficial, and largely unsupported. Whilst students had endeavoured to revise their knowledge in preparation for the exam, there was perhaps less focus on exam technique.

Mark Ranges and Award of Grades

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