A LEVEL

ECONOMICS

7136/3
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

There were fewer than 200 students who sat this exam whereas the normal entry is over 12,000 students. Whilst there were some very good scripts, the proportion of high level responses was less than in a normal summer series and the mean mark was lower than in Summer 2019.

Comments on Individual Questions

Question B31

Good responses demonstrated a sound grasp of what determines the standard of living and were able to analyse how the changes in the data related to the changes in UK living standards between 2007 and 2017. For example, they discussed how the changes in real household disposable income affect households' ability to consume goods and services and recognised how the data in Figure 2 provided some insights into how living standards of the less well-off sections of the population may have changed. The best answers selected a range of relevant data and focused on the key indicators of living standards. The data were quoted accurately and used competently to support judgements. Good answers devoted sufficient time to a conclusion that brought together the judgements derived from the individual indicators and presented an overall judgement of the extent to which the data suggested that living standards in the UK had improved between 2007 and 2017.

Some of the weaker responses only considered one or two indicators and they were not always the most important ones. The data were sometimes quoted inaccurately and/or the units of measurement were not stated. Some of the weakest responses did not quote relevant figures to support their discussion and others failed to explain how the changes shown in the data were likely to have affected living standards.

The best students recognised how limitations in the data might affect their overall assessment of changes in UK living standards of the period but the issues raised by some students were contrived and unconvincing.

Question B32

Extract C provided a number of clues to help students respond to this question. The best responses used these clues to identify some of the main issues and proceeded to analyse their impact. Weaker answers either ignored or misinterpreted some aspects of the data.

Good responses realised that it was likely that the main impact of a slowdown in the world economy would be to reduce UK exports but some also recognised that there may be effects on confidence and inward investment. The best answers were able to analyse how a fall in exports would be likely to affect national income and employment. They supported their analysis by including one or more diagrams and considered the significance of possible multiplier effects. They went on to explain the likely impact on the standard of living of people in the UK.

Some responses identified relevant issues but the analysis of the impact on the UK economy and living standards was not adequately developed. Some students made little, if any, attempt to explain explicitly how the slowdown in the world economy might affect living standards.

Some weaker students believed that the slowdown in the world economy would make it difficult for the UK to obtain imports and would also lead to an increase the price of imports. The subsequent analysis was based on the assumption that UK firms' costs of production would increase and that this could be illustrated by a leftward shift in the SRAS curve. There was no plausible attempt to explain why this might happen. A significant minority of the weaker students also asserted that an increase in protectionism abroad would make it difficult for the UK to obtain foreign goods and would raise their price. These misconceptions led to some muddled responses.

A minority of students were distracted by BREXIT and such responses were usually quite weak and lacked focus. However, some of the better students explained why the fall in the exchange rate since 2015, mentioned in Extract C, might help to offset the impact of the slowdown in the world economy.

Question B33

The various extracts provided information to help students identify some of the important issues raised by the question and data they could use to support their evaluation of some of the arguments. The best responses used the extracts well but the weaker responses made little use of the information provided.

Most students recognised that the main argument for a substantial increase in the National Living Wage (NLW) is to reduce inequality but that it might lead to an increase in unemployment. Good responses explained that a higher NLW should help reduce in-work poverty but that many of the poorest households are not in work. Good students were able to analyse why an increase in the NLW might increase unemployment and to support their analysis with a diagram. Weaker students included a diagram but the analysis was limited. Some of the best students discussed the significance of the elasticities of the demand and supply of labour. Some also used the data in Extract D to help the support their

assessment of the likely impact on unemployment. A few students analysed the significance of monopolistic employers and usually included an accurate diagram.

Weaker responses asserted that an increase in the NLW would reduce unemployment because it would increase the incentive to work without any consideration of the impact on firms' costs and the demand for labour. Stronger answers used the clues in the extracts to discuss why an increase in the NLW might benefit employers and lead to an increase in productivity.

Some students believed that if the government agreed to a substantial increase in the NLW, it would lead to a reduction in welfare benefits and/or other forms of government spending but they didn't attempt to explain why. They seemed to believe that the whole cost of an increase in the NLW would be borne by the government. Often, this led them to conclude that the money saved by not increasing the NLW would be better spent on increasing government spending on welfare.

The best responses finished with a final recommendation that was supported by bringing together and assessing the relative merits of the various arguments for and against a substantial increase in the NLW. In the good responses, the recommendation was fully supported by sound, developed analysis presented earlier in their answer and by selective use of appropriate data from the extracts. The weakest answers did not attempt a conclusion.

Concluding Remarks

The demands of this year's exam were comparable to previous years and weighting of the various assessment objectives was identical.

Whilst some students demonstrated a sound grasp of a number of economic principles and were able to apply them effectively to the questions, there were significant gaps in the knowledge of other students. The better students included accurate diagrams when it was appropriate to do so. Weaker students avoided using diagrams even when they would have significantly improved the quality of their answer. Suitable diagrams demonstrate application of knowledge and can be used to support analysis.

Those students that made effective use of the extracts and constructed logical, well-organised, focused responses to the questions performed well.

Mark Ranges and Award of Grades

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