

ECONOMICS

Paper 2281/11
Multiple Choice

<i>Question Number</i>	<i>Key</i>	<i>Question Number</i>	<i>Key</i>
1	B	21	D
2	A	22	B
3	D	23	A
4	C	24	B
5	A	25	D
6	C	26	C
7	B	27	A
8	D	28	C
9	B	29	C
10	C	30	B
11	D	31	B
12	B	32	C
13	D	33	D
14	D	34	D
15	D	35	D
16	D	36	B
17	B	37	B
18	A	38	D
19	C	39	C
20	C	40	A

233 candidates sat this paper. The mean mark was 24.9 which is almost the same as the mean of 25.0 last year.

The questions for which most candidates selected the correct answer were 1, 11, 12, 16, 27 and 31. These questions were answered correctly by 80% or more of the candidates. They covered different parts of the syllabus and were set to test different skills.

The questions for which the fewest candidates selected the correct answer were 2, 18, 20, 33, 35 and 38. These questions were answered correctly by fewer than 45% candidates. The rest of the questions gave results which were well within the levels expected.

Question 2 was answered correctly by 35% of the candidates, who chose A. 61% chose option B, and 4% option D. This shows a misunderstanding between the idea that capital is money and that it is an aid to further production such as a machine.

Question 18 was answered correctly by 40% of the candidates, who chose option A. 12% chose B, 33% chose C and 15% chose D. All the items can be classified as a fixed cost, which, when divided by the output

produced gives average fixed cost. No item mentioned revenue. It is difficult to know why candidates chose B. Those who chose D were confusing variable and fixed costs.

Question 20 was answered correctly by 20% of the candidates who chose option C. 9% chose A, 57% chose B, 4% chose D. Private companies can issue shares; more than two people are needed for it to be a public company.

Question 33 was answered correctly by 16% of the candidates who chose D. 10% chose A, 9% chose B and 65% chose C. Candidates often confuse the idea of a change in inflation rate and the level of prices. In any year the inflation rate may have fallen but if the rate was positive there would still be inflation. Prices will still have risen. In the question, the inflation rate started at 5%, prices were rising. Prices then rose in years 2 and 3 so B and C cannot be correct. The government target was missed in 3 years so A cannot be correct.

Question 35 was answered correctly by 24% of the candidates who chose option D. 70% chose option B. Not all developed countries have a high rate of economic growth; indeed some developing countries have higher growth rates than some developed countries. The confusion probably arose because economic growth is thought to be an aim of developing countries as they seek to become developed.

Question 38 was answered correctly by 33% of the candidates who chose option D. 45% chose A. Free international trade means that the countries concentrate on the goods for which they are best suited to produce. There is specialisation, not diversification. Candidates obviously muddled the two ideas.

