

UNIVERSITY OF MALTA

THE MATRICULATION EXAMINATION

INTERMEDIATE LEVEL

ECONOMICS

MAY 2014

EXAMINERS' REPORT

MATSEC INTERMEDIATE ECONOMICS
MAY 2014 SESSION
EXAMINERS' REPORT

Part 1: Statistical Information**Table 1: Distribution of the candidates' grades for the Matsec Advanced Level Economics**

GRADE	A	B	C	D	E	F	abs	TOTAL
NUMBER	4	11	13	16	8	19	5	76
% OF TOTAL	5.3	14.5	17.1	21.1	10.5	25.0	6.6	100

Part 2: Comments regarding Candidates' Performance

Section A of the Paper aims to assess the overall candidates' knowledge and understanding of Microeconomics and Macroeconomics concepts and theories. Questions in Section A were of a short response type with each question carrying equal marks (5 marks). Candidates had to answer all questions in this section.

Questions relating to Microeconomics covered the following main topics: the central problem of economic societies, the market mechanism, theory of demand, consumer behaviour and price elasticity. Questions relating to Macroeconomics covered the following main topics: aggregate demand and the Keynesian consumption function, exchange rates and monetary policy.

Questions in Section B entailed the candidates to answer 3 out of 5 questions each of which carried 20 marks. Questions covered the following topics: price and non-price factors in demand theory and the effect of government intervention including externalities, monopoly and its characteristics and the impact of privatization, tools of fiscal and monetary policy, international trade, balance of payments and exchange rate policies, national income accounting and the theory of full employment.

The number of candidates sitting the exam increased from 67 candidates in May 2013 to 76 candidates during this session. 5 candidates abstained from the exam. The candidates' performance deteriorated slightly as the average score fell from 53% in the May 2013 session to 48 per cent this session.

The highest mark obtained in this session was 93% and the lowest mark was 14%, each gained by 1 student. 12 candidates scored below 30% and there were some really poor answers from candidates who should not have entered for an examination at this level. At the other end of the scale, there were few outstanding answers from candidates with an excellent grasp of the subject allied to good exam technique. Indeed, seven candidates gained more than 70%.

Within Section A, Question 4 proved to be particularly 'easy' with an average mark of 3.2 out of 5. Question 2 proved to be more 'difficult' with an average score of 0.5 out of a total of 5 marks. On average, candidates scored a total of 17 out of 40 marks for Section A. Further analysis of the candidates' performance within this section is presented below.

Table 2: Average mark (%) for each of the eight questions of Section A

Question	1	2	3	4	5	6	7	8
Average Mark (%)	2.75	0.45	1.76	3.23	1.86	1.79	2.68	2.03

Table 3 below shows the candidate's performance in respect of questions answered in section B:

Table 3: Average mark (out of 20) for each of the five questions answered in Section B, together with response rates (%)

Question	9	10	11	12	13	MAXIMUM MARKS ATTAINABLE f/ ALL THREE Questions (60 marks)
RESPONSE RATE %	58	92	48	56	45	n/a
Average Mark (out of 20)	10.1	12.7	9.3	9.8	8.9	31.5

The candidates only managed to answer question 10 to some suitable, albeit only slightly higher than average degree of competence: the average mark scored in this question was approximately 13 marks out of 20; this contrasts with the performance of the students in the other four questions, wherein they only managed to achieve an average mark of somewhat less than, or in the case of question 9 exactly equal to, half the allotted mark. The average performance exhibited in the individual questions is appropriately reflected in the average aggregate mark for all three questions (31.5 out of a possible 60).

Whilst some candidates exhibited a reasonable degree of competence in Section A, they lacked the necessary technical skills and academic background to provide the depth and precision necessary to score the necessary high marks in Section B. Such candidates need to be aware that it is very difficult to get a high grade without devoting an appropriate amount of time for Section B and for each question. Furthermore, candidates must be aware that the level of the answers required is higher than SEC level.

A very common issue with essay questions was that of a lack of focus with candidates digressing and writing all they knew about a particular idea, rather than applying their knowledge in the way required by the question. Unfortunately, many candidates appeared underprepared even in case of questions which simply required a straightforward answer. Lack of depth and sufficient explanation including the provision of adequate and correct illustration of diagrams lead to lower marks than might have been expected by candidates. The latter comment is also applicable to some of the responses encountered in Section A.

In order to do well on this paper, candidates need to:

- Ensure that they manage time efficiently by allocating the right amount of time in accordance to the indicated marking scheme;
- Need to explain key concepts clearly and focus carefully on the objective of the question;
- Provide more than one side of an argument;
- Ensure that where the answer requires the incorporation of an appropriate diagram it is provided in an accurate manner

Comments on Section A

Question 4 was a relatively easy question and most candidates were aware of how non-price factors shift the demand curve. On the contrary, most candidates were not familiar with the term conspicuous consumption with the consequence of not answering the question. In general, candidates were familiar with the concepts of scarcity, choice and opportunity cost but some failed to draw the production possibility curve. Others cannot distinguish between the MPC or APC and are only familiar with only one out of four functions provided by the Central Bank, one/two out of five determinants of price elasticity and one/two out of four components of Aggregate Demand. With

respect to the latter, some candidates just listed the four components without providing a brief explanation.

Comments on Section B

In Question 9 of this section, several candidates often confused price ceilings with price floors, besides failing to provide sufficient examples of such regulated price mechanisms, together with their real-life practical implications. As can be deduced from table 3, question 10 on market structures was the most popular choice for candidates sitting for this examination. Despite the relatively little challenge which this question posed, some students still failed to obtain more than two thirds of the mark allocated due to lack of clarity, particularly in clearly confusing monopoly with monopolistic competition. Many of the answers to question 11 failed to mention the important link between the financing of the budget deficit and certain tools of monetary policy which could be executed in this regard.

Question 12 on international trade and balance of payments was characterised by low selection – in addition, students who answered this question often managed to confuse a government budget deficit with a BOP current account. The answers to this question also lacked the provision of proper diagrams to substantiate the explanation regarding devaluation. The least popular question was question 13, which dealt with the various approaches to national income accounting, the differences between real and nominal measures of GDP, and full-employment situations. Most of the answers to this question suffered from an insufficient description of, and adequate distinction between, nominal and real measures of national income. Most of the students also exhibited a poor grasp of the concept of full-employment. Consequently, the average mark attained in this question was less than half the allocated mark (and the lowest in comparison with the other questions in this section).

**Chairperson
Examination Panel 2014**