



L-Università
ta' Malta

MATSEC
Examinations Board



Examiners' Report

IM Economics

Special September Session 2020

TABLE OF CONTENTS

A.	STATISTICAL INFORMATION	2
B.	COMMENTS ON PAPER	2
	Section A	2
	Section B	2
	Section C	3

A. STATISTICAL INFORMATION

In this session's edition of the examination, 64 candidates applied for the examination, and 14 applicants were absent.

GRADE	A	B	C	D	E	F	ABS	TOTAL
No. of Candidates	4	13	16	6	5	6	14	64
% OF TOTAL	6.3	20.3	25.0	9.4	7.8	9.4	21.9	100

Table 1: Distribution of grades for IM Economics, Special September Session 2020

B. COMMENTS ON PAPER**Section A***Question 1.*

This is a compulsory question. The average mark obtained was of 11/20. A good number of replies for part 'b' were incorrect. Candidates did not mention the fact that a value of 1 is 'unitary' elasticity. Most of the replies given for part 'c' were correct with candidates giving valid and correct reasons why demand for bridge crossings is inelastic. Incorrect replies reflected the inability to understand the concept of 'inelastic demand' and the link to revenue.

Section B*Question 2*

This question was answered by 56% of the candidates. The average mark for this question was of 10/20. Good replies were given to part 'a' and 'b' of this question. Inaccurate answers for part 'b' referred to changes in supply. Some of the answers for part 'c' failed to mention the created 'excess supply' resulting from the price change. In such instances, the explanation given for market clearing was imprecise. Most of the replies for part 'd' were incomplete. Most of candidates provided an incomplete diagram with only one shift in supply or in demand.

Question 3

This question was answered by 56% of the candidates. The average mark for this question was of 14/20. The replies given to question part 'a' were correct and accurate. Some of the answers given for question part 'b' were inaccurate. The explanation given by some candidates in part 'c' was incomplete. Overall, the answers given for part 'd' were of a good standard and the explanation on the two possible ways of how Malta can attain this combination of goods was adequate.

Question 4

This question was answered by 30% of the candidates. The average mark for this question was of 13/20. The answers provided for part 'a' were generally correct. Some of the replies to part 'b' failed to clearly show that governments intervene to deal with the inefficiency of a free market. Most of the replies given for part 'c' were inaccurate and the diagrams used lacked the necessary level of detail in terms of labelling the MSC, MSB and the MPB. Some of the replies to part 'd' show that candidates did not understand the meaning of asymmetric information. Furthermore, the application of the concept to the tobacco market case was in some cases inadequately explained.

Question 5

This question was answered by 60% of the candidates. The average mark for this question was of 13/20. Overall the replies to part 'a' and 'b' were correct. Some replies lacked detail in terms of explanation of the mentioned characteristic. Replies given for part 'c' were in some cases incomplete and most replies failed to highlight that collusion usually occurs to reduce uncertainty in the market.

Section C

Question 6

This question was answered by 74% of the candidates. The average mark for this question was of 13/20. Answers related to the definition of the circular flow of income were generally correct. However, some replies did not clearly distinguish the role of imports/exports in defining an open economy when compared to a closed economy. Some replies associated a closed economy only to the role of the government. Most of the replies in part 'c' correctly, defined withdrawals and injections, however in some instance the impact of each of the W and I flows on the circular flow of income was not clearly explained.

Question 7

This question was answered by 36% of the candidates. The average mark for this question was of 11/20. The difference between Government Debt and the Deficit was not clear in some of the replies given. Most of the replies given in part 'b' correctly explained how fiscal policy can impact unemployment. In some instances, though the diagram provided by candidates was rather inaccurate and incomplete. Most of the replies given for part 'c' were generally correct and concepts were adequately explained.

Question 8

This question was answered by 32% of the candidates. The average mark for this question was of 13/20. Some of the answers provided for part 'a' showed a lack of understanding of the concept of the HICP. Most of the answers lacked the necessary detail. The answers given for part 'b' were generally correct. In some instances, the graphical illustrations provided lacked in terms of labelling and accuracy. Some replies associated monetary policy to the government and not to the Central Bank. In a number of instances, the use of contractionary monetary policy was mentioned but the explanation provided (increase in interest rates, lower bond prices) was not adequately explained.

Question 9

This question was answered by 50% of the candidates. The average mark for this question was of 13/20. Most of the replies for part 'a' were correct in terms of the three motives for demanding money. Some of the definitions of money were however incomplete. Answers provided for part 'b' were generally correct in terms of the definitions of expansionary and contractionary monetary policy. In some of the replies the monetary policy was associated with the actions of the government and not with the Central Bank. Replies for part 'c' generally included a list of functions of the ECB, in some instances though not enough detail and explanation were provided.

Chairperson

Examination Panel 2020