www.Educate-UK.net

OCR
Oxford Cambridge and RSA

Friday 26 May 2023 – Morning

GCSE (9–1) Economics

J205/02 National and International Economics

Time allowed: 1 hour 30 minutes

You can use:
- a scientific or graphical calculator
- an HB pencil

Please write clearly in black ink. **Do not write in the barcodes.**

Centre number | | | | | | Candidate number | | | | |

First name(s) _____

Last name _____

INSTRUCTIONS
- Use black ink.
- Write your answer to each question in the space provided. If you need extra space use the lined pages at the end of this booklet. The question numbers must be clearly shown.
- Answer **all** the questions.

INFORMATION
- The total mark for this paper is **80**.
- The marks for each question are shown in brackets **[ ]**.
- Quality of extended response will be assessed in questions marked with an asterisk (*).
- This document has **20** pages.

ADVICE
- Read each question carefully before you start your answer.

© OCR 2023 [603/0143/0]
DC (PQ/CB) 320153/4
OCR is an exempt Charity

www.Educate-UK.net

SECTION A

Write your answer for each question in the box provided.

1 The claimant count measure of unemployment will include

A all individuals receiving jobseeker's allowance

B all individuals who are looking for a job

C all individuals without a job

D only individuals able to start work immediately

Your answer ☐ **[1]**

2 What is **most** likely to cause frictional unemployment?

A A delay in workers being able to start new jobs

B A high level of occupational mobility

C A permanent decline in one sector of industry

D Fewer jobs are available in the winter

Your answer ☐ **[1]**

© OCR 2023

www.Educate-UK.net

3 Casey and Taylor live together. They decided to keep a record of their financial position for the year.

	£
Casey's salary	30 500
Taylor's salary	27 280
Casey's motorbike	4000
Taylor's car	9000
Taylor's pension fund	20 000
Their exercise machine	2200
Joint savings account	12 400
Interest on their savings	250

What is the total combined wealth of Casey and Taylor?

A £32 400

B £47 600

C £103 180

D £105 630

Your answer ☐ **[1]**

4 What is a benefit for consumers of international trade?

A Easier to sell products abroad

B Greater choice of goods

C Less competition

D Lower costs of production

Your answer ☐ **[1]**

© OCR 2023

www.Educate-UK.net

5 The government has a budget deficit.

What may lead to a balanced government budget?

A An increase in exports

B An increase in imports

C An increase in taxation

D An increase in the money supply

Your answer ☐ **[1]**

6 Amari is unemployed and not looking for a job. He receives £72 a week in benefits. As part of the government's supply side policies, it has announced that unemployment benefits will be reduced.

Why may this decision encourage Amari to look for a job?

A Amari will have a lower disincentive to work

B Amari will pay less tax if he gets a job

C More job vacancies will be advertised

D Trade union power will decrease

Your answer ☐ **[1]**

7 What may **not** be a cost of unemployment for a government?

A A budget deficit

B A decrease in revenue from VAT

C A higher level of crime

D A lower rate of inflation

Your answer ☐ **[1]**

© OCR 2023

www.Educate-UK.net

8 The Consumer Price Index (CPI) is used to measure inflation.

Which statement about CPI is **not** correct?

A It is measured every month

B It measures what an average family spends money on

C It only measures the price of goods

D It uses a system of weighting

Your answer ☐ **[1]**

9 In 2022 a country's population was 52.5 million. 8.5 million were under the age of 18 and the workforce was 31.5 million.

What was the country's unemployment rate if 2.52 million people were unemployed in 2022?

A 4.8%

B 5.7%

C 6.3%

D 8.0%

Your answer ☐ **[1]**

10 What will help to create a balance of payments deficit on the UK current account?

A A depreciation of the UK exchange rate

B A fall in GDP per capita in the UK

C A net outflow of investment income

D An increase in the quality of UK output

Your answer ☐ **[1]**

11 The Bank of England has used a policy of quantitative easing as part of monetary policy since 2009.

How may quantitative easing affect the economy?

A The money supply will decrease

B The rate of inflation will decrease

C Unemployment will decrease

D Wealth inequality will decrease

Your answer ☐ **[1]**

© OCR 2023

www.Educate-UK.net

12 In 2021 the average monthly mobile phone contract was £45. The rate of inflation was 4% in 2021 and 5% in 2022.

What was the average monthly mobile phone contract at the end of 2022?

A £46.80

B £47.25

C £49.05

D £49.14

Your answer ☐ **[1]**

13 A period of price stability is **most** likely if

A prices increase at an acceptably low rate

B real values decrease as nominal values increase

C the rate of inflation is negative

D there is a fair distribution of income

Your answer ☐ **[1]**

14 One likely benefit of supply side policy is to improve a country's balance of payments.

This is because supply side policy can

A improve the productivity of the UK labour force

B lead to a higher rate of inflation in the UK

C lead to higher consumption by UK consumers

D mean free trade agreements are cancelled

Your answer ☐ **[1]**

15 A positive externality is

A any external cost which occurs as supply increases

B any positive consequence of a firm employing more workers in the long run

C the beneficial effect of production on someone not consuming the product

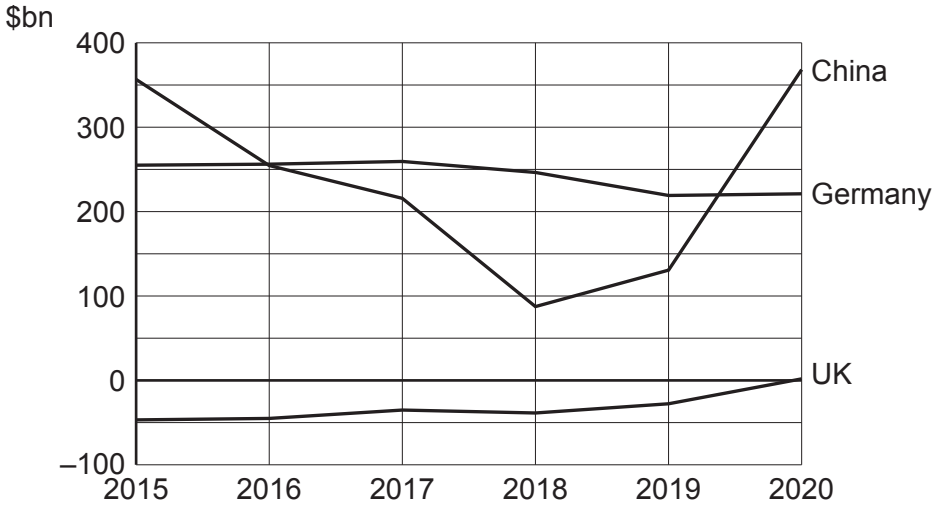
D the benefit a person gains from consuming a newly invented product

Your answer ☐ **[1]**

© OCR 2023

www.Educate-UK.net

16 The balance of trade is the main component of a country's balance of payments on current account. The diagram shows the balance of trade for three countries.



Which of these statements is correct?

A Exports were always greater than imports in the UK

B Germany moved from a trade surplus to a trade deficit in 2020

C Imports were greater than exports in China between 2017 and 2019

D The UK's trade balance improved the most between 2015 and 2020

Your answer ☐ **[1]**

17 Limits on who can buy tobacco and where people are allowed to smoke are examples of regulation to correct negative externalities.

What is a benefit of regulation as a policy to correct negative externalities?

A Consumption of the product will fall to zero

B It can lead to a change in personal attitudes and behaviour

C It will always result in lower prices

D The government will have to spend money on policing the policy

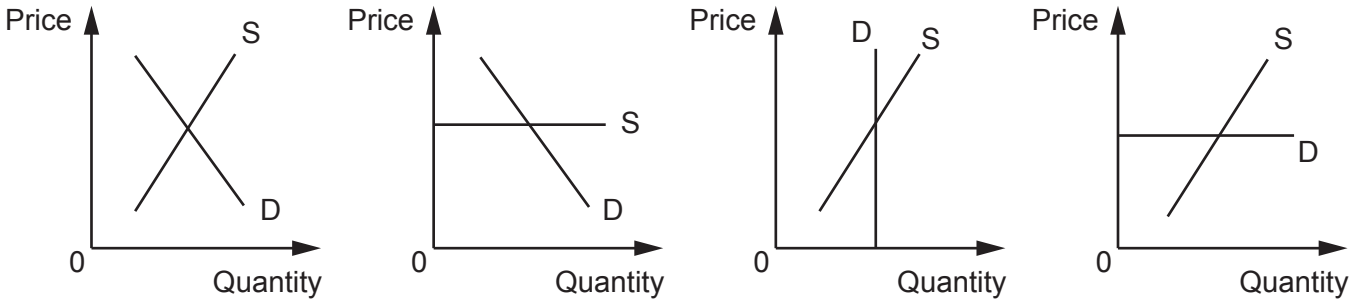
Your answer ☐ **[1]**

© OCR 2023

www.Educate-UK.net

18 The government wants to reduce the levels of pollution by encouraging more individuals to use public transport.

In which of the following market diagrams for public transport will a subsidy have the **greatest** effect?



A **B** **C** **D**

Your answer ☐ **[1]**

19 The UK's rate of inflation is forecast by some experts to reach 7% during 2023.

What effect will this have on producers?

A An increase in consumer confidence

B An increase in menu costs

C An increase in shoe leather costs

D An increase in the purchasing power of money

Your answer ☐ **[1]**

20 Spain's economy grew by 4.5% in 2021.

A cost of this economic growth could be

A a decrease in Spain's rate of inflation

B a decrease in unemployment in Spain

C an increase in jobs across Spain requiring repetitive work

D an increase in the number of UK tourists visiting Spain

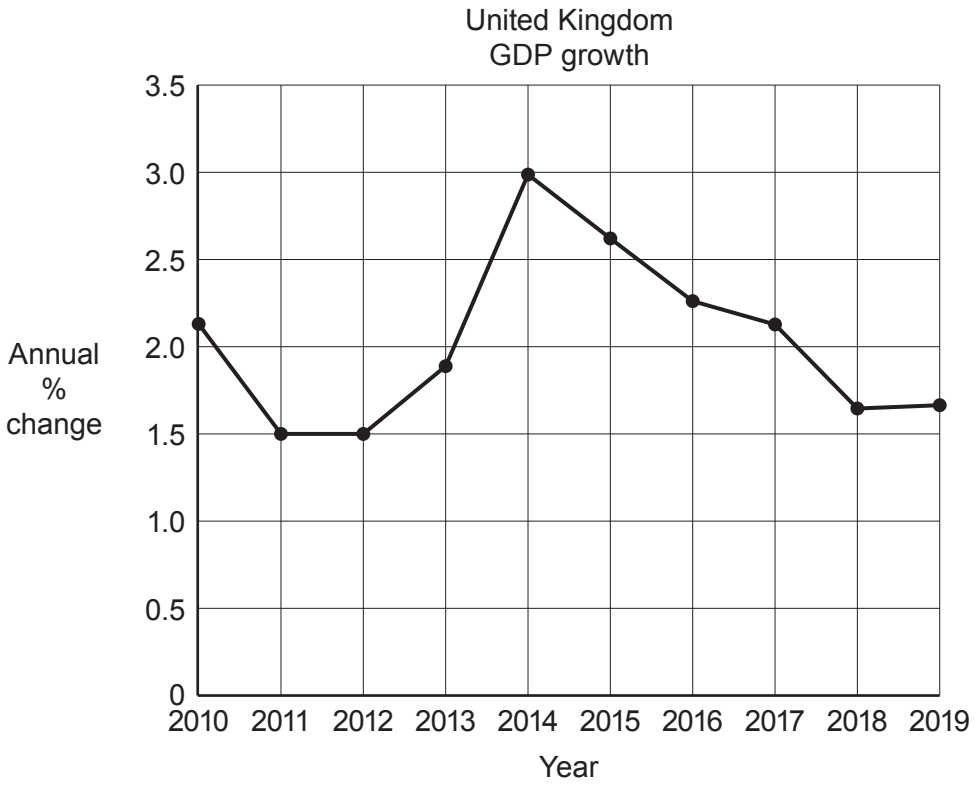
Your answer ☐ **[1]**

© OCR 2023

www.Educate-UK.net

SECTION B

21 Extract 1
Economic Growth in the UK and Japan



As shown in the above chart, the UK's rate of growth of gross domestic product (GDP) has remained positive between 2010 and 2019. Also, over the same period of time, the UK's economic growth rate was higher than in Japan. However, the table below shows that the UK's GDP per capita growth rate is lower than its economic growth rate, because the UK's population has increased at an annual rate of about 0.6% during the same period.

		2018	2019
United Kingdom	GDP growth (annual %)	1.65	1.67
	GDP per capita growth (annual %)	1.04	1.10
Japan	GDP growth (annual %)	0.56	0.27
	GDP per capita growth (annual %)	0.76	0.48

Higher economic growth rates provide more employment opportunities and higher incomes, which should improve living standards. To encourage a faster rate of economic growth, the government may adopt an expansionary fiscal policy with a budget deficit in order to increase total (aggregate) demand. As total demand increases, more output will improve the employment rate, but there is a risk of inflation, if the economy is near to full employment and productive capacity is insufficient.

© OCR 2023

www.Educate-UK.net

(a) Using **Extract 1** state in which **year** the UK's GDP was:

1 highest .....

2 lowest .....

[2]

(b) Using **Extract 1** and the information that the UK's GDP in 2011 was £1,797 trillion, calculate the UK's GDP in 2012. Show your working.

Your answer ..... **[2]**

(c) Using **Extract 1** analyse the differences between the growth rates for GDP and for GDP per capita in the case of both the UK and Japan.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... **[6]**

© OCR 2023

www.Educate-UK.net

(d) **(i)** State **two** measures a government uses with fiscal policy.

1 .....

2 .....

[2]

(ii) Explain how **one** of the measures named in part **(d)(i)** could be used to achieve economic growth.

.....

.....

.....

..... **[2]**

(iii)* Evaluate whether in achieving economic growth the benefits of fiscal policy are greater than the costs. Use the information given in **Extract 1** and your own knowledge.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

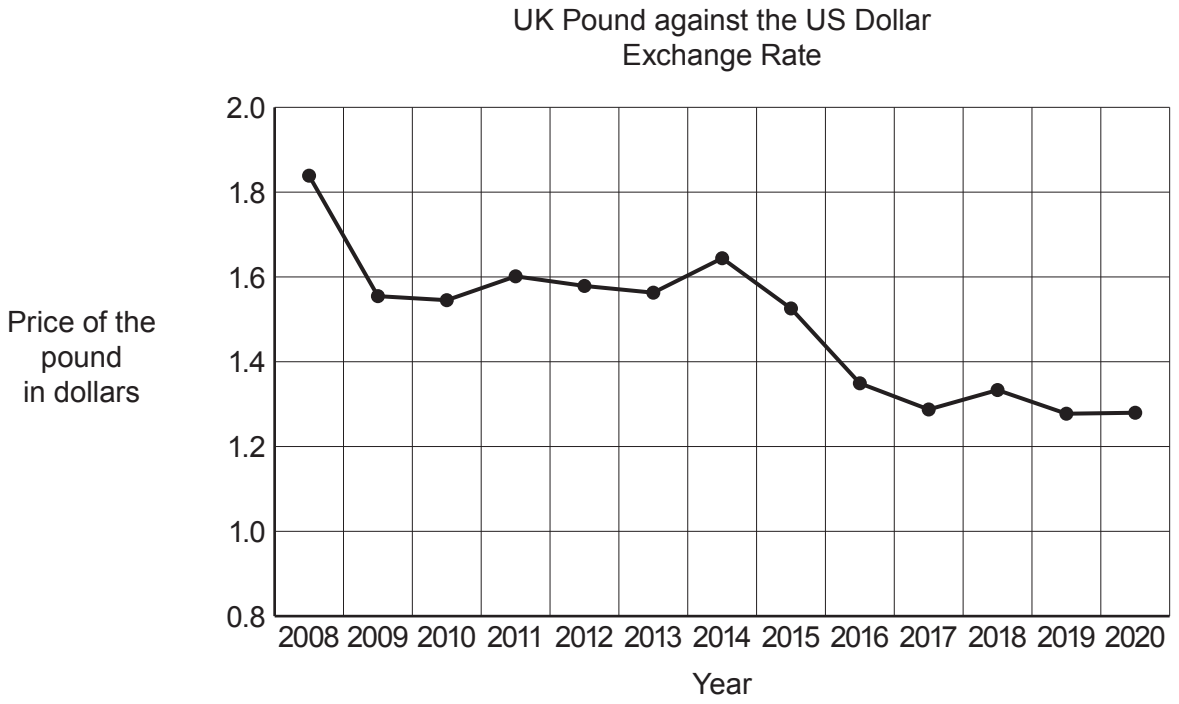
..... **[6]**

© OCR 2023

www.Educate-UK.net

22 Extract 2

Impact of Exchange Rates and Interest Rates on the UK Economy



The exchange rate, which is used for international trade to convert a foreign currency into the domestic currency, or vice versa, specifies in the chart above how many US dollars ($) are needed to buy a pound (£). A fall in the exchange rate affects the price of imported goods and tourism, as well as making exports more competitive.

The value of the UK pound changes in response to both political and economic factors. The Brexit vote in 2016 and the monetary policy of keeping interest rates low between 2008 and 2021 have both had a significant impact. The economic objective of low interest rates was to encourage firms and households to borrow and spend in order to stimulate economic growth. Since 2022, however, concerns about inflation have led to a policy of increasing interest rates.

© OCR 2023

www.Educate-UK.net

(a) In **2011** a UK company exported goods to the USA worth £54 million.
Using **Extract 2** calculate the value of the goods in US dollars ($). Show your working.

Your answer ..... **[2]**

(b) Using **Extract 2** explain what is likely to have happened to the volume of US goods and services sold to UK consumers between 2008 and 2019.

.....

.....

.....

..... **[2]**

(c) Analyse, with the use of a supply and demand diagram, **one** reason for the fall of the pound (£) against the US dollar ($) between 2008 and 2019.

.....

.....

.....

.....

.....

.....

..... **[6]**

© OCR 2023

www.Educate-UK.net

(d) **(i)** State and briefly explain the impact of **higher** interest rates on firms' investment expenditure.

.....

.....

.....

..... **[2]**

(ii) Explain how **higher** interest rates affect a household's decision when deciding to buy a house.

.....

.....

.....

..... **[2]**

(iii)* Evaluate the impact of **higher** interest rates on UK households, other than those buying a house. Use the information given in **Extract 2** and your own knowledge.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... **[6]**

© OCR 2023

www.Educate-UK.net

23 Extract 3
Globalisation of the US Economy

US Balance of Trade over 10 years		
	2009	2019
	(US$ million)	(US$ million)
Export of goods	1 056 043	1 643 161
Import of goods	1 605 296	2 567 445
Balance of trade in goods	–549 253	–924 284
Export of services	501 920	853 844
Import of services	376 081	567 121
Balance of trade in services	125 839	286 723
Balance of trade in goods and services	–423 414	

The USA has free trade agreements with 20 countries, including its neighbours, Canada and Mexico. The agreements significantly reduce barriers to trade in addition to improving the environment for overseas investment. US producers have set up factories outside the USA to produce goods and components for the US domestic market as well as for markets overseas.

As a result, US imports of goods have been increasing rapidly as the economy becomes less based on domestic manufacturing of consumer goods and more geared towards services, such as insurance, tourism and education.

However, globalisation of the US economy is controversial. While consumers can enjoy a greater variety of cheaper goods, there is concern that the relative decline of domestic manufacturing leads to unemployment and lower wages.

© OCR 2023

www.Educate-UK.net

(a) Using **Extract 3** calculate the 2019 balance of trade in goods and services. Show your working.

Your answer ..... **[2]**

(b) Using **Extract 3** explain how consumers benefit from free trade agreements.

.....

.....

.....

..... **[2]**

(c) Using **Extract 3** analyse how the data on trade in goods and in services since 2009 reflect the changes in the structure of the US economy due to globalisation.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... **[6]**

© OCR 2023

www.Educate-UK.net

(d) **(i)** Other than free trade agreements, state **two** driving factors of globalisation.

1 .....

2 .....

[2]

(ii) Explain how **one** of the two factors named in part **(d)(i)** has led many economies to become more globalised.

.....

.....

.....

..... **[2]**

(iii)* Evaluate the extent to which the benefits of globalisation for US producers are greater than the costs.
Use the information given in **Extract 3** and your own knowledge.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... **[6]**

END OF QUESTION PAPER

© OCR 2023

www.Educate-UK.net

ADDITIONAL ANSWER SPACE

If additional space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margin(s).

© OCR 2023

www.Educate-UK.net

© OCR 2023

www.Educate-UK.net

OCR
Oxford Cambridge and RSA

Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact The OCR Copyright Team, The Triangle Building, Shaftesbury Road, Cambridge CB2 8EA.

OCR is part of Cambridge University Press & Assessment, which is itself a department of the University of Cambridge.

© OCR 2023