

## **GCSE**

## **Economics**

Unit **A593**: The UK Economy and Globalisation

General Certificate of Secondary Education

## **Mark Scheme for June 2014**

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of candidates of all ages and abilities. OCR qualifications include AS/A Levels, Diplomas, GCSEs, Cambridge Nationals, Cambridge Technicals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

It is also responsible for developing new specifications to meet national requirements and the needs of students and teachers. OCR is a not-for-profit organisation; any surplus made is invested back into the establishment to help towards the development of qualifications and support, which keep pace with the changing needs of today's society.

This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.
















Mark schemes should be read in conjunction with the published question papers and the report on the examination.

OCR will not enter into any discussion or correspondence in connection with this mark scheme.

© OCR 201

## Annotations

Please annotate **every** response, even if no credit is given.

Annotation	Meaning
	Blank Page – this annotation <b>must</b> be used on all blank pages within an answer booklet (structured or unstructured) and on each page of an additional object where there is no candidate response.
	Tick
	Cross
	Unclear
	Benefit of doubt
	Level 1
	Level 2
	Level 3
	Level 4
	Not answered question
	Own figure rule
	Repeat
	Noted but no credit given
	Too vague
	Omission mark

**Highlighting** is also available to highlight any particular points on the script.

'SEEN' to be inserted on every blank page and in every question space where NR is the mark.

Question		Answer	Marks	Guidance								
1	(a)	One mark for correctly identifying the UK or Germany.	1	For one mark.  Do <b>not</b> accept any other country apart from these two as the question specifically requires reference to Fig. 2.								
	(b)	One mark for a correct definition in terms of capital being 'any goods which are used to produce other goods and services' <b>OR</b> 'man made resources such as machines/machinery/equipment/tools' <b>OR</b> 'machines/machinery/equipment/tools used to produce goods or services'.	1	For one mark.								
	(c)	<table border="1"> <tbody> <tr> <td>Removal of protectionist measures between EU countries</td> <td>✓</td> </tr> <tr> <td>The adoption of a single currency for all EU countries</td> <td></td> </tr> <tr> <td>All EU countries adopting the same interest rate</td> <td></td> </tr> <tr> <td>Free movement of people throughout the EU</td> <td>✓</td> </tr> </tbody> </table>	Removal of protectionist measures between EU countries	✓	The adoption of a single currency for all EU countries		All EU countries adopting the same interest rate		Free movement of people throughout the EU	✓	2	One mark for each correct identification up to a maximum of two identifications:  Accept the first two ticks only, i.e. if all four answers are ticked then the first tick is correct, but the second one is wrong – one mark.
Removal of protectionist measures between EU countries	✓											
The adoption of a single currency for all EU countries												
All EU countries adopting the same interest rate												
Free movement of people throughout the EU	✓											

Question		Answer	Marks	Guidance	
				Content	Levels of response
	(d)	<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>▪ Free access to a market of over 500 million consumers and the opportunities for increased sales/ exports <b>OR</b> the opportunities for economies of scale</li> <li>▪ Free movement of capital enables greater levels of FDI (eg Nissan in Sunderland)</li> <li>▪ Greater competition due to the removal of NTBs (and the associated benefits of this in terms of lower prices, innovation, etc)</li> <li>▪ The free movement of labour has allowed UK workers to move anywhere in Europe to look for jobs and has also enabled UK firms to recruit skilled workers from anywhere in the EU</li> <li>▪ Higher economic growth and also increased specialisation (and resulting gains from economies of scale).</li> <li>▪ Gains from free trade</li> </ul> <p><b>Costs:</b></p> <ul style="list-style-type: none"> <li>▪ Job losses with possible structural unemployment resulting from the relocation of UK firms to other, cheaper, EU member states</li> <li>▪ Loss of manufacturing jobs with loss of UK specialisation in this area</li> <li>▪ Growth in power of MNCs which may have huge economies of scale and, hence, be able to drive smaller firms out of the market.</li> </ul>	8	<p><b>Level 4</b> answers evaluate costs and/or benefits.</p> <p><b>Level 3</b> answers analyse either costs and/or benefits.</p> <p><b>Level 2</b> answers explain these costs and/or benefits.</p> <p><b>Level 1</b> answers simply identify costs and/or benefits.</p>	<p><b>Level 4: 7-8 marks</b> Candidate evaluates the impact of the Single Market on the UK, with a justified conclusion. <b>Must have analysed at least one cost and one benefit</b></p> <p><b>Level 3: 5-6 marks</b> Candidate analyses benefits <b>AND/OR</b> costs of the Single Market for the UK. 6 marks – both costs <b>and</b> benefits 5 marks – either costs <b>or</b> benefits.</p> <p><b>Level 2: 3-4 marks</b> Candidate demonstrates an understanding of costs and/or benefits of the Single Market for the UK 4 marks – both costs <b>and</b> benefits 3 marks – either costs <b>or</b> benefits.</p> <p><b>Level 1: 1-2 marks</b> Candidate demonstrates knowledge of costs and/or benefits of the Single Market.</p>

Question			Answer	Marks	Guidance
2	(a)	(i)	Germany	1	For one mark.
		(ii)	China	1	For one mark.
	(b)	(i)	Two marks for a correct statement that a trade deficit is where the value of imports exceeds the value of exports <b>OR</b> the cost of imports is greater than the revenue from exports <b>OR</b> imports are greater than exports so money is leaving the country.	2	Up to two marks.  One mark for a statement that a trade deficit is where imports exceed exports (no mention of value).  One mark for reference to values (in context of international trade).
		(ii)	<p>£27 539m - £41 107m = -£13 568m</p> <p>One mark for correct identification of the calculation: £27 539m - £41 107m</p> <p>One mark for stating that the trade balance is £13 568m (<u>must</u> include £ symbol and 'millions' or 'm')</p> <p>One mark for stating or showing by means of a minus sign that the UK's trade balance is in deficit.</p>	3	<p>Up to three marks: One mark for correct method One mark for correct answer One mark for – or deficit</p> <p>Three marks for correct answer, including deficit if working not shown. <b>Maximum of two marks if £ symbol and/or millions/m is/are missing in the answer.</b></p> <p>If a simple numerical answer is given, then award marks as follows: -£13 568m      3 marks -13 568m or -£13 568 or -13 568 or £13 568m      2 marks 13 568 or £13 568 or 13 568m      1 mark</p>

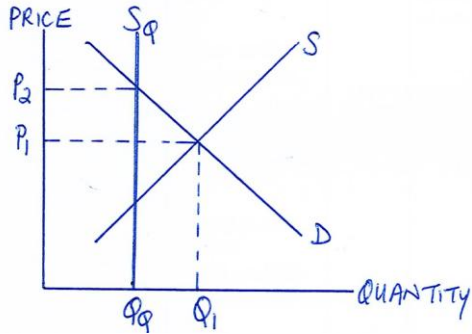
	(c)	<p>One mark for stating each of the following:</p> <ul style="list-style-type: none"> <li>• in both years the UK ran a trade deficit</li> <li>• the current account deficit in 2011 was smaller than the deficit in 2010</li> <li>• this is due to the larger surplus in services in 2011 compared to 2010</li> <li>• the deficit in goods was largely unchanged <b>OR</b> the deficit in goods has increased (slightly)</li> <li>• the surplus on services has increased</li> <li>• any other valid comparison</li> </ul>	3	<p>Up to three marks.</p> <p>NB Candidates can only be rewarded if appropriate comparisons are made.</p> <p>Candidates who do not use the terms 'deficit' when referring to the balance of trade in goods and/or 'surplus' when referring to the balance of trade in services can still be rewarded if they answer by referring to changes in positive values for services (e.g. balance of trade in services rose from £62bn to £70bn) (1 mark) and changes in negative values for goods (e.g. balance of trade in goods went from -£98bn to -£100m) (1 mark).</p> <p>Do <b>not</b> reward candidates who simply quote the data for 2010 followed by the data 2011 in numerical form. E.g. In 2010 the balance of trade in goods was -£99bn, while the balance of trade in services was £62bn and so the balance of trade was -£37bn.</p>
--	-----	--	---	--

Question		Answer	Marks	Guidance	
				Content	Levels of response
	(d)	<p>Relevant answers will be expected to explain that a fall in the UK's exchange rate would improve the price competitiveness of UK exports overseas, whilst in contrast a fall in the UK's exchange rate would reduce the price competitiveness of UK imports.</p> <p>As a result of a fall in the UK's exchange rate, lower export prices should lead to more UK exports being sold and higher import prices should lead to fewer UK imports being bought.</p> <p>Relevant discussion could include:</p> <p>Reference to the fact that a rise in the UK's exchange rate will be counterproductive as it will make UK exports LESS price competitive, whilst making imports into the UK cheaper.</p> <p>That regardless of any price change, if the elasticities of demand for imports and exports are inelastic then there will be a less than responsive change in demand and the trade deficit may, in fact, worsen.</p> <p>Higher import prices could increase domestic inflation and so make exports less price competitive and so, over time, the demand for exports falls.</p> <p>Benefits of a lower exchange rate could be reduced by retaliation by trading</p>	8	<p><b>Level 4:</b> answers evaluate why a change in the exchange rate will <b>OR</b> will not improve the trade deficit.</p> <p><b>Level 3:</b> answers analyse <b>WHY</b> a change in the exchange rate will <b>OR</b> will not improve the trade deficit.</p> <p><b>Level 2:</b> answers will explain how a change in the exchange rate can change the trade deficit or competitiveness</p> <p><b>Level 1:</b> answers will simply state that changes in the exchange rate will alter import and export prices.</p>	<p><b>Level 4: 7-8 marks</b> Candidate evaluates by reaching a <b>reasoned conclusion</b> as to whether or not a change in the exchange rate will improve the trade deficit.</p> <p><b>Level 3: 5-6 marks</b> Candidate analyses how a change in the exchange rate will AND/OR will not improve the trade deficit. 6 marks – by considering both exports and imports. 5 marks – by considering either exports or imports.</p> <p><b>Level 2: 3-4 marks</b> Candidate demonstrates an understanding of how a change in the exchange rate will impact upon demand for imports and/or exports <b>OR</b> competitiveness.</p> <p><b>Level 1: 1-2 marks</b> Candidate demonstrates some knowledge of how the level of <b>OR</b> changes in the exchange rate will impact upon the prices or the affordability of imports and exports.</p> <p>Do <b>not</b> reward definitions of the term 'exchange rate' as this is rewarded in Qn 4(a)(i). Do <b>not</b> reward definitions of the term 'trade deficit' as this is</p>

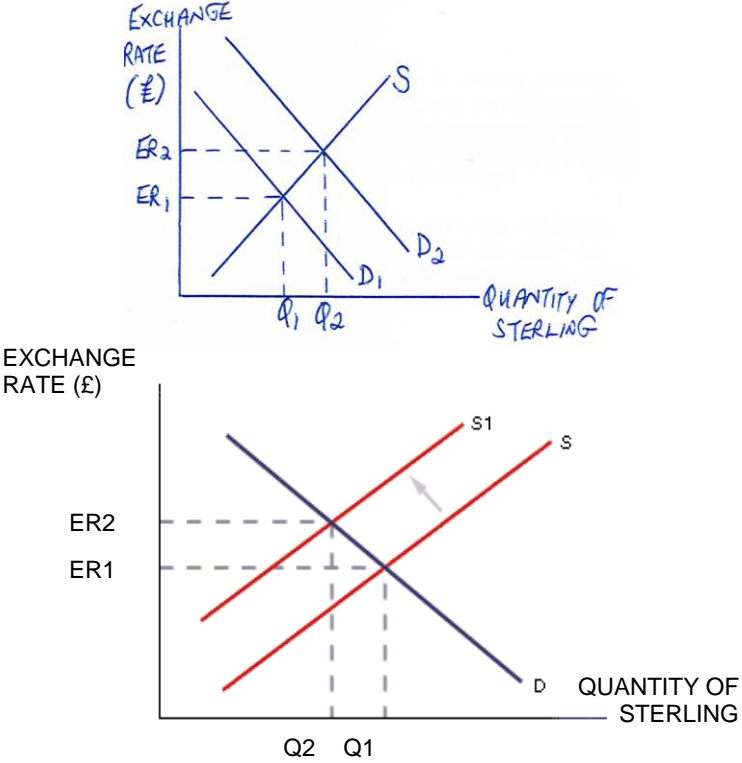


Question			Answer	Marks	Guidance	
					Content	Levels of response
			partners including protectionism and/or competitive lowering of their exchange rate.			rewarded in Qn 2(b)(i).

Question			Answer	Marks	Guidance	
3	(a)	(i)	Firms may benefit from increased economies of scale	✓	2	One mark for each correct identification up to a maximum of two identifications:  Accept the first two ticks only, i.e. if all four answers are ticked then the first tick is correct, but the second one is wrong – one mark.
			It guarantees a more equal distribution of income across the world			
			It encourages firms to be more efficient	✓		
			It reduces the level of negative externalities			
		(ii)	Two marks for a statement such as: “Absolute advantage is where a country has some benefit/advantage over other countries in the production of a product.”  <b>OR</b> Two marks for a statement identifying the benefit/advantage with further development such as: “Absolute advantage is when a country produces a good/service with fewer resources and at a lower cost”.  Alternatively, one mark for a simple statement lacking any comparison, for example “Absolute advantage is where a country has a benefit in the production of a product.” Plus: One mark for some development of this in terms of “countries can produce a good more efficiently/at a lower cost/fewer resources than other countries.”	2	Up to two marks.  Do <b>not</b> accept “produce at a lower price”.  Must have reference to a ‘country’ in order to award both marks.	

Question	Answer	Marks	Guidance
	<p>(iii) Indicative content:</p> <ul style="list-style-type: none"> <li>• lower prices</li> <li>• increased quality</li> <li>• increased choice</li> <li>• greater innovation leading to more innovative products</li> </ul> <p>Exemplar response: Consumers benefit from lower prices (1) because there are more firms able to sell to UK consumers and UK firms face competition from overseas – hence price competition arises (1).</p>	4	<p>One mark for each correct identification, up to a maximum of two identifications, plus a further one mark for each of two explanations (as long as it is clear that the benefit[s] arise from free trade and not because of other generic reasons).</p> <p>NB: the answer <b>MUST</b> relate to the benefits to <b>CONSUMERS</b>.</p> <p>Do <b>NOT</b> accept increased competition until the benefit of this is developed.</p>
(b)	<p>Up to four marks for a correct diagram such as:</p>  <ul style="list-style-type: none"> <li>• one mark for correct axes labels (P and Q is fine)</li> <li>• one mark for original supply and demand (including labels)</li> <li>• one mark for shift of supply curve (including label) – <b>MUST be vertical supply curve</b></li> <li>• one mark for new equilibrium (including labels) <b>using a vertical supply curve</b></li> </ul> <p>Up to two marks for a written explanation:</p> <ul style="list-style-type: none"> <li>• one mark for clearly stating that a quota will restrict/limit the supply/amount available/imports to the market</li> <li>• one mark for recognising that this results in higher price <b>and</b> lower quantity/decreased quantity demanded</li> </ul>	6	<p>Up to six marks, with a maximum of four marks for the diagram, plus up to a further two marks for an explanation.</p> <p>Do not reward 'Quantity Demanded' as an axis label.</p>

Question		Answer	Marks	Guidance	
				Content	Levels of response
	(c)	<p><b>Analysis of tariffs:</b> accept a correct diagram showing the supply curve shifting to the left (as long as this is explained). Alternatively, accept written analysis in terms of a tariff being a tax on imports and, therefore, increasing the cost of purchasing these goods. As a result, there will be some consumers who switch to cheaper, domestically produced goods. Hence, there will be a contraction of demand for the imported good.</p> <p><b>Analysis of possible impacts:</b> inflation, employment, trade deficit etc</p> <p><b>Analysis of possible limitations of tariffs may include:</b></p> <ul style="list-style-type: none"> <li>• where PED is inelastic then tariffs will have little effect on the demand for imports.</li> <li>• by raising the price of imports into the UK they will be a source of cost-push inflation, especially as firms import.</li> <li>• unless the tariffs are large they will have little impact on demand.</li> <li>• under the rules of the WTO and EU the UK is not able to introduce such policies anyway.</li> </ul>	8	<p><b>Level 4:</b> Evaluation of how tariffs may work <b>AND/OR</b> why they may not be successful.</p> <p><b>Level 3:</b> Analysis of the impact of tariffs <b>AND/OR</b> why they may or may not work effective</p> <p><b>Level 2:</b> Examples of tariffs and an understanding of how they work.</p> <p><b>Level 1:</b> A simple definition/knowledge of what a tariff is only.</p>	<p><b>Level 4: 7-8 marks</b> Candidate evaluates by reaching a <b>reasoned conclusion</b> as to whether or not the tariffs are an effective form of protectionism.</p> <p><b>Level 3: 5-6 marks</b> Candidate analyses the impact of tariffs <b>AND/OR</b> the limitations/ reasons for success of tariffs</p> <p><b>Level 2: 3-4 marks</b> Candidate demonstrates an understanding of how the policy works <b>OR</b> the limitations of it.</p> <p>Price increases <b>and</b> imports fall top of L2 Price increases <b>or</b> imports fall bottom of L2</p> <p><b>Level 1: 1-2 marks</b> Candidate demonstrates knowledge of tariffs only.</p>

Question		Answer	Marks	Guidance
4	(a)	(i)	2	Up to two marks.
		(ii)	2	Up to two marks.
	(b)	<p>Up to three marks for a correct diagram:</p>  <p>The top diagram is a supply and demand graph. The vertical axis is labeled 'EXCHANGE RATE (€)' and the horizontal axis is 'QUANTITY OF STERLING'. An upward-sloping supply curve 'S' intersects two downward-sloping demand curves, 'D1' and 'D2'. 'D2' is to the right of 'D1'. The equilibrium points are marked with dashed lines to the axes, showing an increase in both the exchange rate (from ER1 to ER2) and the quantity of sterling (from Q1 to Q2).</p> <p>The bottom diagram is a supply and demand graph. The vertical axis is 'EXCHANGE RATE (£)' and the horizontal axis is 'QUANTITY OF STERLING'. A downward-sloping demand curve 'D' intersects two upward-sloping supply curves, 'S' and 'S1'. 'S1' is to the left of 'S'. The equilibrium points are marked with dashed lines to the axes, showing an increase in the exchange rate (from ER1 to ER2) and a decrease in the quantity of sterling (from Q1 to Q2).</p>	6	Up to maximum of six marks, with a maximum of three marks for a diagram, plus up to a further three marks for an explanation.

		<ul style="list-style-type: none"> <li>• one mark for original supply and demand (including labels)</li> <li>• one mark for correct shift of the demand curve (including label) <b>OR</b> one mark for correct shift of supply curve (including label)</li> <li>• one mark for new equilibrium (including labels)</li> </ul> <p>Up to three marks for a written explanation:</p> <ul style="list-style-type: none"> <li>• one mark for basic recognition that the exchange rate is determined where the supply and demand for sterling are equal</li> <li>• one mark for recognising that increased UK interest rates will increase the demand for sterling (in FOREX markets) <b>OR</b> that more pounds will be bought/purchased</li> <li>• one mark for stating that increased UK interest rates will increase the flow of 'hot money'/foreign funds into the UK</li> <li>• one mark for recognising that increased UK interest rates will decrease the supply of sterling (into FOREX markets) <b>OR</b> that less pounds will be sold</li> <li>• one mark for clear reference to the fact that either of these will raise the equilibrium exchange rate.</li> </ul>		
	(c)	<p><b>Two marks are available for identifying any relevant advantages.</b> For example:</p> <ul style="list-style-type: none"> <li>• reduced transactions costs for businesses</li> <li>• greater price transparency between countries</li> <li>• reduced costs for people travelling between eurozone countries</li> <li>• reduced uncertainty for eurozone businesses and the possibility of greater levels of investment</li> <li>• decreased likelihood of inflation</li> <li>• employment</li> <li>• increased mobility of labour between eurozone countries</li> <li>• increased competitiveness</li> </ul> <p><b>A further two marks</b> are available for explaining these. For example, "The euro will reduce transactions costs for businesses (1). Such transactions costs include the costs incurred by businesses which have to constantly change</p>	6	<p>One mark for each correct identification up to a maximum of two identifications.</p> <p>Plus:</p> <p>Up to a further two marks for each of the explanations.</p> <p>Plus:</p> <p>Up to a further two marks for appropriate analysis of how the stated advantage came about <b>OR</b> of the consequences of the stated advantage.</p> <p>As the question does <b>not</b> explicitly state who benefits, accept relevant benefits for consumers, producers or countries.</p>

		<p>currencies in order to undertake trade with different countries (1)".</p> <p><b>A final two marks are available</b> for analysing how this might be the case. For example, with the euro, companies no longer incur exchange transactions costs as they have the same currency. Therefore, one benefit of the euro will be that firms face lower costs of production.</p> <p>Alternatively, reward analysis marks where candidates develop the consequences of the identified factor; for example, lower transactions costs enable firms to cut costs of production and become more price competitive.</p> <p>For example: "There will be greater price transparency between countries (1). This means that consumers will be able to look at and compare prices much more easily between different countries as they are all in the same currency (1). The obvious benefit to consumers is that they will now be able to purchase the cheapest products (1)."</p>		
--	--	---	--	--

Question		Answer/Indicative Content	Marks	Guidance	
				Content	Levels of response
5		<p><b>Candidates could analyse how the two different policies can increase the UK's international competitiveness. For example:</b></p> <p><u>Price stability:</u></p> <p>By lowering inflation, the UK government will directly contribute to UK firms being more price competitive in international markets if the UK's rate of inflation is relatively lower than that of its major competitors. In addition, by achieving price stability, UK firms may be more willing to invest and, therefore, with more capital equipment, firms should benefit from lower average/unit costs of production, allowing them to lower their prices.</p> <p><u>Policies to improve productivity:</u></p> <p>If the government spends more on education and training or provides firms with incentives to invest in more capital equipment, then UK productivity should rise. Increased productivity will lower unit labour costs/average costs and, therefore, allow UK firms to become more price competitive in international markets.</p>	12		<p><b>To achieve Levels 3 and 4 candidates must use some supportive evidence from the data.</b></p> <p>Possible examples of supportive evidence from the case study to achieve marks in Level 3 and Level 4 include:</p> <p>Use of <b>Fig. 1</b> to link how free movement of people &amp; capital could increase productivity and so increase UK competitiveness.</p> <p>Use of <b>Figs. 3 &amp; 4</b> to suggest that increased UK competitiveness has caused UK exports to rise at faster rates than UK imports (for these countries).</p> <p>Use of <b>Fig. 5</b> to suggest that increased UK competitiveness has caused the UK trade surplus in services to rise and/or the overall UK trade deficit to fall.</p> <p>Use of <b>Fig. 6</b> to show how increased UK competitiveness has caused the UK to enjoy benefits of increased trade.</p> <p>Use of <b>Fig. 8</b> to suggest how tighter monetary policy in order to achieve price stability has caused the £/€ exchange rate to rise.</p> <p>Use of <b>Fig. 10</b> to compare inflation rates and suggest that the UK has higher inflation than USA, Japan, Germany &amp; France, but lower inflation than China &amp; India.</p>

Question		Answer/Indicative Content	Marks	Guidance	
				Content	Levels of response
		<p><b>Candidates should analyse the limitations of these policies. For example:</b></p> <p><u>Price stability:</u> This may involve higher interest rates which could result in lower economic growth – in other words, there may be clear side effects to such policies.</p> <p><u>Policies to improve productivity:</u> These may well be very expensive and also could take a long time to work – hence, there may be a time lag before these policies are effective. In addition, increased spending on capital goods may result in some workers being made unemployed. Therefore, there can be negative side effects to these policies.</p>			<p><b>Level 4: 10-12 marks</b> Candidate evaluates different policies <b>for the UK with a conclusion reached</b>. Candidates should analyse how policies work and also the possible limitations of different policies. Answers which only evaluate one policy will be toward the bottom of the level.</p> <p><i>Complex issues have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter. Sentences and paragraphs are consistently relevant, and have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar. Candidate has been able to demonstrate and apply knowledge and understanding. The candidate should have analysed with reference to the question.</i></p> <p><b>Level 3: 7-9 marks</b> Candidate analyses how policies work to <b>improve international competitiveness for the UK economy AND/OR</b> analyses the limitations of policies <b>for the UK</b>. Answers must include reference to stimulus material.</p> <p><i>Relatively straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure.</i></p>



Question			Answer/Indicative Content	Marks	Content	Guidance
						Levels of response
					<p><b>Level 4:</b> evaluation of how policies work and also why they may not be successful in improving the UK's international competitiveness.</p> <p><b>Level 3:</b> analysis of how policies work to improve the UK's international competitiveness and/or analysis of why they may not be effective including reference to stimulus material.</p>	<p><b>Level 4: 10-12 marks</b> Candidate evaluates different policies <b>for the UK with a conclusion reached</b>. Candidates should analyse how policies work and also the possible limitations of different policies. Answers which only evaluate one policy will be toward the bottom of the level.</p> <p><i>Complex issues have been expressed clearly and fluently using a style of writing appropriate to the complex subject matter. Sentences and paragraphs are consistently relevant, and have been well structured, using appropriate technical terminology. There may be few, if any, errors of spelling, punctuation and grammar. Candidate has been able to demonstrate and apply knowledge and understanding. The candidate should have analysed with reference to the question.</i></p> <p><b>Level 3: 7-9 marks</b> Candidate analyses how policies work to <b>improve international competitiveness for the UK economy AND/OR</b> analyses the limitations of policies <b>for the UK</b>. Answers must include reference to stimulus material.</p> <p><i>Relatively straightforward ideas have been expressed with some clarity and fluency. Arguments are generally relevant, though may stray from the point of the question. There will be some errors of spelling, punctuation and grammar, but these are unlikely to be intrusive or obscure.</i></p>

Question			Answer/Indicative Content	Marks	Guidance	
					Content	Levels of response
					<p><b>Level 2:</b> explanation of how policies work with some understanding shown.</p> <p><b>Level 1:</b> identification of different policies which may be used to promote price stability and improve productivity, but no explanation of these is offered.</p> <p><b>NB Do not reward candidates who state that lower inflation will lead to lower/cheaper prices.</b></p>	<p><b>Level 2: 4-6 marks</b> Candidate demonstrates an understanding of how a government could maintain price stability and/or improve productivity. 6 marks – both policies 4/5 marks – either policy</p> <p><i>Some simple ideas have been expressed in an appropriate context. There are likely to be some errors of spelling, punctuation and grammar of which some may be noticeable and intrusive. A basic knowledge and understanding has been demonstrated.</i></p> <p><b>Level 1: 1-3 marks</b> Candidate demonstrates basic knowledge of different methods which could be used to maintain price stability and/or improve productivity. This may involve identifying/stating different policies which could be used.</p> <p><b>OR</b> Candidate demonstrates basic knowledge of price stability and/or productivity.</p> <p><i>Some simple ideas have been expressed. There will be some errors of spelling, punctuation and grammar which will be noticeable and intrusive. Writing may also lack legibility.</i></p>

**OCR (Oxford Cambridge and RSA Examinations)**  
1 Hills Road  
Cambridge  
CB1 2EU

**OCR Customer Contact Centre**

**Education and Learning**

Telephone: 01223 553998

Facsimile: 01223 552627

Email: [general.qualifications@ocr.org.uk](mailto:general.qualifications@ocr.org.uk)

[www.ocr.org.uk](http://www.ocr.org.uk)

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored

**Oxford Cambridge and RSA Examinations**  
is a Company Limited by Guarantee  
Registered in England  
Registered Office; 1 Hills Road, Cambridge, CB1 2EU  
Registered Company Number: 3484466  
OCR is an exempt Charity

**OCR (Oxford Cambridge and RSA Examinations)**  
Head office  
Telephone: 01223 552552  
Facsimile: 01223 552553

© OCR 2014

