



GCSE (9-1)

Examiners' report

ECONOMICS

J205

For first teaching in 2017

J205/02 Summer 2022 series

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Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates.

The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. A selection of candidate answers is also provided. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

Where overall performance on a question/question part was considered good, with no particular areas to highlight, these questions have not been included in the report.

A full copy of the question paper and the mark scheme can be downloaded from OCR.

Advance Information for Summer 2022 assessments

To support student revision, advance information was published about the focus of exams for Summer 2022 assessments. Advance information was available for most GCSE, AS and A Level subjects, Core Maths, FSMQ, and Cambridge Nationals Information Technologies. You can find more information on our <u>website</u>.

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Paper 2 series overview

The overall performance of candidates on this paper (National and international economics) has been encouraging and shows a good development of the skills needed for future Economists.

Many candidates demonstrated some good quantitative skills, particularly in their use and interpretation of data. Another key skill that has been successfully used by many candidates is the construction of graphs and their use in reasoning. At some point in their examination, most candidates effectively used analytical chains of reasoning and applied theory to the specific contexts given. When required, many candidates correctly focused their responses on a particular economic agent, such as the government. This meant that responses were often more relevant and answered the exact question set.

Candidates mostly showed a good level of understanding of: inflation and consequences for government; the causes of inflation; education and economic growth; government actions that could result in economic growth; the consequences of economic growth for social and economic benefits; the relationship between positive figures and a current account surplus; the exchange rate diagram; and the benefits of imports for consumers.

Candidates were less confident with: the impact of positive inflation on purchasing power; how monetary policy could specifically protect savers and consumers; how to calculate the real rate of interest; how to calculate GDP per capita and technique for working with larger numbers, such as millions and billions; the technique of interpreting increasing, negative data rather than just describing using direction of change on a graph; the links between demand and supply of imports/exports, demand and supply of the pound and changes to an exchange rate diagram; the technique of calculating a percentage change; evaluation of whether the government should eliminate the current account deficit.

For future sessions, the technique for 6 mark 'Evaluate' questions continues to be well worth extra time spent with candidates. The level descriptors within specific answers on the mark scheme give a clearer breakdown of the levels of response. Many centres have successfully taught this technique and enabled candidates to reach higher levels of response. One method observed, is that some candidates planned analysis to matching evaluative points to make sure they remembered to include evaluation. Many candidates were clearly signalling where evaluation started with phrases such as 'To evaluate' and 'Overall' often linked to relevant text. Some candidates effectively applied common evaluative points to the questions set.

The ability to answer the exact question set is key for candidates. On occasion, candidates seemed to misread questions or make points that just stopped short of reaching the key components of the question. To help with this, candidates could practise by 'cutting up' question wording. By using the question, candidates should be able to find both a start and an end for their chains of reasoning. This should help candidates to stay within the question set and use time effectively. It should also help candidates to tie in their responses to maximise their marks.

On a final practical point, most candidates who used the additional pages in their exam booklets numbered their answers well and mostly made continuation links clear from within the original question space. This is not easy when working under exam pressure and has been helpful during marking.

Candidates who did well on this paper generally did the following:	Candidates who did less well on this paper generally did the following:
 tailored longer responses to the exact question wording set 	 wrote about relevant topics but without linking to the exact question, so risked not
 used quantitative skills with accuracy 	answering the question
Interpreted data, particularly overall trends, with clarity	 missed currencies/% symbol in responses
	• were unable to remember the technique to
• explained with more precise detail, such as	calculate percentage changes
commenting on rate of change as well as direction of change	 were unable to work with larger numbers, such as billions and millions
used a change in a factor to explain a change in consequence, so responses were dynamic	wrote contradictory responses
	wrote responses purely using theory without
 used context from both the question and extract in their responses 	using the skill of application to the context of the question and/or extract
 evaluated analytical points and included a judgement in (d) (iii) questions. 	 only included analysis and missed evaluation in (d) (iii) questions.

Section A overview

Section A of this paper had 20 multiple choice questions, which are intended to examine Assessment Objective (AO) 1 *Demonstrate knowledge and understanding of economic concepts and issues* and AO2 *Apply knowledge and understanding of economic concepts and issues to a variety of contexts*.

Overall, many candidates found the multiple choice questions accessible and marks gained here contributed well to their total mark. Given the range of topics covered and differing skills tested, these marks were a positive reflection of preparation for the paper. Only a few candidates left any MCQs unanswered and most clearly crossed out unwanted answers. Reading the question and the options very carefully is key to successful responses. An awareness of common errors within topics can also help eliminate incorrect responses.

Section B overview

Section B tested candidates on a range of areas of the specification. Many candidates showed a good breadth of understanding of both the topics and skills required. Some topics continue to be challenging for candidates, such as exchange rates and the current account. The key skills for an economist of analytical reasoning and evaluation are highlighted by the levels of response questions on this specification. For analysis, using clear chains of reasoning with context and linking responses to the exact question set are essential to reach higher levels of response. Evaluation technique is of particular importance given the structure of marks on those questions.

Answer the exact question

Throughout this section, it is essential to read the question very carefully (highlight/circle/underline key words, note directions of change, specific instructions, context, mention of specific economic groups). Keep returning to the question to make sure your response fits it exactly.

Question 21 (a)

- 21 (a) Using the chart in Extract 1 on page 9, state in which year:
 - 1 prices were at their lowest level.
 - 2 the CPI was at its lowest level.

Many candidates accessed marks in this response but some were unsure about the difference between price level and inflation rate.

[2]

Question 21 (b)

(b) Using **Extract 1** on page 9, explain what happened to the purchasing power of money in Chile between 2007 and mid-2009.

Many candidates identified the trend across the whole period specified in the question and then went on to describe a change in the trend. Some candidates found it more challenging to understand the impact of falling inflation on purchasing power.

Question 21 (c)

(c) Using the information in **Extract 1** on page 9, analyse how monetary policy was used in Chile in **2014** to protect savers and consumers.

Misconception

Using the context of the extract and question are important components in a question, but theory is needed, on top of direct quotes, to be able to access marks in all the 6 mark questions.

In this question it was important to use the data for 2014. This showed inflation had increased and then decreased. This suggested that either an increase in interest rates or a decrease in quantitative easing had been used to reduce inflation in Chile. The key to answering the question was then to link how these actions specifically protected savers and consumers. Care was needed regarding the difference between real and nominal.

Exemplar 1

In 2014, the CBoC nectored the base rate, leading to a Ase in interest rates The meant that the cost of borrowing and reward for saulings rose, so more morely was spent by consumers. Also, Monthly morkgage repayments increased, leading to loss disposable income for consumers and less dechand consumption, leading to less demand-pull inflation. Therefore the value of real interest and real wages did not decrease as much as previously, so savers and winsumers eavined more real income and their standard of libing ald not decrease as significantly as previously. Also it was made sure that or quantable easing we implemented Interest rates upuld not vise too mucht, as this would possibly lad to deflation in the economy and a lack of demand, this carsing unamployment for consumers or households. [6]

This response highlights a good example of a candidate trying to link to the exact question set. The candidate uses the extract to work out the Central Bank of Chile must have increased interest rates and then develops a chain of reasoning to protection for savers.

Assessment for learning

Practise writing about the impact of inflation on the value of saving, debts and purchasing power. Try to use either nominal/real in responses or other words that improve these answers, such as 'relative' or 'in comparison'.

Question 21 (d) (i)

(d) (i) State two causes of inflation.

[2]

This question was generally well done and identified cost (cost-push) or demand (demand-pull) factors.

Question 21 (d) (ii) and (iii)

(ii) In 2019, the inflation rate in Chile was 2.6% and the nominal rate of interest on government debt was 1.6%. Calculate the **real** rate of interest being paid by the government. Show your working.

(iii)* Evaluate the consequences of inflation for the government.

Use the information given in **Extract 1** on page 9 and your own knowledge.

[6]

Many candidates understood these numbers had to be subtracted and showed this in their working. Some candidates omitted the negative sign, so it is important to note for future sessions that real interest rates and real growth rates (eg in wages) may be negative. Question 21 (d) (iii)*

Most candidates used the extract well to give context to this answer. Many used a simple chain of reasoning explaining potential impacts for either government spending or tax revenue and linking through to the impact on the government's budget. Care was needed regarding the difference between real and nominal. Some candidates were able to reason clearly an impact on tax revenue. They sometimes used 'a fall in consumer confidence' successfully as a reason for less revenue from sales tax. They also used 'a rise in costs of production' leading to 'a fall in profits' as a reason for redundancies and less income tax or more government spending on unemployment benefits. These are examples of routes that avoided unclear wording.

Many candidates finished with an unsupported judgement. This showed a good level of basic technique for these questions and is worth practising with candidates. It is important to make sure the judgement fits the exact question set.

Candidates wrote fewer points that were purely knowledge, which shows an awareness of the AO levels credited for this question. Some of the most successful responses deployed evaluation immediately after each analytical point, which often made their points more closely linked and relevant.

Less successful responses were less able to link back to the government, develop beyond writing down quotes from the extract, and evaluate their analytical points.

Exemplar 2

A consequence of Mgration for the government is increased expenditure' the government is on employer in the economy for exampleand it employer targe state-school reacher and NHJ Staff- If mplahan 10 sing, then there will be Mcreased pressure on the government to in arease the Mages of they employeer. Is the government Marave spending an these tog ungels. Then there will be [6] an opportunity cast, as the government will be to decrease spending on other factors, such as heathcore which may also have a regative effect as the economy; however, the government may balance How out by running a budget depict temporarily

This exemplar highlights a good example of a candidate linking their response to a specific economic agent. The analytical chain of reasoning is applied convincingly. The candidate then moves immediately onto evaluate the specific point.

Assessment for learning

Use the specification, to prioritise practising chains of reasoning to consequences for specific economic groups. For example, in topic 3.4 on price stability, candidates should be able to evaluate the consequences of inflation for consumers, producers, savers and the government.

Misconception

Consequences of inflation can easily become unclear or contradictory. Take care to describe these with simple and likely links. For example, how much sales tax consumers are likely to pay can differ depending on the explanation used.

Question 22 (a)

22 (a) Using the table in **Extract 2** on page 12, state **two** trends in university enrolment in Burkina Faso and China between 2010 and 2019.

Many candidates scored well on this question. The key was that the response needed a 'trend' rather than a comparison (between BF and China). It also needed to focus on university enrolment rather than any of the other data in the table.

Question 22 (b)

(b) In 2019, the population of Burkina Faso reached 20.3 million and GDP amounted to US\$15.7 billion. Calculate its GDP per capita in 2019. Show your working.

This question, when answered well by candidates, usually included working. This made sure even if the final answer was incorrect, the valid working (GDP/population) received a mark. Many candidates who correctly worked out the figure also included the currency, which is required for full marks.

Question 22 (c)

(c) Using the information in **Extract 2** on page 12, analyse how education is one of the factors determining economic growth in Burkina Faso and China.

Many candidates were well prepared for this question and could reason a range of points from education to economic growth. Good chains of reasoning made it easy to see how one link progressed to another, with all simple points included until economic growth was reached. Many used links through from increased skills to increased output, employment, incomes, or spending as routed to economic growth.

Good responses were also able to compare the education data with the GDP per capita data for Burkina Faso and China to help support their reasoning.

Many candidates clearly looked at the impact on education for individuals and then scaled it up to a macroeconomic impact linked to economic growth. For example, an individual student paid more after completing a university degree was linked to a more nationally significant impact of more total income due to lots of workers being paid more who were more skilled due to their education.

Less successful responses sometimes only cited the data and quotes from the extracts rather than using it alongside theory.

Exemplar 3

Economic growth is anothered the tise in GDP over Hime. As shown in the onth extract tables. China have a much higher envolment in university (59.5% and 48.7% In 2019) compused to Barking Faso (S.1º6 and 9°63 in 2019) for orales and females. More education means that the upreforce is more skilled and efficient, leading to an increase in the production of labour for firms. This loads to more production or otput by firms per whit time and more international competitioness lea due to lower prices as productivity leads to a fall in costs, leading to more Orports As a result, the GPP or extpat of the country Eses skynificantly, Also more firms may be created due to high protits observed As shown in the table, China had a higher graath in GOP per capita throughout so it is fair to assume the growth In GOP and anomic growth was langer than Burking faco's, so there is a correlation between education and anonowhic growth. [6]

This exemplar is a nice example of a candidate using a chain of reasoning with developed links. The response includes both the simplest analysis of more skills leading to more output and a more complex development of international competitiveness, exports and GDP. A little less data use, albeit well done, would have still meant this response could reach the top level and would have been more time efficient.

Question 22 (d) (i)

- In addition to spending on education and healthcare, state two other ways in which a (d) (i) government could increase the rate of economic growth.
 - 1 2

[2]

The best responses for this question were dynamic and gave clear examples of changes in government intervention that could increase the rate of economic growth.

Question 22 (d) (ii)

(ii) Explain one way in which government spending on healthcare directly benefits the economy.

Many responses were awarded full marks on this question. A key element was to scale up from benefits for the individual to benefits for the economy.

Question 22 (d) (iii)*

(iii)* Evaluate the extent to which economic growth brings social and economic benefits to a less developed economy.

Use the information given in **Extract 2** on page 12 and your own knowledge.

Many candidates showed a strong understanding of this area of the specification and were able to differentiate between social and economic benefits for less developed economies. The use of 'standard of living' proved successful in both analysis and matching evaluation.

In analytical chains of reasoning, it is important to include all simple links to make sure a chain is formed. Starting links can be particularly important as later reasoning builds on them. For instance, a response might successfully analyse the links from economic growth to increased government revenue, to increased government spending on healthcare, to various social and economic benefits. Without clear initial links, responses that start at 'increased spending on health' may not clearly link to economic growth and the question set.

This is a question that required alertness to the exact question set. Here, the use of 'extent' was addressed in stronger judgements. Some candidates included reasoning and use of the extract to discuss differing extent of impact based on factors such as varying levels of development. Similar words to 'extent' may be used in questions. Incorporating these specific words can elevate a response.

Final judgements were usually clearly signalled, e.g. by use of words such as 'Overall' and 'In conclusion'. Evaluation was sometimes signalled by 'However', but sometimes proved to just have analysis of a separate unlinked point.

Commonly used, effective evaluation included development of the duration/size of economic growth as to the scale of impact on social and economic benefits, the willingness/ability of the government in the less developed economy to pass on the benefits of the economic growth, other factors reducing a predicted increase in standard of living.

Question 23 (a)

23 (a) Using the chart in **Extract 3** on page 15, explain the trend in the UK's current account deficit between 2011 and 2019.

Successful candidates answered the question for the date range, interpreted the data with precision and focused on reference to the current account deficit. Weaker responses sometimes described only the downwards direction of the data without explaining that meant the deficit (which is a negative) increased. Simple, but effective, technique often explained the overall trend between 2011 and 2019, accompanied by a single difference within the overall trend. Another successful element was to explain what might have happened to exports and/or imports to result in this data trend.

Misconception

A common misconception is to purely trawl through data, quoting it without actually explaining it here is not enough. It is also complicated by the doubling up of the negative trend in the figures with the negative sense of the word 'deficit'.

Question 23 (b)

(b) Using the table in **Extract 3** on page 15, explain how Germany's current account position differs from that of the UK and the USA.

Some candidates only stated whether data was positive or negative, which was too vague. Better responses explained and compared the surplus in Germany to the deficits in the UK and USA.

Question 23 (c)

(c) Analyse, with the use of a demand and supply diagram, how the widening in the UK's current account deficit between 2011 and 2013 could have changed the exchange rate for the pound (£) against the US dollar (\$).

Most candidates successfully demonstrated knowledge of exchange rates either using an appropriate diagram or definition. Many were also able to apply either their diagram and/or their text to the context of the pound (£) against the US dollar (\$). It is recommended that candidates match their responses to the currency reference in the exact question wording to avoid lack of clarity in these questions.

The most successful responses understood what had happened to exports and/or imports due to the widening current account deficit. They could then reason from demand/supply for these exports/imports to demand/supply of the pound. This then led to the fall in the exchange rate for the pound (£) against the US dollar (\$). In effective responses, diagram labels were used throughout this explanation to help support the reasoning. This is a key technique for economists and is likely to continue to be tested in future questions.

Exchange rate diagrams

Always use the currency combination outlined in the question and apply this to your diagram and text.

Question 23 (d) (i)

- (d) (i) Apart from lower prices, state two other benefits that imports bring to consumers.

Responses for this question were good. Most candidates clearly realised the benefits that imports bring to consumers. A few candidates misread the question and answered with respect to producers.

Question 23 (d) (ii)

(ii) The chart in **Extract 3** on page 15 shows that the UK's current account deficit increased from £30000m in 2011 to £80000m in 2018. Calculate the percentage change in the deficit between 2011 and 2018.

Many candidates gained marks for their working for this question, even if they then made an error in their final answer.

Question 23 (d) (iii)*

(iii)* Evaluate the extent to which the UK government should try to eliminate the current account deficit.

Use the information given in **Extract 3** on page 15 and your own knowledge.

Candidates who answered this question well quickly realised that this question focused on 'should' rather than purely 'how'. By this stage in the paper, candidates sometimes rushed this question. This resulted in more answers purely focused on analysis, less evaluation and misunderstanding of the question.

Successful responses linked consequences of a current account deficit, such as increased unemployment, to whether the government should intervene. Given timing, some of the most successful responses moved quickly onto evaluation of the consequence to help come to an overall judgement on whether the government should intervene.

This was a question with wording specifically asking about extent of intervention and whether the government should intervene. Judgements that focused on this exact question wording were likely to be more effective. This is a technique that may well be tested on future papers, so is worth ongoing practice.

It is worth noting that a correct point is credited once, so it is useful to consider the use of summary-style conclusions that are purely repetitive. This may give more time to use elsewhere.

Assessment for learning

Practise brief plans for 'Evaluate' questions to increase the use of evaluation and an overall judgement. Use brief, note-form chains of reasoning and match to evaluation.

Misconception

Try not to confuse the balance of payments on the current account with fiscal policy and the balanced government budget.

Final questions

Try to leave enough time to complete all questions. For the last question, remember to include a judgement that fits the exact question set.

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