

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 [website](#).

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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:
<ul style="list-style-type: none"> • tailored longer responses to the exact question wording set • used quantitative skills with accuracy • Interpreted data, particularly overall trends, with clarity • explained with more precise detail, such as commenting on rate of change as well as direction of change • used a change in a factor to explain a change in consequence, so responses were dynamic • used context from both the question and extract in their responses • evaluated analytical points and included a judgement in (d) (iii) questions. 	<ul style="list-style-type: none"> • wrote about relevant topics but without linking to the exact question, so risked not answering the question • missed currencies/% symbol in responses • were unable to remember the technique to calculate percentage changes • were unable to work with larger numbers, such as billions and millions • wrote contradictory responses • wrote responses purely using theory without using the skill of application to the context of the question and/or extract • 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.
- [2]**

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

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.

.....

.....

.....

..... [2]

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.

.....

.....

.....

.....

.....

..... [6]

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 ^{increased} ~~reduced~~ the base rate, leading to a rise in interest rates. This meant that the cost of borrowing and reward for savings rose, so ^{less} ~~more~~ money was spent by consumers. Also, monthly mortgage repayments increased, leading to less disposable income for consumers and less ~~domestic~~ 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 consumers earned more real income and their standard of living did not decrease as significantly as previously. Also, it was made sure that ^{or quantitative easing was implemented} interest rates would not rise too much, as this would possibly lead to deflation in the economy and a lack of demand, thus causing unemployment 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.

- 1
- 2

[2]


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

Exemplar 2


A consequence of inflation for the government is increased expenditure' the government is an employer in the economy, for example it employs ~~large~~ State-school teachers and NHS staff. If inflation is rising, then there will be increased pressure on the government to increase the wages of these employees. If the government increase spending on these wages, then there will be [6] an opportunity cost, as the government will be to decrease spending on other factors, such as healthcare, which may also have a negative effect on the economy; however, the government may balance this out by running a budget deficit 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.

.....

.....

.....

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

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.

Answer **[2]**

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.

Exemplar 3

Economic growth is ~~assisted~~ the rise in GDP over time.

As shown in the ~~exp~~ extract tables, China have a much higher enrolment in university (59.5% and 48.7% in 2019) compared to Burkina Faso (5.1% and 9% in 2019) for males and females. More education means that the workforce is more skilled and efficient, leading to an increase in the productivity of labour for firms. This leads to more production or output by firms per unit time and more international competitiveness due to lower prices as productivity leads to a fall in costs, leading to more exports. As a result, the GDP or output of the country rises significantly. Also more firms may be created due to high profits observed.

As shown in the table, China had a higher growth in GDP per capita throughout so it is fair to assume the growth in GDP and economic growth was larger than Burkina Faso's, so there is a ^{positive} correlation between education and economic 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)

(d) (i) In addition to spending on education and healthcare, state **two** other ways in which a 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.

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

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 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.

.....

.....

..... [2]

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.

.....

.....

.....

..... [2]

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 (d) (i)

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

1

2

[2]

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 £30 000m in 2011 to £80 000m in 2018. Calculate the percentage change in the deficit between 2011 and 2018.

Answer [2]

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

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