

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Thursday 22 May 2025 – Afternoon

GCSE (9–1) Economics

J205/02 National and International Economics

**Time allowed: 1 hour 30 minutes
plus your additional time allowance**

YOU CAN USE:
a scientific or graphical calculator
an HB pencil

Please write clearly in black ink.

Centre number

--	--	--	--	--

Candidate number

--	--	--	--

First name(s) _____

Last name _____

READ INSTRUCTIONS OVERLEAF



INSTRUCTIONS

Use black ink. You can use an HB pencil, but only for graphs and diagrams.

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 (*).

ADVICE

Read each question carefully before you start your answer.

SECTION A

Write your answer to EACH question in the box provided.

1 A government increases its budget deficit.

What is the MOST likely cost of this decision? [1]

An increase in:

A debt interest

B exports

C government spending

D unemployment

Your answer

2 The claimant count:

A cannot be used to measure the rate of unemployment

B includes people receiving jobseeker's allowance

C measures the different causes of unemployment

D uses the CPI to measure the level of unemployment

Your answer **[1]**

3 What is the MOST likely cause of structural unemployment? [1]

A Different jobs are available in the summer

B High levels of occupational immobility

C Increased migration into the country

D The closure of some discount food stores

Your answer

4 How might an increase in interest rates affect the economy? [1]

A Decrease unemployment

B Improve price stability

C Increase economic growth

D Increase inflation

Your answer

- 5 A consumer is planning a holiday.
They found a villa that cost €3480 when the exchange rate was £1 = €1.20.
By the time they booked the villa the exchange rate had changed to £1 = €1.16.**

What happened to the Sterling price of the villa for the consumer? [1]

- A Decreased by £400**
- B Decreased by £139.20**
- C Increased by £100**
- D Remained unchanged**

Your answer

- 6 What is the most likely cost of globalisation for consumers in developed countries? [1]**

- A Dominant global brands**
- B Higher prices**
- C Increased immigration**
- D Lower prices**

Your answer

7 The UK government sets an inflation target.

What might happen if inflation is above this target? [1]

Interest rates will:

- A decrease to discourage saving**
- B decrease to encourage more investment**
- C increase to discourage consumer spending**
- D increase to encourage more borrowing**

Your answer ☐

8 What is NOT a purpose of government spending? [1]

- A To ensure everyone has access to health services**
- B To increase the welfare of the population**
- C To maintain a balanced current account**
- D To reduce inequality in the distribution of income**

Your answer ☐

- 9 An individual's only source of income has risen in nominal value but fallen in real value.**

As a result, the individual will

- A be unable to buy all the same products**
- B decide to save more of their income**
- C have less money to spend**
- D not have to pay as much direct tax**

Your answer ☐ **[1]**

- 10 The government spends £50bn on a new railway line linking some of the country's largest cities.**

Why is this an example of a supply side policy? [1]

- A Journey times will be improved for people travelling to work**
- B Many construction companies will achieve greater profits**
- C The £50bn could have been used to reduce the level of direct taxation**
- D There will be an increased demand for imported building materials**

Your answer ☐

- 11 The table shows the growth in GDP for a country from 2021 to 2024.**

	Annual growth in GDP
2021	2.7%
2022	−1.4%
2023	2.3%
2024	1.8%

Which statement is correct? [1]

- A The country was in a recession in 2024**
- B The level of employment is likely to have fallen in 2022**
- C The level of GDP was at its highest in 2021**
- D The level of output fell between 2023 and 2024**

Your answer ☐

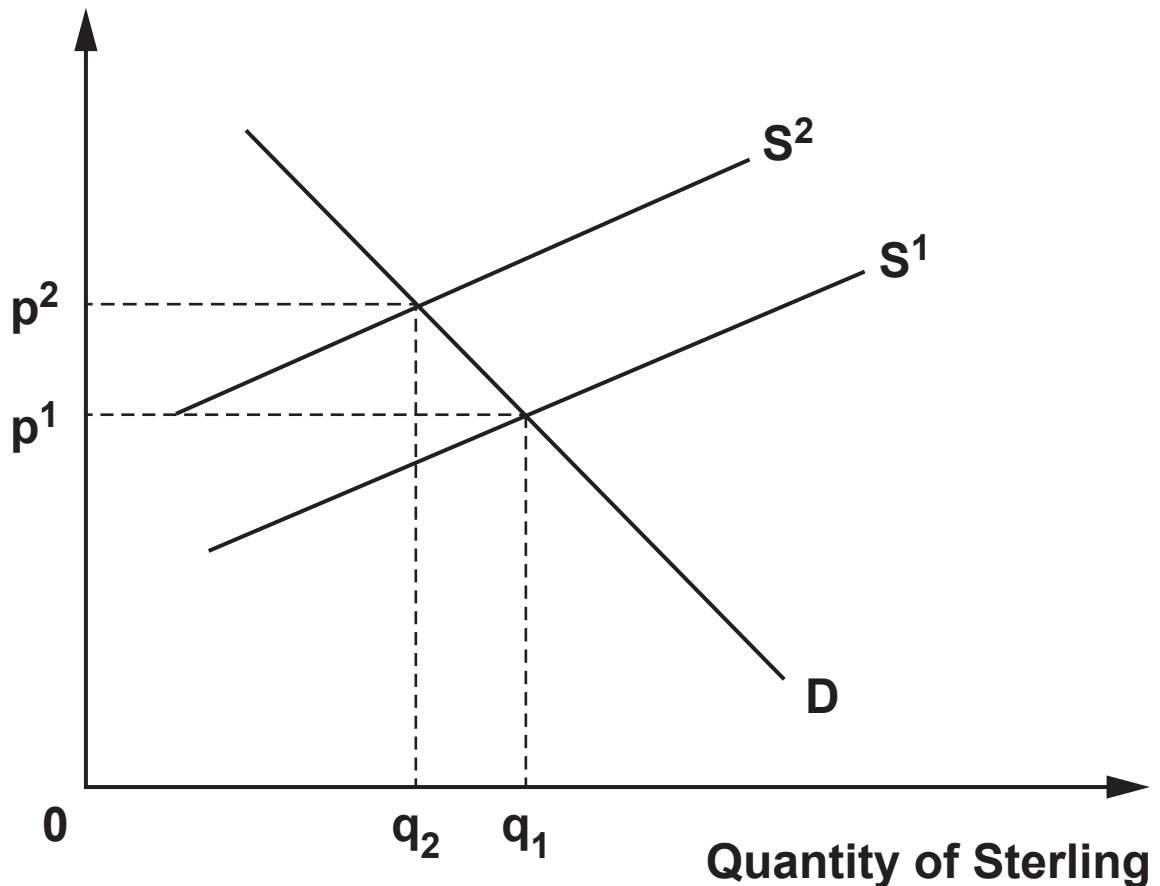
- 12 What is NOT a cost of unemployment for individuals? [1]**

- A Loss of self-esteem**
- B Lower standard of living**
- C Higher direct taxes**
- D Waste of labour resources**

Your answer ☐

- 13 The diagram shows the supply and demand for Sterling (£) when priced in US dollars (\$).

Price of Sterling
in US Dollars (\$)



What might cause the Sterling to US Dollar exchange rate to increase from p^1 to p^2 ? [1]

- A Incomes of US consumers increase
- B Less imports are bought from the US
- C The UK becomes more attractive for foreign investment
- D UK goods become more desirable to US consumers

Your answer

14 How can fiscal policy be used to achieve economic growth? [1]

- A A decrease in government spending to achieve a budget surplus**
- B An increase in interest rates will encourage households to save**
- C Improved education standards will increase the supply of labour**
- D Lower levels of taxation will encourage more household spending**

Your answer

15 An increase in a country's level of international trade will MOST likely benefit producers because

- A better quality finished goods will be available**
- B prices will be lower due to increased competition**
- C there will be a greater choice of goods and services**
- D there will be a larger market for buying inputs**

Your answer

[1]

16 What is a definition of price stability? [1]

- A A sustained rise in the general price level**
- B GDP per capita increases gradually**
- C Inflation remains constant**
- D Prices increase at an acceptable low rate**

Your answer

17 A country is seeking economic growth by investing in renewable wind energy.

This has led to an increase in energy prices and more noise for households living close to the wind farms.

How will this affect the sustainability of these households? [1]

	Economic sustainability	Social sustainability	Environmental sustainability
A	Decrease	Decrease	Increase
B	Decrease	Increase	Increase
C	Decrease	Increase	Decrease
D	Increase	Decrease	Increase

Your answer

- 18 VAT on most food products is 20%. VAT on fresh fruit is 8%.
A household spends £400 on food products and £50 on fresh fruit.**

What is the total household spend once VAT is added? [1]

- A £84**
- B £484**
- C £534**
- D £576**

Your answer

- 19 A more uneven distribution of wealth will be caused by a reduction in**

- A interest rates**
- B property prices**
- C taxes on inheritance**
- D wage increases**

Your answer

[1]

20 The USA, Canada and Mexico have worked together to reduce import and export taxes.

They have also established some common employment regulations.

This is an example of a

A current account surplus

B free trade agreement

C monetary policy

D negative externality

Your answer **[1]**

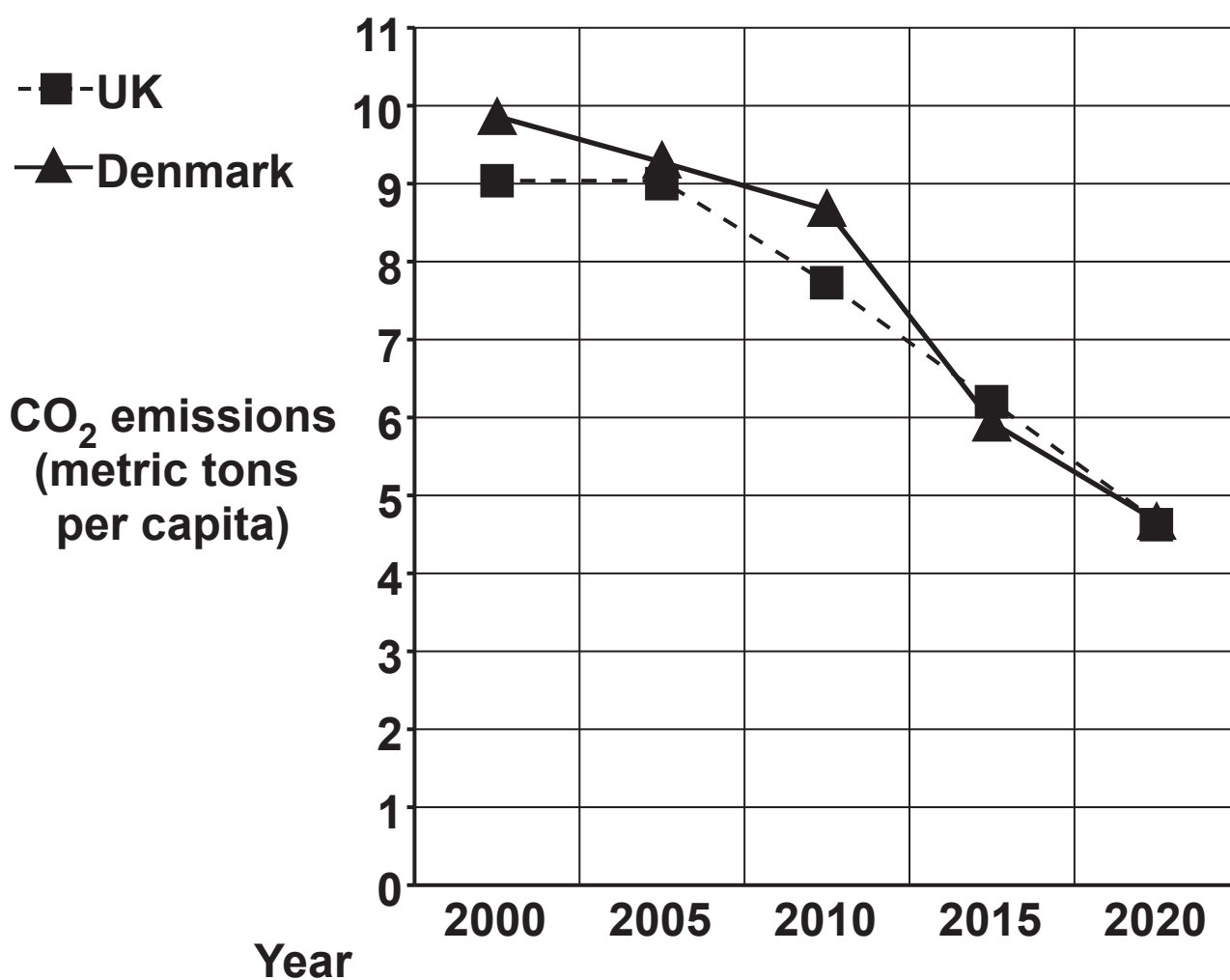
SECTION B

21 EXTRACT 1

Externalities and Government Policies

Carbon dioxide (CO₂) emissions, which arise from the use of petrol, cause climate change. The emissions have a harmful effect on those who are not using cars, which is a negative externality that impacts a third party.

An indirect tax on petrol should reduce the use of petrol and its emissions. However, when demand for a good is price inelastic, the change in quantity due to a tax or subsidy is less than when demand is price elastic.



The UK government provides a subsidy for the public provision of vaccines. Until measles vaccinations began in 1968, there were around 500,000 cases of measles every year and many deaths.

The UK's vaccination coverage rate for measles has grown from 81% in 2004 to over 91% in 2023. There have been almost no deaths, therefore, from measles since 2013.

- (a) Using EXTRACT 1, explain which country's CO₂ emissions fell most between 2000 and 2020.

[2]

- (b) Using EXTRACT 1, calculate the UK's total CO₂ emissions in 2000, when the population was 58.89 million.

Show your working.

Answer _____ [2]

(c) Using A DIAGRAM, analyse how an indirect tax might have led to a change in CO₂ emissions in the UK between 2000 and 2020.

[6]

(d)

(i) State TWO goods or services with positive externalities, other than vaccinations.

1 _____

2 _____ **[2]**

(ii) Explain why governments often give subsidies for the public provision of vaccinations.

_____ **[2]**

(iii)*Evaluate the benefits of a government policy to subsidise vaccinations.

Use the information given in EXTRACT 1 and your own knowledge. [6]

22 EXTRACT 2

Current Account and the UK Economy

The UK records a current account deficit every year, because total UK spending is greater than its GDP. The UK has to borrow by attracting investment and lending from overseas. Such investment is often accompanied by new technologies.

UK current account data	2012	2017	2022
Trade in goods (£ million)	−112 603	−139 822	−219 291
Trade in services (£ million)	95 657	111 897	151 339
Income flows (£ million)	−15 960	−22 407	12 682
Transfers (£ million)	−21 000	−22 419	−23 026
Current account balance (£ million)	−53 906	−72 751	−

The UK's total trade deficit in goods and services has widened between 2012 and 2022, from £16 946 million to £67 952 million. The different trade balances for goods and for services reflect different resources held by the UK and its trading partners. Since about 1990 the UK has developed resources that are more suitable for exporting services. German workers continue to be highly efficient in producing manufactured goods such as pharmaceuticals and cars.

The UK imports goods from Germany, Japan and the USA, which are the sources of significant direct

investment into the UK economy. The UK depends upon investment from overseas to finance its current account deficit. Such foreign investment in the UK is larger than UK investment abroad, partly due to English being widely used in business. The UK's Income account is usually in deficit because of significant outflows of investment income.

- (a) Using EXTRACT 2, calculate the current account balance in 2022.

Show your working.

Answer _____ [2]

- (b) Using EXTRACT 2, state the differences in the trends in the trade in goods AND in the trade in services between 2012 and 2022.

[2]

[illegible]

(d)

(i) State TWO kinds of services that the UK exports.

1 _____

2 _____

[2]

(ii) Explain ONE reason why there is significant investment from overseas into the UK.

_____ **[2]**

(iii)*Evaluate the importance of the balance of payments on current account to the UK economy.

Use the information given in EXTRACT 2 and your own knowledge. [6]

23 EXTRACT 3

Development in Tanzania and Globalisation

	1990	2000	2010
GDP per capita (US\$)	539	552	794
Government expenditure on education (% of GDP)	2.14	3.00	4.54
Primary school enrolment (% of age group)	52.04	53.53	92.20

The above table shows that government spending on Tanzanian schools and teachers affects the number of children attending school. As a result, the adult literacy rate (the percentage of adults who can read and write) has increased from 68% in 2010 to 82% in 2021. The benefits of an educated population, which leads to a more productive workforce, is also demonstrated by the increase in GDP per capita.

Higher GDP per capita is not only due to education, but also to globalisation. Investment by Chinese multinational companies in Tanzanian industries has helped to increase and diversify its trade. The Tanzanian economy is now less dependent on the widely fluctuating prices of primary agricultural products. Moreover, there is a greater variety of job opportunities.

	2010	2015	2020
GDP per capita (US\$)	794	929	1 028
Exports of goods (US\$ million)	4 051	4 834	6 061
E.g. Agricultural raw material exports (% of total)	5.59	3.37	3.30
Imports of goods (US\$ million)	8 060	14 768	8 517
E.g. Manufactured imports (% of total)	60.47	42.07	72.32

- (a) Using EXTRACT 3, calculate the average GDP per capita in US dollars during the period 1990 to 2010.

Show your working.

Answer _____ [2]

(b) Using EXTRACT 3, explain TWO measurements of education for economic development.

1 _____

2 _____

[2]

(c) Using the information in EXTRACT 3, analyse how an increase in the number of children attending primary school affects the GDP of a country. [6]

(d)

- (i) Explain why GDP PER CAPITA could be used as a measure for development in a less developed country.**

[2]

- (ii) State TWO benefits of globalisation for Tanzanian PRODUCERS.**

1

2

[2]

Use the information given in EXTRACT 3 and your own knowledge. [6]

[illegible]

END OF QUESTION PAPER

EXTRA ANSWER SPACE

If you need extra space use these lined pages. You must write the question numbers clearly in the margin.

[illegible]

[illegible]

[illegible]



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.