

GCSE

Economics

J205/02: National and international economics

General Certificate of Secondary Education

Mark Scheme for June 2023

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 2023

MARKING INSTRUCTIONS**PREPARATION FOR MARKING
RM ASSESSOR**

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *RM Assessor Online Training*; *OCR Essential Guide to Marking*.
2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal <http://www.rm.com/support/ca>
3. Log-in to RM Assessor and mark the **required number** of practice responses (“scripts”) and the **number of required** standardisation responses.

YOU MUST MARK 10 PRACTICE AND 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

MARKING

1. Mark strictly to the mark scheme.
2. Marks awarded must relate directly to the marking criteria.
3. The schedule of dates is very important. It is essential that you meet the RM Assessor 50% and 100% (traditional 40% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or the RM Assessor messaging system, or by email.
5. **Crossed Out Responses**
Where a candidate has crossed out a response and provided a clear alternative then the crossed-out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed-out response where legible.

Rubric Error Responses – Optional Questions

Where candidates have a choice of question across a whole paper or a whole section and have provided more answers than required, then all responses are marked and the highest mark allowable within the rubric is given. Enter a mark for each question answered into RM assessor, which will select the highest mark from those awarded. *(The underlying assumption is that the candidate has penalised themselves by attempting more questions than necessary in the time allowed.)*

Multiple Choice Question Responses

When a multiple-choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark should be awarded (as it is not possible to determine which was the first response selected by the candidate).

When a question requires candidates to select more than one option/multiple options, then local marking arrangements need to ensure consistency of approach.

Contradictory Responses

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only **one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

Short Answer Questions (requiring a more developed response, worth **two or more marks**)

If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

Longer Answer Questions (requiring a developed response)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

6. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there, then add a tick to confirm that the work has been seen.
7. Award No Response (NR) if:
 - there is nothing written in the answer space

Award Zero '0' if:

- anything is written in the answer space and is not worthy of credit (this includes text and symbols).

Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

8. The RM Assessor **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.** If you have any questions or comments for your team leader, use the phone, the RM Assessor messaging system, or e-mail.
9. Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.

10. For answers marked by levels of response:

- a. **To determine the level** – start at the highest level and work down until you reach the level that matches the answer
- b. **To determine the mark within the level**, consider the following

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

11. Annotations

These are the annotations, (including abbreviations), including those used in RM Assessor which are used when marking. Please annotate **every** response, even if no credit is given. All non-levels Qs, the number of ticks must match the mark awarded. For levels Qs the highest level must be annotated e.g. L3. For answers given L4, also annotate where L3 is within that answer.

Use ticks on levels answers if this aids your marking. **The number of ticks must never exceed the number of marks awarded.**

Annotation	Meaning
	Tick
	Cross
	Unclear
BOD	Benefit of the doubt
L1	Level one
L2	Level two
L3	Level three

Annotation	Meaning
OFR	Own figure rule
SEEN	Noted but no credit given.
TV	Too vague
	Omission mark
KU	Knowledge
APP	Application
AN	Analysis

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

BP to be inserted on every blank page

SEEN to be inserted on every question space where NR is the mark.

12. Subject Specific Marking Instructions

Levels of response / Level descriptors	Knowledge and understanding	Application	Analysis	Evaluation
Good	Good knowledge and understanding of the theory stated or referred to in the question. All of the terms/theoretical concepts are explicitly or implicitly understood.	Good application of knowledge to a given scenario. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario.	Good analysis of the effect of xxxx. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct and linked to the analysis.	Good evaluation with a fully supported judgement that is developed from a weighing up arguments/both sides/comparing alternatives.
Reasonable	Reasonable knowledge and understanding of the theory stated or referred to in the question. Most of the terms/theoretical concepts are explicitly or implicitly understood.	Reasonable application of knowledge to a given scenario. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some the relevant elements of the scenario.	Reasonable analysis of the effect on xxxx. There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.	Reasonable evaluation of xxx considering arguments/both sides/comparing alternatives. There may be a judgement, but this will not be fully supported.
Limited	Limited knowledge and understanding of the theory stated or referred to in the question. Some of the terms/theoretical concepts are explicitly or implicitly understood.	Limited application of knowledge to a given scenario. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.	Limited analysis of the effect on xxxx. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.	Limited evaluation of xxx that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements.

Section A

Question	Key	AO	Quantitative skills
1	A	1a	
2	A	1b	
3	B	2	Yes
4	B	1b	
5	C	1b	
6	A	2	
7	D	1b	
8	C	1a	
9	D	2	Yes
10	C	1b	
11	C	1b	
12	D	2	Yes
13	A	1b	
14	A	1b	
15	C	1a	
16	D	2	
17	B	1b	
18	D	2	
19	B	1b	
20	C	2	

Section B

Question			Answer	Mark	Guidance
21	(a)		Using Extract 1, state in which year the UK's GDP was: 1. highest2019 2. lowest2010	2 AO2	1 mark for each correct answer up to a maximum of 2 marks
21	(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. 1,797 X 1.015 = 1,823.955 or 1823,955,000,000,000 Answer: £1,823.96 trillion	2 AO2	2 marks for the correct answer (working not required) 1 mark for correct working, but incorrect answer 1 mark only if the word trillion/trn or £ is omitted N.B. The answer could be shown as: £1,824 trillion or correct to 3 decimal places
21	(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. Differences: - UK GDP growth rate (at about 1.7%) is higher than the per capita growth rate or 1.1% whereas in Japan GDP growth rate, below 0.5%, is lower than the per capita growth rate of over 0.5%. - The difference is due to different population changes in Japan/UK, for example: - Population growth in the UK is increasing faster than Japan - Net migration/birth rates may be higher in the UK than Japan - The improvement in living standards is not as high as suggested by the economic growth rates in the	1 AO1a 2 AO2 3 AO3a	<i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i> Level 3 (5-6 marks) (AO1a – 1, AO2 – 2 marks, AO3a – 3 marks = 6 marks) Reasonable knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood. Reasonable application of knowledge about per capita growth rates. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some the relevant elements of the scenario. Good analysis of per capita growth rates. There is correct analysis in the form of developed links. These

		UK whereas the improvement in living standards is higher than as suggested by the economic growth rates in Japan OR as economic growth is increasing faster in the UK than Japan then living standards will be increasing faster too. Other outcomes/reasons: • Japan's low GDP growth rate of about 0.5% indicates a more highly developed economy than the UK and/or with a rapidly ageing society • Changing population size/structure can lead to changing demand on government provided services such as Japanese society is ageing more rapidly, which puts more pressure on health and care services than the UK • Differences in economic growth data may be due to changes in: ○ Exports ○ Consumption ○ Investment ○ Changes in productivity ○ Government policies ○ Technology ○ Natural resources NB reference must be made to Japan/UK & GDP/GDP per capita for Level 3	links are developed through a chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct and linked to the analysis. <u>Level 2 (3-4 marks)</u> (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks) Reasonable knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. Limited application of knowledge about growth rates. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Reasonable analysis of growth rates. There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be imperfectly labelled or not linked to the analysis. <u>Level 1 (1-2 marks)</u> (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks) Reasonable knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood. No application of knowledge about growth rates. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of growth rates. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to
--	--	---	---

					be correct and not linked to the analysis. <u>0 marks</u> No response or no work worthy of credit. N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.
--	--	--	--	--	---

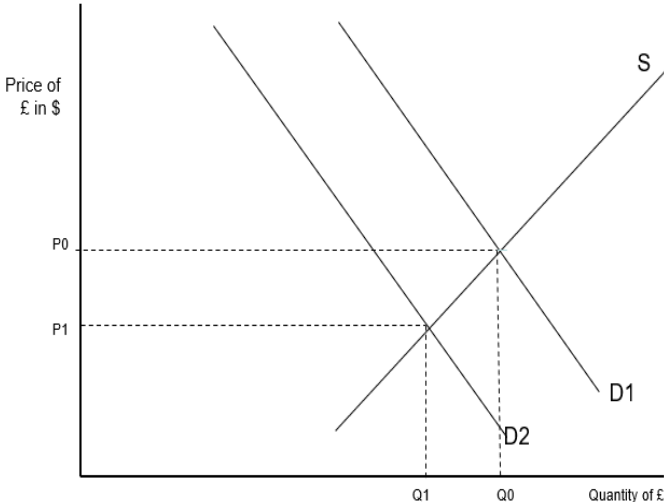
Question			Answer	Mark	Guidance
21	(d)	(i)	State two measures a government uses with fiscal policy. Answers may include: 1. Government expenditure 2. Taxes 3. Budget deficit/borrowing/surplus	2 AO1a	1 mark for each correct answer up to a total of 2 marks. Relevant examples of government spending/taxation may be used (but only one instance of tax/government spending rewardable)
21	(d)	(ii)	Explain how one of the measures named in part (d) (i) could be used to achieve economic growth. Answers may include: • The government increases its spending on infrastructure or public services, which leads to higher incomes, more employment, more (capital) resources, more consumption and thus higher GDP growth or subsidy/infrastructure leading to more GDP growth. • Income taxes (or other taxes) are cut so that disposable incomes rise and consumption increases, which leads to the production of more goods and services and higher GDP growth. • The government increases budget deficit/decreases surplus with lower taxes and/or higher spending, which increases total (aggregate) demand, along with the production of more goods and services and higher GDP growth.	2 AO1b	1 mark for some understanding shown or a statement without linking to how incomes or capital or consumption or total demand rise 2 marks for a correct explanation (<i>"which leads to/increases...."</i>) Rewardable answers must follow on from an answer in di N.B. Only one of the bullet points should be used. There is no additional mark for referring to another bullet point.

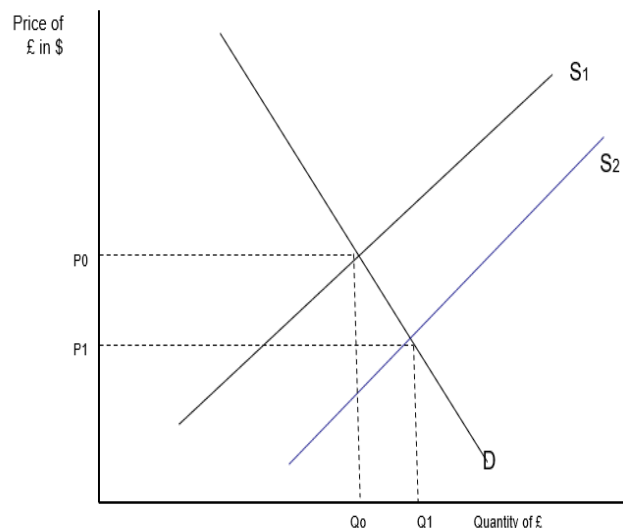
Question			Answer	Mark	Guidance
21	(d)	(iii)*	Evaluate whether in achieving economic growth the benefits of fiscal policy are greater than the costs. Use the information given in Extract 1 and your own knowledge. Answers may include: Benefits: - Higher (disposable) incomes as tax cuts implemented - More spending by government on (merit) goods with positive externalities, such as education, health, public transport - Higher total (aggregate) demand will increase output, living standards and employment opportunities. - Changing income taxes/transfer payments to redistribute income - More confidence among both consumers and firms, which will encourage greater consumption and output for further economic growth (Multiplier effects, if explained) Costs: - Higher/wider budget deficit, which leads to an increase in government debt and possibly higher interest rates - Government spending may not be directed towards the kind of projects that are efficient. - Inflation is likely to occur unless the productive capacity of economy is also improved. - Private sector may be “crowded out” by government. - Politically may not be acceptable for government to	1 AO2 2 AO3a 3 AO3b	All level descriptors describe the <u>TOP</u> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach. <u>Level 3 (5-6 marks)</u> (AO2 – 1, AO3a – 2 marks, AO3b – 3 marks = 6 marks) Good application of knowledge about fiscal policy for economic growth. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario. Reasonable analysis of fiscal policy for economic growth. There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be imperfectly labelled or not linked to the analysis. Good evaluation of fiscal policy for economic growth with a fully supported judgement that is developed from weighing up arguments/both sides/comparing alternatives. <i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i>

		play a larger part in the economy (implicit opportunity costs). - Policy may be used to further the governing political party's popularity rather than for economic reasons (implicit opportunity costs). Evaluation may include: - Depends on whether inflation is controlled (i.e. was there spare capacity in the economy before the implementation of an expansionary fiscal policy?) - Depends on whether public spending projects are ones that benefit society (positive externalities) - Depends on the opportunity cost of government spending - Short, medium and long-term effects are different. Thus the government should plan its budget and forecasts accurately. - Final judgement on whether the benefits are greater than the costs expressed clearly N.B.: Some of the above points may be phrased as either analysis or evaluation. Both costs & benefits need to be covered in order to achieve Level 3	<u>Level 2 (3-4 marks)</u> <i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i> (AO2 – 1, AO3a – 1 mark, AO3b – 2 marks = 4 marks) Good application of knowledge about fiscal policy for economic growth the terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario. Limited analysis of fiscal policy for economic growth. There is an attempt at an analysis largely in the form of a single effect. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, are unlikely to be correct and not linked to the analysis. Reasonable evaluation of fiscal policy for economic growth, considering arguments/both sides/comparing alternatives. There may be a judgement, but this will not be fully supported. <i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i> <u>Level 1 (1-2 marks)</u> (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks) No application of knowledge about fiscal policy for economic growth. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.
--	--	--	---

					Limited analysis of fiscal policy for economic growth. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis. Limited evaluation of fiscal policy for economic growth that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements. <i>Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.</i> <u>0 marks</u> No response or no work worthy of credit. N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.
--	--	--	--	--	---

Question			Answer	Mark	Guidance
22	(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. 54 million X 1.6 = 86.4 million Answer: \$ 86.4 million or 86.4 million or 86.4 mn	2 AO2	2 marks for a correct answer (working not required) 1 mark for correct working, but incorrect answer No mark lost if \$ sign or word omitted, since the question asked for “<i>the value in US dollars</i>” 1 mark only if the word million/mn is omitted.
22	(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. Answers may include: The value of the pound has fallen/dollar increased. As a result, the quantity demanded (volume sold) of US goods and services in UK markets will have fallen (because they now appear cheaper).	2 AO2	Rewardable responses must indicate that the volume/quantity of imports are falling 2 marks for a correctly explained answer

Question		Answer	Mark	Guidance
22	(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. Answers must include: A diagram... either for a decrease in demand for pounds (less inflow of funds)  OR an increase in supply (greater outflow of funds)	1 AO1a 2 AO2 3 AO3a	All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach. Level 3 (5-6 marks) (AO1a – 1, AO2 – 2 marks, AO3a – 3 marks = 6 marks) Reasonable knowledge and understanding of the exchange rate market. All of the terms/theoretical concepts are explicitly or implicitly understood. Reasonable application of knowledge to the exchange rate market. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some the relevant elements of the scenario. Good analysis of the exchange rate market. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct and linked to the analysis. Level 2 (3-4 marks) (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks) Reasonable knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. Limited application of knowledge about the exchange rate market. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.



Candidates may also use other labels instead of P_0 and P_1 e.g., E and E_1 , ER and ER_1 .

The two diagrams may be combined into **one diagram**, with correct shifts (rightward shift in S , leftward shift in D , so that the exchange rate does fall).

Reasons may include: (*depending on which diagram is used*)

- The exchange rate is the price of one currency in terms of another. The diagram shows the supply and demand for pounds (in the currency market.)
- Because (real) interest rates were relatively low in the UK, there was less demand from overseas for UK bank deposits (financial assets) and thus less demand for the pound.
- Because of a lack of confidence in the UK economy after the Brexit vote, there was an outflow of (financial

Reasonable analysis of the exchange rate market. There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be imperfectly labelled or not linked to the analysis.

Level 1 (1-2 marks)

(AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks)

Reasonable knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood.

Limited application of knowledge to the exchange rate market. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.

No analysis of the exchange rate market. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.

0 marks

No response or no work worthy of credit.

N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.

			investment) deposits/funds, which increased the supply of pounds in the market or a fall in demand as exporting conditions are more difficult • In addition to material from Extract 2, candidates may refer to exports falling due to low productivity or imports rising due to higher incomes. <i>In both cases:</i> • The exchange rate of the pound falls from P_0 to P_1. A maximum of 4 marks if no correct diagram		
22	(d)	(i)	State and briefly explain the impact of higher interest rates on firms' investment expenditure. Answers may include: • Fall/decrease because it costs more to borrow to invest. • Fall/decrease because firms would earn more by saving their money/profit	2 AO1a	Rewardable responses must state that investment will fall/decrease Give 1 mark for a brief explanation.

Question			Answer	Mark	Guidance
22	(d)	(ii)	Explain how higher interest rates affect a household's decision when deciding to buy a house. Answers may include: Higher interest rates increase the cost of borrowing (taking out a loan/mortgage). As a result, (lower income) households may decide not to buy a house (and instead to rent property). Households may decide to save rather than use their money to buy a house (so demand may fall) because the rewards are higher.	2 AO1b	1 mark for some understanding shown 2 marks for a correct explanation of how higher interest rates will increase the cost of borrowing, which will lead to households reducing their demand.
22	(d)	(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. Answers may include: • Inflation is less likely as higher interest rates dampen total (aggregate) demand. As a result, UK households have greater purchasing power. • Higher interest rates will tend to strengthen (increase the value of) the UK pound, because funds flow into the UK economy. As a result, UK households benefit from cheaper imports and overseas holidays. • An increase in interest rates will mean that savings become more attractive, which leads households to reduce their consumption.	1 AO2 2 AO3a 3 AO3b	<i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i> <u>Level 3 (5-6 marks)</u> (AO2 – 1, AO3a – 2 marks, AO3b – 3 marks = 6 marks) Good application of knowledge about higher interest rates. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario. Reasonable analysis of higher interest rates. There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if

		However, • Unemployment rises because firms reduce their investment in production facilities. • Demand for exports and for domestic output will fall, so UK producers may make workers redundant, which will result in higher unemployment. • UK producers invest less in production facilities and in research and development, so the quality of goods falls, which will have an impact on living standards. • As total (aggregate) demand falls, output falls, so employment falls. • Household incomes fall as total output falls (unemployment rises). • Borrowing costs rise, so households pay more for loans. Evaluation may include: • The effect of a rise in interest rates may depend on other economic variables, including fiscal policy. • Depends on the size of the rise, a small rise will have little impact • Depends on the longevity of the rise, if it is short-lived, the effects will be minimal • Final judgement expressed clearly N.B.: Some of the above points may be phrased as either analysis or evaluation.	present, may be imperfectly labelled or not linked to the analysis. Good evaluation of higher interest rates with a fully supported judgement that is developed from weighing up arguments/both sides/comparing alternatives. <i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i> <u>Level 2 (3-4 marks)</u> (AO2 – 1, AO3a – 1 mark, AO3b – 2 marks = 4 marks) Good application of knowledge to higher interest rates. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario. Limited analysis of higher interest rates. There is an attempt at an analysis largely in the form of a single effect. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, are unlikely to be correct and not linked to the analysis. Reasonable evaluation of higher interest rates, considering arguments/both sides/comparing alternatives. There may be a judgement, but this will not be fully supported. <i>There is a line of reasoning presented with some structure. The information presented is in the most-part</i>
--	--	---	--

				<i>relevant and supported by some evidence.</i> <u>Level 1 (1-2 marks)</u> (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks) No application of knowledge about higher interest rates. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of higher interest rates. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis. Limited evaluation of higher interest rates that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements. <i>Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.</i> <u>0 marks</u> No response or no work worthy of credit. N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.
--	--	--	--	---

Question			Answer	Mark	Guidance
23	(a)		Using Extract 3, calculate the 2019 balance of trade in goods and services. Show your working. –924 284 + 286 723 Answer: –\$637 561 million or -\$637,561,000,000	2 AO2	2 marks for a correct answer (working not required) 1 mark for correct working, but incorrect answer (including missing negative/\$ sign or million)
23	(b)		Using Extract 3, explain how consumers benefit from free trade agreements. Answers may include: • Tariffs are more or less eliminated in a free trade agreement, so imports are cheaper. • Consumers benefit from lower priced imports and lower inflation/better living standards/higher purchasing power • Lower trade barriers lead to lower prices • More competition/supply leads to lower prices/quality/variety	2 AO2	2 marks for a clear explanation of how lowering trade barriers has led to more imports or how consumers benefit 1 mark for a statement without an explanation Failure to refer to effects on US consumers will restrict the maximum mark to 1.
23	(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. Answers may include: Changes in US economic structure: • Increasing deficit on the Balance of Trade in goods • Greater surplus on Balance of Trade in services • Reference may be made to the text as well as the	1 AO1a 2 AO2 3 AO3a	<i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i> <u>Level 3 (5-6 marks)</u> (AO1a – 1 mark, AO2 – 2 marks, AO3a – 3 marks = 6 marks) Reasonable knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood.

		numerical data These indicate: ○ that the US economy is now less dependent on manufacturing goods (secondary sector) for the domestic market. ○ Instead, the economy is becoming more service oriented (tertiary sector). ○ More specialisation in the US (in services) • Globalisation has accelerated these trends, since the US manufacturers cannot compete/have higher costs, leading to: ○ Decline in US manufacturing ○ Structural/regional unemployment ○ Increased inequality ○ More outsourcing • As the US has a better reputation/more expertise/lower costs/higher productivity in services than other countries: ○ Service industries are growing ○ More employment in these industries ○ Regions in which these are based are growing ○ There is increased inequality • As living standards in the US rise (due to globalisation) there is a greater demand for imported consumer widening the trade deficit (in goods)	Reasonable application of knowledge to understanding trade data. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some the relevant elements of the scenario. Good analysis of trade data. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct and linked to the analysis. <i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i> Level 2 (3-4 marks) (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks) Reasonable knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. Limited application of knowledge to understanding trade data. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Reasonable analysis of trade data. There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. Any relevant diagram(s) may be imperfectly labelled or not linked to the analysis.
--	--	--	---

					<u>Level 1 (1-2 marks)</u> (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks) Reasonable knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood. No application of knowledge about understanding trade data. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of meaning of trade data. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis. <u>0 marks</u> No response or no work worthy of credit. N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.
--	--	--	--	--	--

Question			Answer	Mark	Guidance
23	(d)	(i)	Other than free trade agreements, state two driving factors of globalisation. Answers may include: • Improvements in communications and information technology OR Internet • Economies of scale • Rising living standards/increasing development • Improvements in transportation of goods/freight • Foreign direct investment • Increase in international trade • Movement of labour/cheaper labour costs • Innovation & new technology • Rise of MNCs • More consumers/bigger market available	2 AO1a	1 mark for each driving factor up to a maximum of 2 marks.
23	(d)	(ii)	Explain how one of the two factors named in part (d)(i) has led many economies to become more globalised. Answers may be one of the following: • Improvements in communications and information technology OR internet mean that ordering goods (contracts), invoicing and payments have been facilitated OR Consumers have become more aware of attractive and cheaper goods being produced in other countries because producers advertise their goods globally and so they demand imports • Economies of scale can be achieved more easily with a larger global market. OR A producer is able to reduce average (unit) production costs by setting up	2 AO1b	1 mark for some understanding shown or statement without an explanation. 2 marks for a correct explanation ("<i>which leads to/increases....</i>") N.B. Only one of the bullet points should be used. There is no additional mark for stating another bullet point. Rewardable answers must follow on from an answer in di

			factories overseas. • Rising living standards have led to consumers demanding a greater variety of goods, which requires retailers to source goods worldwide instead of relying only on domestic manufacturers. • Improvements in transportation of goods/freight mean that goods can be shipped more quickly and easily in containers. • Foreign direct investment by companies in overseas countries means that globally consumers are able to take advantage of a wide variety of goods and services OR producers can source lower priced resources and labour. • Increase in international trade has led to greater specialisation and thus greater trade between countries		
--	--	--	---	--	--

Question			Answer	Mark	Guidance
23	(d)	(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. Answers may include: Benefits of globalisation for US producers: - Producers of services have been able to increase their exports over a 10-year period (from extract table) by 70%. - Larger markets have enabled specialisation and economies of scale that lower average costs. - Cheaper imported inputs (machines and raw materials) are welcomed by producers and keep inflation low. - US producers can benefit from lower production costs (for labour and resources) overseas, especially in developing countries. - US producers can source technology and innovations overseas and can participate in supply chains for components. - Trade deficit (seen in the data) is partly compensated by net inflows on the other accounts in the balance of payments, which reflect foreign investment in the US economy, from which US producers' benefit. - More foreign tourists come to the USA, which benefits the hospitality industry. - More skilled foreign workers can be employed by US producers. - Trade according to comparative advantage benefits producers from the improved allocation	1 AO2 2 AO3a 3 AO3b	<i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i> Level 3 (5-6 marks) (AO2 – 1, AO3a – 2 marks, AO3b – 3 marks = 6 marks) Good application of knowledge of issue of globalisation. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario. Reasonable analysis of issue of globalisation. There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be imperfectly labelled or not linked to the analysis. Good evaluation of issue of globalisation with a fully supported judgement that is developed from weighing up arguments/both sides/comparing alternatives. <i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i> Level 2 (3-4 marks) (AO2 – 1, AO3a – 1 mark, AO3b – 2 marks = 4 marks) Good application of knowledge to issue of globalisation. The terms/theoretical concepts are used/adapted/changed in the context of the given

		of global resources. - Globalisation ultimately leads to higher domestic incomes, which will increase consumption in domestic markets, so US producers enjoy higher revenues. Costs of globalisation for US producers: - More competition from non-US producers could lead to short-term difficulties for companies that do not innovate or improve the quality of their goods. - Globalisation has led to lower demand for US manufactured goods (both domestically and overseas), which results in structural unemployment. - Certain regions in the USA that have been dependent on manufacturing and mining industries may suffer producer bankruptcies. - Producers may face labour disputes if there is difficulty in assimilating foreign workers. Evaluation may include: - Globalisation may lead to more political tensions that could affect producers' confidence. - Globalisation may lead to fewer political tensions that could assist producers in setting up overseas production facilities (FDI). - Pandemics caused by frequent cross border travelling could disrupt supply chains. - Structural changes (as shown in the table's data) that cause difficulties for US producers will need government assistance in the form of technical retraining and productivity advice - Weighing up of positive and negative aspects	scenario. There is good understanding of all the relevant elements of the scenario. Limited analysis of issue of globalisation. There is an attempt at an analysis largely in the form of a single effect. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, are unlikely to be correct and not linked to the analysis. Reasonable evaluation of issue of globalisation, considering arguments/both sides/comparing alternatives. There may be a judgement, but this will not be fully supported. <i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i> <u>Level 1 (1-2 marks)</u> (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks) No application of knowledge about issue of globalisation. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of issue of globalisation. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis. Limited evaluation of issue of globalisation that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements.
--	--	---	---

			over the short term and the long term in order to reach a reasoned conclusion • Final judgement expressed clearly N.B.: Some of the above points may be phrased as either analysis or evaluation. N.B. The question asks for ‘the extent to which’. Both costs & benefits need to be covered in order to achieve Level 3		<i>Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.</i> <u>0 marks</u> No response or no work worthy of credit. N.B. Any other relevant points and/or evidence of learners’ understanding of the connections between the various topics of both components to be credited.
--	--	--	--	--	--

Need to get in touch?

If you ever have any questions about OCR qualifications or services (including administration, logistics and teaching) please feel free to get in touch with our customer support centre.

Call us on

01223 553998

Alternatively, you can email us on

support@ocr.org.uk

For more information visit



ocr.org.uk/qualifications/resource-finder



ocr.org.uk



Twitter/ocrextams



/ocrextams



/company/ocr



/ocrextams



CAMBRIDGE
UNIVERSITY PRESS & ASSESSMENT

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

For staff training purposes and as part of our quality assurance programme your call may be recorded or monitored. © OCR 2023 Oxford Cambridge and RSA Examinations is a Company Limited by Guarantee. Registered in England. Registered office The Triangle Building, Shaftesbury Road, Cambridge, CB2 8EA.

Registered company number 3484466. OCR is an exempt charity.

OCR operates academic and vocational qualifications regulated by Ofqual, Qualifications Wales and CCEA as listed in their qualifications registers including A Levels, GCSEs, Cambridge Technicals and Cambridge Nationals.

OCR provides resources to help you deliver our qualifications. These resources do not represent any particular teaching method we expect you to use. We update our resources regularly and aim to make sure content is accurate but please check the OCR website so that you have the most up-to-date version. OCR cannot be held responsible for any errors or omissions in these resources.

Though we make every effort to check our resources, there may be contradictions between published support and the specification, so it is important that you always use information in the latest specification. We indicate any specification changes within the document itself, change the version number and provide a summary of the changes. If you do notice a discrepancy between the specification and a resource, please [contact us](#).

Whether you already offer OCR qualifications, are new to OCR or are thinking about switching, you can request more information using our [Expression of Interest form](#).

Please [get in touch](#) if you want to discuss the accessibility of resources we offer to support you in delivering our qualifications.