

GCSE

Economics

J205/02: National and international economics

General Certificate of Secondary Education

Mark Scheme for June 2022

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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.

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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. Once you have marked your **5** practice responses, log-in to RM Assessor and mark the **number of required** standardisation responses.

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% deadlines. If you experience problems, you must contact your Team Leader 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.

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).

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, link the text to the question and add annotation to confirm that the work has been seen.
7. Award **No Response (NR)** and annotate answer space with 'SEEN' if there is nothing written at all in the answer space
OR if there is a comment which does not in any way relate to the question (e.g. 'can't do', 'don't know')
OR if there is a mark (e.g. a dash, a question mark) which isn't an attempt at the question
Award **Zero '0'** if anything is written in the answer space and is not worthy of credit
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

Annotation	Meaning
	Tick
	Cross
	Unclear
	Benefit of the doubt
	Irrelevant
	Knowledge
	Application
	Analysis
	Evaluation
	Level one
	Level two
	Level three
	Not answered question
	Own figure rule
	Noted but no credit given. To be inserted in every question space where NR is the mark
	Too vague
	Omission mark
BP	Blank page – to be inserted on every blank page
	Highlighting is also available to highlight any particular points on the script.

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	D	1a	
2	C	1b	
3	C	1b	
4	D	2	√
5	D	1b	
6	A	1b	
7	D	1b	
8	B	1a	
9	C	2	
10	A	2	√
11	C	2	
12	B	1b	
13	A	1b	
14	B	1b	
15	B	2	√
16	B	2	
17	C	1b	
18	C	1b	
19	A	1a	
20	C	2	

Section B

Question		Indicative content	Marks	Guidance
21	(a)	Using the chart in Extract 1 on page 9, state in which year: - Prices were at their lowest level: 2006 - The CPI was at its lowest level: 2009	2 AO2	1 mark for each correct answer
	(b)	Using Extract 1 on page 9, explain what happened to the purchasing power of money in Chile between 2007 and mid-2009. Answers may include: - Purchasing power fell but the rate of falling declined - Purchasing power fell because inflation is always positive in the data	2 AO1b	1st mark for understanding that the purchasing power of money falls, with no contradictory interpretations of data THEN 2nd mark for explanation e.g. stating the rate of fall declines OR explaining it falls because the inflation data is always positive OR explaining the impact of reduced purchasing power
	(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. Answers may include: Monetary policy would have comprised: - Interest rates increased - Money supply reduced Reference to extract: - Inflation rose from about 2% in 2013 to about 4.5% in 2014 - After 2014, inflation fell to about 2% in 2017	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, 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 monetary policy measures. 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 monetary policy measures. 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

	Development from interest rates increased may include: • So rewards for saving increased / costs of borrowing more expensive • So borrowing fell, so investment/spending fell • So total demand fell, so demand-pull inflation rate fell • This lower inflation protected savers because the real value of savings fell less rapidly / protected consumers because the price level rose less rapidly OR • So interest payments increased, so rewards for saving increased • So increased income from savings may offset increase in inflation • So the higher nominal interest rate protected savers from falling real interest rates Development from money supply reduced (or less quantitative easing) may include: • As banks have less funds available (fewer reserves), they may offer fewer loans • So, less able to borrow, so less willing and able to invest/spend • So total demand fell, so demand-pull inflation rate fell • So protected savers because the real value of savings fell less rapidly / protected consumers because the price level rose less rapidly N.B. Any other relevant points to be credited	and linked to the analysis. NB Award max of 5 if both elements of scenario not addressed i.e. not linked to both savers and consumers <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 monetary policy measures. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Reasonable analysis of monetary policy measures. 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 monetary policy measures. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of monetary policy measures. 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.
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	(d) (i)	State two causes of inflation. Answers may include: • Demand-pull inflation • Cost-push inflation eg wages rose • C/I/G/(X-M) rose • Money supply/quantitative easing increased • Interest rates fell	2 AO1a	1 mark for each correct answer
	(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. $1.6 - 2.6 = -1$ Answer: negative 1% or -1%	2 AO2	2 marks for a correct answer (working not required) 1st mark for '1' THEN 2nd mark only if both negative sign (or word) and percentage sign (%)
	(iii)*	Evaluate the consequences of inflation for a government. Use the information given in Extract 1 on page 9 and your own knowledge. Answers may include: Consequences (of a positive inflation rate): • More government spending on pensions, universal credit, when index-linked to the inflation rate • More government spending on public sector wages if workers demand and receive higher pay • Labour market unrest/strikes more likely and may impact government as employer if cannot agree wage rises	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 to consequences of inflation. 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 consequences of inflation. 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.

	• Real value of government debt falls, so national debt interest payments may fall • Tax revenue may rise when VAT and income taxes are percentages of prices and wages NB: If the focus of the response is on <u>negative</u> inflation, the above points will need to be modified Evaluation: • Depends on whether inflation is particularly high/low • Depends on whether inflation is positive or negative • Depends on duration of inflation • Depends on whether a positive consequence is offset by a negative consequence • Judgement e.g. as to whether the negative consequences are likely to outweigh the positive consequences N.B. Any other relevant points are to be credited	Good evaluation of the consequences of inflation 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> <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 to the consequences of inflation. 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 the consequences of inflation. 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 the consequences of inflation, 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>
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				(AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks) No application of knowledge about the consequences of inflation. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of the consequences of inflation. 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 the consequences of inflation 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.
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Question		Indicative content	Marks	Guidance
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. Answers may include: • In both countries, university enrolment has increased • In both countries, there has been an increase in female university enrolment • In both countries, there has been an increase in male university enrolment	2 AO2	1 mark for each correct statement
	(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. 15700 million/20.3 million = 773.399 Answer: \$773.4 or \$773	2 AO2	2 marks for correct answer 1 mark for correct working, but incorrect answer. 1 mark only if \$ sign is omitted.
	(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. Answers may include: Knowledge and understanding that: • Economic growth is an increase in output/income/spending • Education increases the skills of workers	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 to education and economic growth. 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.

	Reference to the extract: • Relevant comparison of data for Burkina Faso and China • Use of 'knowledge and training improve labour productivity' Development of reasoning linking education to economic growth: • Education (of men/women) would create more skilled workers, so increases productivity, so increases potential output • Attendance at university enables more research, so leads to technological progress, so increases output • Educated women will increase both the size of the workforce and its productivity, so increases potential output • More people in education leads to a smaller workforce (in short run), so may lead to less output N.B. Any other relevant points to be credited	Good analysis of education and economic growth. 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. <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 to education and economic growth. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Reasonable analysis of education and 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. <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 to education and economic growth. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of education and 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. 0 marks: No response or no work worthy of credit.
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	(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. Answers may include: • Increase investment • Increase government spending (apart from on education / healthcare) • Decrease taxes • Decrease interest rates • Increase in quantitative easing	2 AO1a	1 mark for each correct answer
	(ii)	Explain one way in which government spending on healthcare directly benefits the economy. Answers may include: • Healthier workers are more productive, so output rises • Higher life expectancy, so workers can work for longer, so output is higher • Better health for the elderly/children, so workers take less time off work to care for them, so output is higher • More jobs linked to healthcare, e.g. nurses, hospital construction workers, so less unemployment	2 AO1b	2 marks for a correct explanation of a benefit for the economy of healthcare spending 1 mark for some understanding shown without linking to benefit for the economy e.g. how output or productivity or economic development is improved

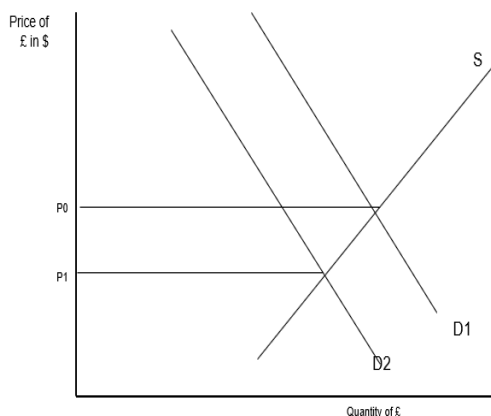
	(iii)* Evaluate the extent to which economic growth brings social and economic benefits to a less-developed economy. Use the information given in Extract 2 on page 12 and your own knowledge. Answers may include: Benefits: • Economic growth may lead to increases in per capita GDP, so average incomes may rise • Increases in income (with tax revenue rising) enables the government / households to spend more on health care / education / nutrition, so increases life expectancy / future earnings Evaluation: • Depends on the timescale • Depends how increased income is spent • Depends how increased income is distributed • Depends on whether harm outweighs benefit, e.g. worse working conditions / increased pollution from increased output / depletion of resources • Depends how increased output is achieved, if through investment in machines, may lead to increased unemployment • Comment on a harm that offers an alternative outcome to a benefit in the analysis N.B. Any other relevant points are to be credited	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 benefits of economic growth. The terms/theoretical concepts are used/adapted/changed in the context of a less-developed economy. There is good understanding of all the relevant elements of the scenario. Reasonable analysis of both social and economic benefits of 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 benefits of 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> <u>Level 2 (3-4 marks)</u> (AO2 – 1, AO3a – 1 mark, AO3b – 2 marks = 4 marks) Good application of knowledge benefits of economic growth. The terms/theoretical concepts are used/adapted/changed in the context of a less-developed economy. There is good understanding of all the relevant elements of the scenario.
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				Limited analysis of benefits of 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 benefits of 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 benefits of economic growth. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of benefits of 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 benefits of 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.
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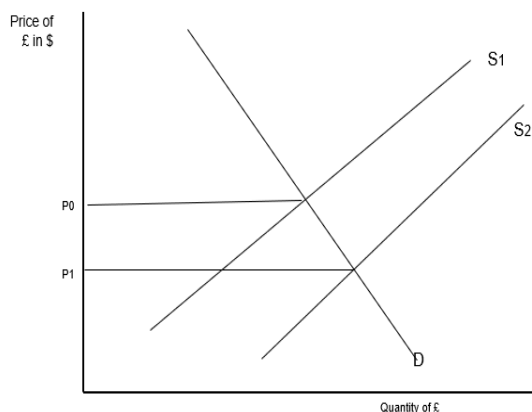
Question		Indicative content	Marks	Guidance
23	(a)	Using the chart in Extract 3 on page 15, explain the trend in the UK's current account deficit between 2011 and 2019. Answers may include: - Overall, the trend shows that the deficit has been increasing - From 2016 to 2017, the deficit reduced, but since then has increased again - The trend shows that either imports have been increasing or exports have been falling or both have been occurring	2 AO1b	1 mark for understanding the overall trend between 2011 and 2019 1 mark for correct explanation e.g. variations within overall trend or changing $X > M$
	(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. Answers may include: - Germany has a surplus while UK and USA have a deficit - Germany's $X > M$ must be greater than UK and USA's $M > X$	2 AO2	Max of 1 mark if no comparison 1 mark for understanding of whether data means surplus or deficit 1 mark for comparison or explanation, e.g. data or imports/exports
	(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 (\$).	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 mark, AO2 – 2 marks, AO3a – 3 marks = 6 marks) Reasonable knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood.

Diagram should include:

Either consequence of a decrease in exports (below)



OR consequence of an increase in imports (below)



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.

Reasonable application of knowledge to impact of current account balance on exchange rate. 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 impact of current account balance on exchange rate. 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.

There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.

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 impact of current account balance on exchange rate. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.

Reasonable analysis of the differences in impact of current account balance on exchange rate. 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.

		Answers may include: <i>(depending on which diagram used)</i> • The exchange rate is the price of one currency in terms of another. • Decrease in UK's exports leads to lower demand for the pound, which shifts demand curve to the left • Increase in UK's imports leads to higher supply of the pound, which shifts supply curve to the right • The exchange rate of the pound falls A maximum of 3 marks if no relevant diagram N.B. Any other relevant points to be credited		<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 impact of current account balance on exchange rate. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of meaning of impact of current account balance on exchange rate. 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.
	(d) (i)	Apart from lower prices, state two other benefits that imports bring to consumers. Answers may include: • Greater variety/choice • Better quality • More innovative products	2 AO1a	1 mark for each valid, separate benefit
	(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. $(50,000/30,000) \times 100 = 166.666$ Answer: 166.67%	2 AO2	2 marks for correct answer 1 mark for correct working, but incorrect answer % sign is not required

	(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. Answers may include: Reference to Extract 3 or context: - any use of data or own knowledge, e.g. linked to UK deficit is persistent / worsened Points for discussion: - Deficit as a percentage of GDP has increased significantly since 2011 and is persistent rather than temporary - Deficit suggests lower exports/higher imports may mean unemployment / lower economic growth / inflation / increased outflows of money - Relevant benefits of trade, e.g. specialisation justifies deficit - Consumers benefit from wide variety of low-priced imports - Consequences of government action to eliminate deficit, e.g. taxes on imports, so raise domestic prices Evaluation: - Depends on size / duration of current account deficit	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 to issue of reduction of deficit on UK current account balance. 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 reduction of deficit on UK current account balance. 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 reduction of deficit on UK current account balance 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 issue of reduction of deficit on UK current account balance. 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 issue of reduction of deficit on UK current
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	- Depends on what is being imported, e.g. inputs needed for UK production - Depends how the government eliminate the deficit as it may lead to other problems - Depends whether the benefits of government intervention outweigh the costs N.B. Any other relevant points are to be credited	account balance. 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 reduction of deficit on UK current account balance, 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 reduction of deficit on UK current account balance. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of issue of reduction of deficit on UK current account balance. 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 reduction of deficit on UK current account balance 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.
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