



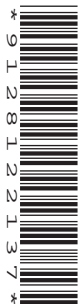
Oxford Cambridge and RSA

Monday 6 June 2022 – Morning

GCSE (9–1) Economics

J205/02 National and International Economics

Time allowed: 1 hour 30 minutes



You can use:

- a scientific or graphical calculator



Please write clearly in black ink. **Do not write in the barcodes.**

Centre number

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Candidate number

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First name(s)

Last name

INSTRUCTIONS

- Use black ink.
- 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 (*).
- This document has **20** pages.

ADVICE

- Read each question carefully before you start your answer.

2

SECTION A

Answer **all** the questions in this section.

Write your answer for each question in the box provided.

1 The claimant count is a method of measuring

- A distribution of income
- B economic growth
- C inflation
- D unemployment

Your answer

[1]

2 Which of the following options **only** contains items classified as wealth?

- A Interest, profit, shares
- B Profit, property, rent
- C Property, savings, shares
- D Rent, savings, state benefits

Your answer

[1]

3 Which of the following would **not** be a possible cause for an uneven distribution of income within an economy?

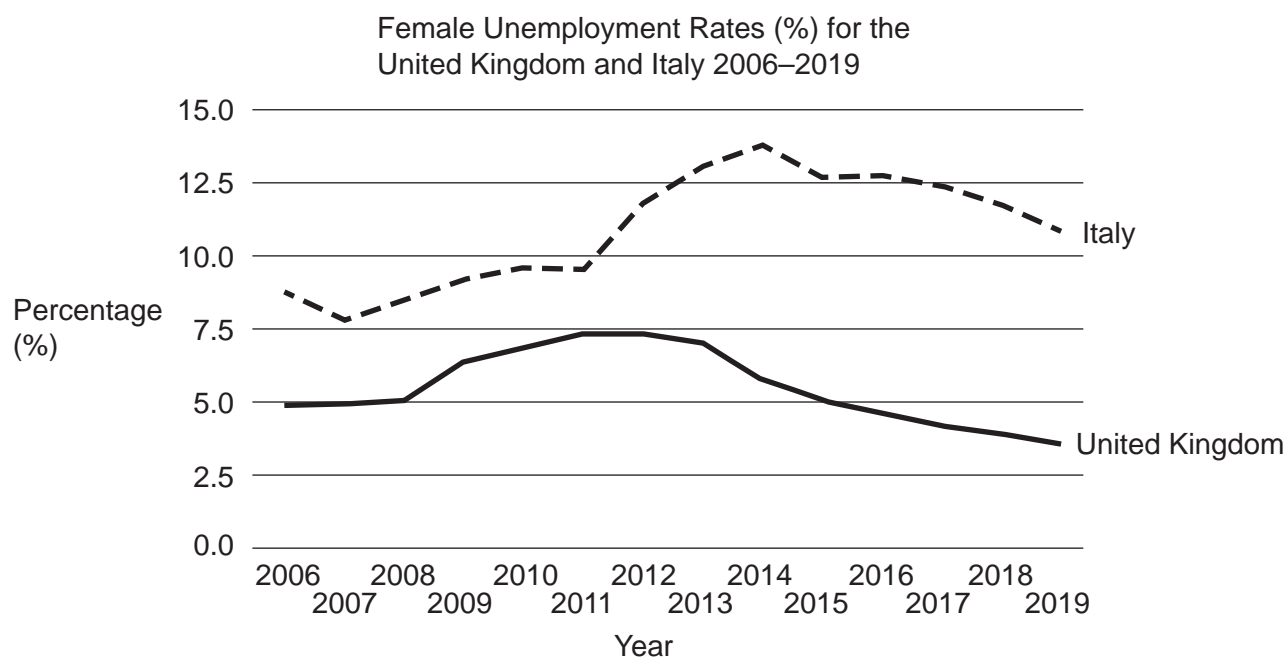
- A Age
- B Gender
- C Sustainability
- D Wealth

Your answer

[1]

3

4



The diagram shows the female unemployment rates in Italy and the UK. Which of the following statements **must** be true?

- A Fewer females were unemployed in the UK in 2019 than in 2006
- B More females were unemployed in Italy than in the UK between 2006 and 2019
- C The UK's female unemployment rate is always higher than Italy's
- D The UK's labour market for females has performed better than Italy's

Your answer

[1]

- 5 The government recently reduced the level of state benefits to improve incentives for people to work. However, this policy has led to an increase in poverty among unemployed people. This is an example of which policy cost?

- A Externalities
- B Resistance to policies
- C Time lags
- D Unintended effects

Your answer

[1]

4

6 Which of the following is the **most** likely consequence for **UK consumers** of a fall in the UK exchange rate?

- A An increase in the rate of inflation
- B An increase in the standard of living
- C An increase in overseas tourism
- D An increase in unemployment

Your answer

☐

[1]

7 Which of the following would be classified as being unemployed?

- A A father who chooses to stay at home to look after a child
- B A full-time student who sometimes works in a café
- C A pensioner who is looking for part-time work
- D A young adult who has just left university without a job

Your answer

☐

[1]

8 A budget deficit means that

- A imports into a country exceed its exports
- B tax revenue is less than government spending
- C the current account will be in surplus
- D the government has no money left to spend

Your answer

☐

[1]

9 Which of the following leads to a positive externality?

- A A subsidy
- B A tax
- C A vaccination
- D An export

Your answer

☐

[1]

10

Taxable income	Tax rate
Up to £12 500	0%
£12 501 to £50 000	20%
£50 001 to £150 000	40%

The table provides information about the UK's income tax system. Calculate the approximate percentage of taxable income paid in tax by someone earning £45 000.

- A 14%
- B 20%
- C 29%
- D 72%

Your answer

[1]

- 11 Jane lives in a UK seaside holiday resort. When the resort is busy, she works selling ice creams on the seafront. The rest of the year she is unemployed. This type of unemployment is

- A cyclical
- B frictional
- C seasonal
- D structural

Your answer

[1]

- 12 The government decides to increase spending on public transport. Which of the following could be considered an opportunity cost of this decision?

- A A decrease in direct taxation
- B A decrease in spending on education
- C A decrease in the budget deficit
- D A decrease in unemployment

Your answer

[1]

6

13 One of the driving factors of globalisation is improvements in transportation. Which of the following explains this driving factor?

- A Container ships have reduced average costs
- B Improved environmental sustainability
- C Increased use of call centres
- D Lower tariff barriers on imports

Your answer

☐

[1]

14 Which of the following is a cost of development for workers in a less developed country?

- A Increased foreign investment
- B Increased use of machinery
- C Less choice of domestic brands
- D Migration of skilled workers

Your answer

☐

[1]

15 There is an increase in the rate of taxation on interest earned from savings. Which of the following is **most** likely to happen?

- A Capital expenditure will increase
- B Income distribution will improve
- C Individuals will save more
- D Workers will move abroad

Your answer

☐

[1]

16

Date	Exchange rate (£1)
1 st January 2016	\$1.47
1 st January 2017	\$1.23
1 st January 2018	\$1.35
1 st January 2019	\$1.27
1 st January 2020	\$1.33

The table shows the exchange rate of the UK pound (£) against the US dollar (\$). Which of the following statements is correct?

- A** Exports from the UK to the US became more expensive between 2016 and 2017
- B** Exports from the UK to the US became more expensive between 2019 and 2020
- C** Exports from the US to the UK became less expensive between 2018 and 2019
- D** Exports from the US to the UK became more expensive between 2017 and 2018

Your answer

☐
[1]

17 Increased GDP per capita is used to show improved development of a country because

- A** it means there will no longer be any need for state provision
- B** markets will have become more competitive
- C** more opportunities for work are likely to exist
- D** no other measure of development is available

Your answer

☐
[1]

18 Which of the following is a possible cost if a government increases taxation to reduce a negative externality?

- A** A decrease in government revenue
- B** An increase in government revenue
- C** Growth in unofficial markets
- D** Less spending on healthcare

Your answer

☐
[1]

8

19 Which of the following is **not** a policy to correct an externality?

- A Free trade agreement
- B Legislation
- C Regulation
- D State provision

Your answer

☐

[1]

20 The government is concerned about the level of monopoly power in the UK social media industry. Any policy introduced to reduce this monopoly power would be an example of

- A fiscal policy
- B monetary policy
- C supply side policy
- D trade policy

Your answer

☐

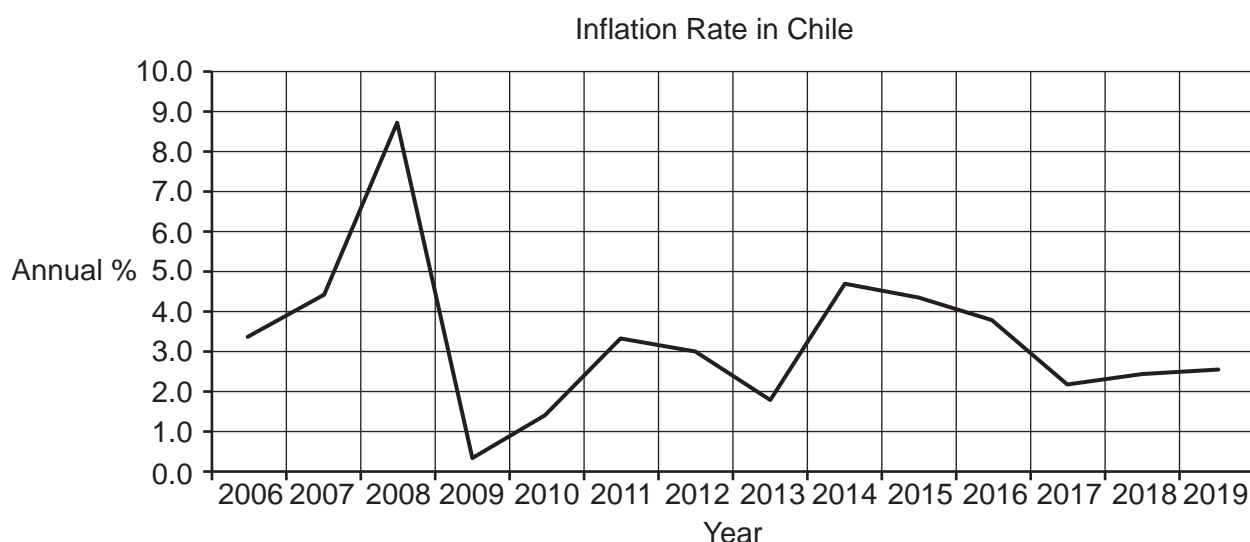
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SECTION B

Answer **all** the questions in this section.

21 Extract 1

Inflation and Monetary Policy



The inflation rate is the percentage change in the consumer price index (CPI), which is an indexed measure of expenditure on a basket of goods. Unexpected inflation causes falls in real interest rates and real wages. A zero rate of inflation (complete price stability) usually occurs when an economy is not growing, which is likely to increase unemployment. Recently governments have become worried that inflation rates could become persistently negative, which would raise the real value of government debt above its nominal value.

Monetary policy is used to stabilise the rate of inflation in Chile. When inflation is more than 1% beyond its target rate the Central Bank of Chile (CBoC) adjusts interest rates to change the level of borrowing and total spending in the economy. The money supply can also be changed by the CBoC. If the rate of inflation is expected to fall below zero, then the CBoC can adopt quantitative easing, which provides more funds to banks for lending to consumers and firms.

(a) Using the **chart** in **Extract 1** on page 9, state in which **year**:

- 1 prices were at their lowest level.
- 2 the CPI was at its lowest level.

[2]

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

..... [2]

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

[6]

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

1
2 [2]

- (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.

Answer [2]

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

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

[6]

22 Extract 2

Determinants of Economic Growth and Fiscal Policy

		2010	2015	2019
Burkina Faso	Females in the workforce (% aged 15–64)	61.2	59.8	59.8
	Females enrolled in university (% of relevant age group)	2.3	3.5	5.1
	Males enrolled in university (% of relevant age group)	4.8	6.6	9.0
	GDP per capita growth (annual %)	5.2	0.9	2.7
China	Females in the workforce (% aged 15–64)	69.8	69.1	68.5
	Females enrolled in university (% of relevant age group)	25.0	50.2	59.5
	Males enrolled in university (% of relevant age group)	23.5	42.3	48.7
	GDP per capita growth (annual %)	10.1	6.5	5.7

The proportion of people, especially females, who have a university education varies considerably across different countries. Knowledge and training improve labour productivity. Education is, therefore, a significant determinant of economic growth. Another important determinant is the size of the workforce. Consequently, when there are more educated women in the workforce, economic growth is higher. Percentage gains in real GDP measure economic growth. GDP per capita is an approximate measure of the average income in a country.

Average years in education is one of the factors that is used to measure social and economic development. Another important factor is life expectancy, which reflects how healthy a country's population is. When development economists measure social and economic development, they find that the index for China is almost twice that for Burkina Faso.

- (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.

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

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

1

2 [2]

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

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..... [2]

- (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.

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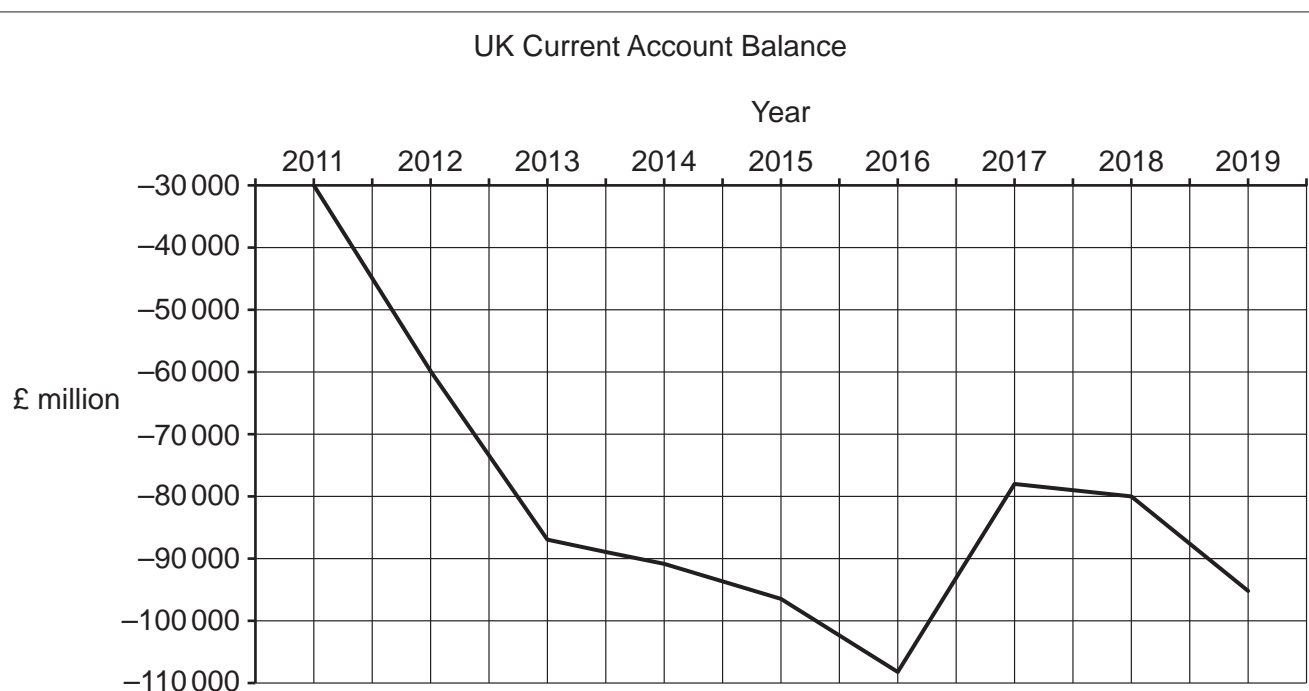
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..... [6]

23 Extract 3**Current Account Balance and Exchange Rate**

Since trade is the major component of the current account, a wider deficit is primarily due to either imports rising or exports falling. As a result, there will be a shift in the demand or supply of the UK's currency (the pound £), which will change its exchange rate.

Current Account Balance (% of GDP)

Year	2011	2015	2019
UK	-1.76	-4.90	-3.78
USA	-2.87	-2.24	-2.33
Germany	6.20	8.59	7.15

The table shows that the UK's current account deficit is persistent and also represents a relatively high proportion of GDP. The deficit reflects the fact that British consumers can choose to buy imported goods at relatively low prices. On the other hand, British producers face competition in the global market both when attempting to produce goods for export and when competing with imported goods. Consequently, a trade deficit results in output being lower and unemployment being higher than when there is a surplus. Such global competition does mean, however, that scarce resources are being used more efficiently.

17

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

1

2 [2]

- (ii) The chart in **Extract 3** on page 15 shows that the UK's current account deficit increased from £30 000m in 2011 to £80 000m in 2018. Calculate the percentage change in the deficit between 2011 and 2018.

Answer [2]

ADDITIONAL ANSWER SPACE

If additional space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margin(s).

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