GCSE
ECONOMICS
8136/2

Paper 2 How the Economy Works

Mark scheme

June 2024

Version: 1.0 Final

2 4 6 G 8 1 3 6 / 2 / M S

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

No student should be disadvantaged on the basis of their gender identity and/or how they refer to the gender identity of others in their exam responses.

A consistent use of 'they/them' as a singular and pronouns beyond 'she/her' or 'he/him' will be credited in exam responses in line with existing mark scheme criteria.

Further copies of this mark scheme are available from aqa.org.uk

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

KEY LIST

01	D – Increased saving	**06**	D – Unit of account
02	C – Managing environmental change	**07**	C – Increase, Decrease
03	A – Decreased direct taxes	**08**	A – £200
04	C – Seasonal	**09**	D – Increased unemployment
05	A – Decreased inflation	**10**	B – Decrease, Increase

Qu	Part	Marking guidance	Total marks
11		State **two** examples of indirect taxes used in the UK.	2
		AO1a = 2 **Possible answers include:** • Value-added tax (VAT) • excise duty – allow different examples (eg alcohol taxes, tobacco taxes, fuel taxes) but don't allow two from the same class of excise duties (eg tax on cigarettes and tax on rolling tobacco) • customs duties (allow tariffs) • soft drinks industry levy (allow sugar tax). One mark for each correct response. **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks

12 | | Explain what is meant by regressive taxation. | 2

AO1 = 2

Marks	Description
2	Complete explanation of regressive taxation.
1	Partial explanation of regressive taxation.
0	Nothing written worthy of credit.

Possible answers include:

- poorer households pay proportionately more tax (2 marks)
- poorer households pay more tax (1 mark).

Examples can be used to support an answer but, alone, do not constitute understanding.

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.

Qu	Part	Marking guidance	Total marks

13 | | Explain **one** role of the Bank of England. | 2

AO1 = 2

Marks	Description
2	Complete explanation of Bank of England's role.
1	Partial explanation of Bank of England's role.
0	Nothing written worthy of credit.

Possible answers include:

- setting interest rates
- managing quantitative easing/tightening
- ensuring financial stability
- lender of last resort.

Award marks for one role only – if more than one role is explained, then award the best one.

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.

Qu	Part	Marking guidance	Total marks
14	**1**	Using **Table 1**, calculate the annual inflation rate at December 2023 to **one** decimal place.	2
		AO2 = 2 **Answer:** • (102.2 – 98.4) / 98.4 × 100 (1) = 3.9% (2 marks) • answer not to 1 decimal place but otherwise correct, eg 4%, 3.86% (1 mark) • use of 102.2 as denominator but otherwise correct and to one dp (giving 3.7%) (1 mark). • for correct workings but incorrect answer (1 mark) • award 2 marks for correct answer (3.9%) even if no workings are present.	

Qu	Part	Marking guidance	Total marks
14	**2**	Explain **one** cause of inflation.	2
		AO1 = 2 **Marks** / **Description** **2** – Complete explanation of cause of inflation. **1** – Partial explanation of cause of inflation. **0** – Nothing written worthy of credit. **Possible answers include:** • demand-pull inflation – where demand/spending rises too quickly/faster than output • cost-push inflation – where costs rise, forcing firms to increase prices to maintain profit margins • excess growth in money supply – feeding into more spending • expectations – people building in expected price rises into wage claims leading to increased prices via cost-push • rise in commodity prices leading to general rise in prices – similar to cost-push explanation. **Notes:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate. No need to refer to the 'types' by name as long as cause is identified and/or explained.	

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>15</td><td></td><td>Using Figure 1, analyse how changes in government spending can help achieve lower unemployment.</td><td>6</td></tr>
<tr><td></td><td></td><td>AO2 = 2, AO3 = 4

<table>
<tr><th>Level</th><th>Marks</th><th>Description</th></tr>
<tr><td>3</td><td>5–6</td><td>A full analysis of the economic evidence, a well-developed and logical chain of reasoning.</td></tr>
<tr><td>2</td><td>3–4</td><td>An incomplete analysis of the economic evidence, starts to develop a chain of reasoning.

Good application of knowledge and understanding of concepts/issues mostly relevant to the context.</td></tr>
<tr><td>1</td><td>1–2</td><td>Analysis of discrete points of the economic evidence with no chain of reasoning attempted.

Basic application of knowledge and understanding of concepts/issues with limited relevance to the context.</td></tr>
<tr><td></td><td>0</td><td>Nothing written worthy of credit.</td></tr>
</table>

Possible solutions include:

• The UK government directly employs over 5 million – changes in government spending can affect this total, by expansion or contraction of public sector jobs.
• Demand side factors – more government spending leads to greater – derived – demand for labour in the economy, possibly through more generous ‘handouts’ or pay for public sector workers; including possible knock-on (multiplier) effects.
• Supply-side factors:
➢ cuts in benefits increase incentive to work and reduce frictional unemployment
➢ improvements to infrastructure may reduce structural unemployment
➢ increases in investment in education can reduce structural unemployment.

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.</td><td></td></tr>
</table>

Qu	Part	Marking guidance	Total marks
16		State **two** policies that may be used to correct market failure caused by positive externalities.	2
		AO1a = 2 **Answers include:** • subsidies • tax on a substitute with negative externalities (to encourage a switch away from this) – the answer must specify that the tax is on the substitute • regulation/laws (only credit once) • advertising/information failure correction (only credit once) • government provision. **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
17		Explain **one** consequence for a government of high unemployment.	2
		AO1 = 2 **Marks** / **Description** **2** – Complete explanation of consequence of high unemployment. **1** – Partial explanation of consequence of high unemployment. **0** – Nothing written worthy of credit. **Possible answers include:** • lower tax revenue • higher government spending • increased budget deficit • lower economic growth • social problems (eg potential link to mental health issues). **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>18</td><td></td><td>Explain one role of a building society.</td><td>2</td></tr>
<tr><td></td><td></td><td>AO1 = 2

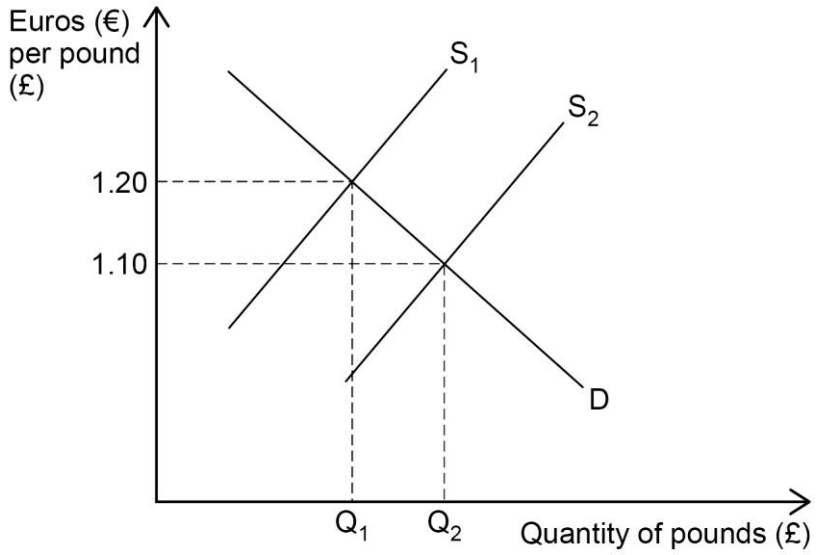
<table><tr><th>Marks</th><th>Description</th></tr><tr><td>2</td><td>Role of building society is explained.</td></tr><tr><td>1</td><td>Role of building society is identified.</td></tr><tr><td>0</td><td>Nothing written worthy of credit.</td></tr></table>
Answers include:

• lending money to those wishing to borrow (usually for a mortgage)
• accepting deposits from those who want a secure place to store/save money
• facilitate electronic monetary transactions between customers
• offer a better return for their savers (compared with banks)
• offer a less risky place to store money (less pressure to generate high profits through riskier activities when compared with a bank).

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.</td><td></td></tr>
</table>

Qu	Part	Marking guidance	Total marks
19	**1**	Using **Table 2**, calculate the rate of economic growth for 2023 to **one** decimal place.	2
		AO2 = 2 **Answer:** • (1704 – 1675) / 1675 × 100 = 1.7% (2 marks) • answer not to one decimal place but otherwise correct, eg 2%, 1.73% (1 mark) • for correct workings but incorrect answer (1 mark) • award 2 marks for correct answer (1.7%) even if no workings are present.	

Qu	Part	Marking guidance	Total marks
19	**2**	Explain **one** possible cost of economic growth for an economy.	2
		AO1 = 2 **Marks** / **Description** **2** – Complete explanation of cost of economic growth. **1** – Partial explanation of cost of economic growth. **0** – Nothing written worthy of credit. **Possible answers include:** • increased inflation • rising inequality • negative externalities • depletion of natural resources • increased current account (or trade) deficit. **Note**: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
20		On **Figure 2**, draw and label the effects on the exchange rate of increased UK imports from countries using the Euro.	3
			
		AO2 = 3 **Answer:** • correct drawing of original equilibrium but no further adjustment (max 1 mark) • a leftward shift in supply with new equilibrium in additional to original equilibrium (max 2 marks) • A rightward shift in supply (2 marks) – fully labelled showing fall in exchange rate (3 marks) • No further marks for any shift in demand, even if labelled supply. **Note:** The answer could use numbers or letters (as shown here) on each axis when plotting equilibria – either approach is fine, although something must appear here on both axes for 3 marks. Also, if the labelling appears on the vertical axis correctly but does not appear on the horizontal axis, then still credit as they have shown the change in the exchange rate.	

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>21</td><td></td><td>Using Figure 3, assess whether the UK government should always aim for low and stable inflation as an objective for the UK economy.</td><td>9</td></tr>
<tr><td></td><td></td><td>AO2 = 3, AO3 = 6
<table>
<tr><th>Level</th><th>Marks</th><th>Description</th></tr>
<tr><td>3</td><td>7–9</td><td>A fully justified conclusion with sustained evaluation, which is coherent and relevant, with judgements supported by evidence.

A full analysis of the economic evidence, a well-developed and logical chain of reasoning.

Comprehensive application of knowledge and understanding of pertinent concepts/issues relevant to the context; specialist language used throughout.</td></tr>
<tr><td>2</td><td>4–6</td><td>A partially justified conclusion with an evaluation, which is mostly coherent and relevant; judgements may not be fully supported by evidence.

An incomplete analysis of the economic evidence; starts to develop a chain of reasoning.

Good application of knowledge and understanding of concepts/issues mostly relevant to the context; specialist language used mostly appropriately.</td></tr>
<tr><td>1</td><td>1–3</td><td>A basic conclusion or assertion may be present based on evaluative judgements supported by little or no evidence. Analysis of discrete points of the economic evidence with no chain of reasoning attempted.

Basic application of knowledge and understanding of concepts/issues with limited relevance to the context; may use non-specialist language.</td></tr>
<tr><td></td><td>0</td><td>Nothing written worthy of credit.</td></tr>
</table>
Possible answers:

Reasons for aiming for low and stable inflation:

• improved competitiveness of UK exports
• less need for increased interest rates
• greater confidence for businesses in planning
• greater consumer confidence.
Reasons against aiming for low and stable inflation:</td><td></td></tr>
</table>

		• keeping low inflation may need high interest rates (for a prolonged period) • risk of deflation • may conflict with achieving other objectives • hard to achieve – especially if cost-push in nature. **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>22</td><td></td><td>Define the term ‘multinational company’.</td><td>2</td></tr>
<tr><td></td><td></td><td>AO1 = 2

<table><tr><th>Marks</th><th>Description</th></tr><tr><td>2</td><td>Complete definition of multinational companies.</td></tr><tr><td>1</td><td>Partial definition of multinational companies.</td></tr><tr><td>0</td><td>Nothing written worthy of credit.</td></tr></table>
Answer:

• business that operates in more than one country (2)
• idea of business being involved in more than one country’s market (1).</td><td></td></tr>
</table>

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>23</td><td></td><td>Using Table 3, in Item A, calculate the UK current account balance for 2021 in £ millions.

Tick (✓) one box to indicate whether it is in surplus or deficit.</td><td>3</td></tr>
<tr><td></td><td></td><td>AO2 = 3

Answer:

• (in £ m): 636 325 – 653 897 − 9947 – 18 114 = 45 633 (deficit) (allow minus sign) (3 marks)
• balance of trade = 17 572 (1 mark) (must specify deficit or have minus sign)
• correct calculation of trade balance but incorrect treatment of either primary or secondary income balance – 2 marks max
• correct workings (as shown above) but incorrect final figure or incorrect balance – 2 marks max.</td><td></td></tr>
</table>

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>24</td><td></td><td>Using Item A, explain two government policies that could reduce a deficit on the current account of the balance of payments.</td><td>6</td></tr>
<tr><td></td><td></td><td>AO2 = 6

Apply grid twice:

<table>
<tr><th>Marks</th><th>Description</th></tr>
<tr><td>3</td><td>A full and precise explanation applying economic concepts and issues.</td></tr>
<tr><td>2</td><td>A partial explanation applying economic concepts and issues but lacking detail.</td></tr>
<tr><td>1</td><td>Fragmented points made.</td></tr>
<tr><td>0</td><td>Nothing written worthy of credit.</td></tr>
</table>

Possible answers include:

• lower exchange rate
• restrictions on free trade – controls/taxes on imports
• policies to improve competitiveness of UK businesses to boost exports
• polices to reduce consumer spending (and spending on imports).

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.</td><td></td></tr>
</table>

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>25</td><td></td><td>Using Item B, analyse the possible consequences of increased globalisation for workers in less developed economies.</td><td>6</td></tr>
<tr><td></td><td></td><td>AO2 = 2, AO3 = 4

<table>
<tr><th>Level</th><th>Marks</th><th>Description</th></tr>
<tr><td>3</td><td>5–6</td><td>A full analysis of the economic evidence, a well-developed and logical chain of reasoning.</td></tr>
<tr><td>2</td><td>3–4</td><td>An incomplete analysis of the economic evidence, starts to develop a chain of reasoning.

Good application of knowledge and understanding of concepts/issues mostly relevant to the context.</td></tr>
<tr><td>1</td><td>1–2</td><td>Analysis of discrete points of the economic evidence with no chain of reasoning attempted.

Basic application of knowledge and understanding of concepts/issues with limited relevance to the context.</td></tr>
<tr><td></td><td>0</td><td>Nothing written worthy of credit.</td></tr>
</table>

Possible answers include:

• more job opportunities if multinational companies set up in country
• jobs lost due to inability of ‘local’ businesses to compete with foreign companies
• moral and ethical issues if workers exploited by large companies.

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.</td><td></td></tr>
</table>

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>26</td><td></td><td>Using Item A and Item B and your own economic knowledge, discuss whether increasing globalisation is harmful for producers in developed economies, such as the UK.

Justify your answer.</td><td>15</td></tr>
<tr><td></td><td></td><td>AO2 = 5, AO3 = 10

<table>
<tr><th>Level</th><th>Marks</th><th>Description</th></tr>
<tr><td>5</td><td>13–15</td><td>A justified conclusion with sustained evaluation, which is coherent and relevant, with judgements fully supported by evidence.

Analysis of a relevant selection of the economic evidence, with a well-developed logical chain of reasoning.

Comprehensive application of knowledge and understanding of pertinent concepts/issues relevant to the context; effective use of specialist language maintained throughout.</td></tr>
<tr><td>4</td><td>10–12</td><td>A partially justified conclusion with an evaluation, which is mostly coherent and relevant; judgements may not be fully supported by evidence.

Analysis of a relevant selection of the economic evidence; a logical chain of reasoning is established but not fully developed.

Strong application of knowledge and understanding of a broad range of concepts/issues relevant to the context; mostly effective use of specialist language throughout.</td></tr>
<tr><td>3</td><td>7–9</td><td>A partially justified conclusion with an evaluation, but not integrated in a coherent way; judgements are not fully supported by evidence.

Analysis of a relevant selection of the economic evidence and starts to develop a chain of reasoning.

Good application of knowledge and understanding of a broad range of concepts/issues relevant to the context; consistent use of specialist language but not always effective.</td></tr>
</table></td><td></td></tr>
</table>

2	**4–6**	A basic conclusion is present based on simple evaluative judgements supported by little or no evidence. Analysis of a relevant selection of the economic evidence with no chain of reasoning attempted. Simple application of knowledge and understanding of a narrow range of concepts/issues relevant to the context; sporadic use of specialist language.
1	**1–3**	Evaluative judgements are simple with no conclusion present. Analysis of a limited selection of the economic evidence with no chain of reasoning attempted; selection of evidence may lack relevance. Basic application of knowledge and understanding of concepts/issues with limited relevance to the context; uses non-specialist language.
	0	Nothing written worthy of credit.

Possible advantages:

- generates higher level of sales/output
- benefit from economies of scale
- access to wider markets
- spreads 'risk' by operating in multiple markets
- potentially greater source of labour supply
- ability to outsource parts of production to lower cost countries
- use of data.

Possible disadvantages:

- difficulties in competing with producers in less-developed countries
- increase shortage of skilled workers due to 'brain drain'
- downward pressure on prices (and profits) due to increased competition
- theft of intellectual property
- use of data.

Possible evaluation:

- depends on whether producer is selling to the UK market only or overseas
- depends on whether producer needs imports for production
- depends on extent of competition
- depends on size of business – bigger businesses may benefit from access to global labour.

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.