GCSE
ECONOMICS
8136/2

Paper 2 How the economy works

Mark scheme

June 2022

Version: 1.0 Final Mark Scheme

226G8136/2/MS

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.

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 – Tax revenue	**06**	B – Less progressive income taxes and reduced unemployment benefits
02	D – Value added tax	**07**	A – Decrease, Decrease
03	C – Value of imports is higher than the value of exports	**08**	B – Keeping inflation at its target rate
04	A – Cyclical	**09**	C – Increase in government spending
05	B – 1.2	**10**	C – Increase, Decrease

Qu	Part	Marking guidance	Total marks
11		State **two** ways a government can reduce cyclical unemployment.	2
		AO1 = 2 **Possible answers include:** • reduced taxation • reduced interest rates • increased government spending • relaxed credit controls • QE (possibly) • other answers that lead to increases in spending • maximum of 1 mark for listing categories of government spending. 1 mark for each way identified.	

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>12</td><td></td><td>Explain one advantage of using supply-side policies.</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>Advantage of supply-side policies explained.</td></tr><tr><td>1</td><td>Advantage of supply-side policies identified.</td></tr><tr><td>0</td><td>Nothing written worthy of credit.</td></tr></table>
Possible answers include:

• reducing unemployment – in particular, structural and frictional types by, say, increasing the incentive to work through reductions in direct taxes
• reducing structural unemployment by improving the skills that workers have (or education level) making them more employable for the vacancies that exist
• avoid policy conflicts/trade-offs in trying to achieve objectives – which often occurs when using fiscal/monetary/other policies
• improved performance of industries – which may help improve the trade balance
• increased long-run growth as it increases the utilisation of the economy’s resources/expansion of productive potential
• allows non-inflationary growth.

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

1 mark for relevant point + 1 mark for development.</td><td></td></tr>
</table>

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>13</td><td></td><td>Explain one economic consequence of the government decreasing its budget deficit.</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>Consequence of decreasing budget deficit explained.</td></tr><tr><td>1</td><td>Consequence of decreasing budget deficit identified.</td></tr><tr><td>0</td><td>Nothing written worthy of credit.</td></tr></table>
Possible answers include:

• increased taxes – if used to reduce the deficit will affect incomes
• lower government spending will mean reduced public services
• reduced inflationary pressure from lower spending in the economy
• increased unemployment due to cuts in spending – such as on government services
• frees up resources for lower tax/increased government spending.

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

1 mark for relevant point + 1 mark for development.</td><td></td></tr>
</table>

Qu	Part	Marking guidance	Total marks
14	**1**	Calculate the balance of trade expressed as a percentage of GDP for 2022 to **one** decimal place. Tick (✓) **one** box to indicate whether it is a surplus or deficit. Show your working.	2
		AO2 = 2 • Balance of trade = 74 - 56 = £18bn surplus (1 mark) (Allow (+) 18 for 1 mark) • As a % of GDP = 18/990 x 100 = 1.8% surplus (2 marks) • Not rounded correctly but otherwise correct (1 mark) • One mistake in calculation (eg incorrect initial balance of trade figure but otherwise correct) (1 mark).	

Qu	Part	Marking guidance	Total marks
14	**2**	Explain **one** reason why the value of a country's exports might be larger than the value of its imports.	2
		AO1 = 2 **Marks** / **Description** **2** – Reason why value of exports might be larger than value of imports explained. **1** – Reason why value of exports might be larger than value of imports identified. **0** – Nothing written worthy of credit. **Possible reasons:** • low value of currency • increased GDP/spending in trading partners • low GDP in country leading to low volume of imports • tariffs or other protectionist measures imposed on imports • improved productivity/competitiveness of country's export industries • low inflation in country improving price competitiveness • abundance of a natural resource (eg oil) **Note:** This indicative content is not exhaustive – other creditworthy responses should be awarded marks as appropriate. 1 mark for relevant point + 1 mark for development	

<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 the government might correct the market failure caused by healthcare not being provided in sufficient quantities.</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:

• government provision – including raising tax to finance extra spending
• subsidies
• advertising/promotional campaigns
• taxing ‘bad’ activities
• regulation/enforcement
• charging/taxing for use of service.

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** functions of money.	2
		AO1 = 2 **Acceptable functions include:** • medium of exchange • unit of account • standard/means of deferred payment • store of value. If there is an equivalent description then allow as an alternative. For example, allow a description of 'facilitating trade' for medium of exchange.	

Qu	Part	Marking guidance	Total marks
17		Explain **one** ethical issue faced by UK producers when trading with other countries.	2
		AO1 = 2 **Marks** / **Description** **2** – Ethical issue faced by producers when trading clearly explained. **1** – Ethical issue faced by producers when trading identified/partially explained. **0** – Nothing written worthy of credit. **Possible ethical issues include:** • treatment of workers • treatment of suppliers • exploitation of consumers • environmental aspects/transport • displacement of local businesses • displacement of local population. **Note:** This indicative content is not exhaustive – other creditworthy responses should be awarded marks as appropriate. 1 mark for relevant point + 1 mark for development.	

<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 possible effect of increased inflation on UK businesses.</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>Effect of increases in inflation explained.</td></tr><tr><td>1</td><td>Effect of increases in inflation identified.</td></tr><tr><td>0</td><td>Nothing written worthy of credit.</td></tr></table>
Possible answers include:

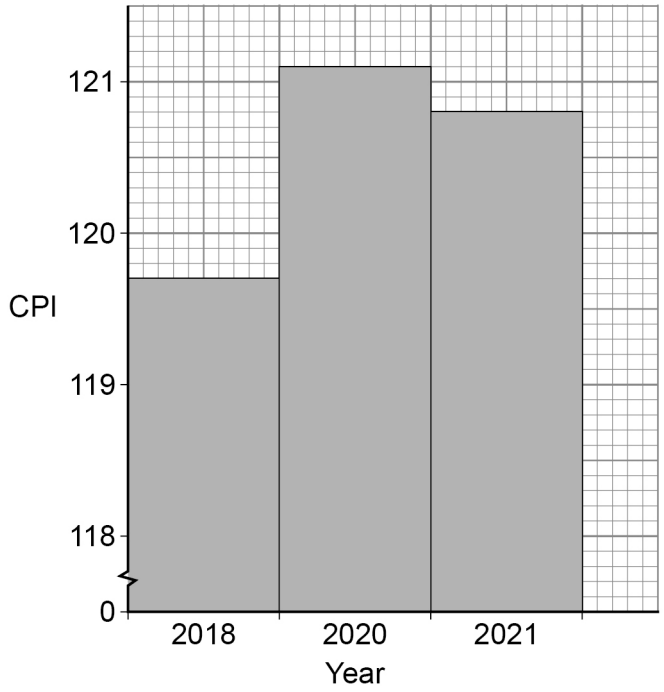
• increased production costs – raw materials
• increased profits – if prices rise as a result
• increased wage costs
• increased sales if the inflation is from demand-pull factors.

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

1 mark for relevant point + 1 mark for development.</td><td></td></tr>
</table>

Qu	Part	Marking guidance	Total marks
19	**1**	Using **Table 3**, calculate GDP per capita for the UK in 2019 to the nearest £. Show your working.	2
		AO2 = 2 **Answer:** 2 215 000 000 000/66 300 000 (1) = £33 409 (2 mark) Answer correct but not rounded correctly (1 mark) One error in calculation but correct otherwise (including rounding) (1 mark)	

Qu	Part	Marking guidance	Total marks
19	**2**	Explain **one** possible benefit of economic growth.	2
		AO1 = 2 **Marks** / **Description** **2** – Possible benefit of economic growth explained. **1** – Possible benefit of economic growth identified. **0** – Nothing written worthy of credit. **Possible benefits include:** • increased employment opportunities • increased tax revenue – leading to tax cuts • better/better-funded government services • increased incomes • multiplier effects on jobs/incomes. **Note:** This indicative content is not exhaustive – other creditworthy responses should be awarded marks as appropriate. 1 mark for relevant point + 1 mark for development.	

Qu	Part	Marking guidance	Total marks
20		Based on the data shown in **Table 4**, draw a bar chart for the CPI for the years 2018, 2020 and 2021.	3
		AO2 = 3  **Possible answers:** • axes labelled appropriately (CPI label is essential but 'Year' label can be missing as long as years appear as numbers below each appropriate 'bar') (1 mark) • all three years drawn correctly on bar chart (2 marks) • at least one bar drawn correctly on chart (1 mark).	

<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 2, assess whether the government is right to always aim for economic growth as an objective for the 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 benefits include:

• higher standard of living
• higher tax revenue
• less need for welfare spending
• lower unemployment (cyclical).

Possible drawbacks include:

• higher inflation</td><td></td></tr>
</table>

		• increased inequality (possibly) • increased negative externalities (congestion, pollution, etc) • increased current account deficit. **Overall:** • brings both benefits and drawbacks • depends on speed of growth • helps attain other objectives (though moves further away from other objectives).	

Qu	Part	Marking guidance	Total marks
22		Define the term 'free trade'.	2
		AO1 = 2 No (artificial) barriers in place (1) to restrict the flow of foreign trade (eg tariffs) (2 marks). Notion of international trade alone (1 mark)	

Qu	Part	Marking guidance	Total marks
23		Using **Table 5**, calculate the size of the UK's **total** trade balance in 2019 with both EU and non-EU economies in £ billions.	3
		AO2 = 3 £30.5 billion deficit (3 marks) EU Balance = (£294.3 – £373.5) bn. = £79.2 billion deficit (1 mark) Non-EU Balance = (£396.5 – £347.8) bn. = £48.7 billion surplus (1 mark) Total trade balance = £48.7 – £79.2 = £30.5 billion deficit (1 mark) Alternative method involves adding exports together first then subtracting total imports. In that case, award as follows: (£294.3 + £396.5) billion = £690.8 bn (1 mark) – (£373.5 + £347.8) = £721.3bn (1 mark) Allow up to 2 marks for incorrect answer where one mistake appears but method and subsequent calculation is otherwise correct. Allow use of '+' or '– ' for indication of surplus or deficit. Eg correct answer of –£30.5bn should be awarded 3 marks. Allow this for crediting correct workings with incorrect final answers. Eg Non-EU Balance = £48.7bn	

<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 advantages of foreign trade for the UK economy.</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 advantages include:

• access to cheaper goods
• access to better quality goods
• access to goods the UK cannot make easily
• bigger markets for UK businesses
• economies of scale gained through selling on a larger scale.

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

Apply the levels of response mark scheme to each way – 3 marks maximum for each way.</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 effects of increasing global interdependence on employment in the UK.</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 effects include:

• loss of jobs due to lower-cost foreign competition
• access to wider markets meaning more jobs created
• structural unemployment due to loss of jobs in ‘traditional’ industries
• cheaper inputs from abroad might mean UK businesses increase their profits and expand.

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 Items A and B and your own economic knowledge, discuss whether increasing globalisation is beneficial for people in less economically developed countries. 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>
<tr><td>2</td><td>4–6</td><td>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.</td></tr>
</table></td><td></td></tr>
</table>

		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.

Indicative content:

Globalisation is beneficial:

- increased foreign investment from developed economies
- increased demand for low wage production
- increased demand for output of local suppliers
- multiplier effects
- technology transfer.

Globalisation is not beneficial:

- overuse of natural resources/environmental depletion
- increased competition from 'bigger' companies driving out local businesses
- exploitation of cheap labour
- tax avoidance
- cultural imperialism.

Overall:

- likely to be winners and losers within these countries
- short-term costs may lead to long-term gains
- difficult to measure
- monetary versus non-monetary impact.

Note: Credit appropriate use of the data either in the arguments/chains of reasoning or in the judgment/conclusion.