GCSE
ECONOMICS
8136/1

Paper 1 How Markets Work

Mark scheme

June 2023

Version: 1.0 Final

2 3 6 G 8 1 3 6 / 1 / 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.

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

Copyright information

AQA retains the copyright on all its publications. However, registered schools/colleges for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Copyright © 2023 AQA and its licensors. All rights reserved.

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	C – Where quantity supplied equals quantity demanded	**06**	D – In those with long training periods
02	A – A decrease in demand for the product	**07**	A – A high amount of spare capacity
03	D – technical economies of scale.	**08**	B – –0.8
04	B – A leisure centre	**09**	A – Books and tablet computers
05	B – Raw materials	**10**	B – 50 tonnes

Qu	Part	Marking guidance	Total marks
11		State **two** different examples of the factor of production known as land.	2
		AO1 = 2 1 mark for each correct example (max 2) **Possible answers:** • physical land • natural resources • sea • forests • minerals. **Note:** Do not credit two very similar answers eg Pacific Ocean and Atlantic Ocean, or two types of farm, building or mineral. This would only qualify for one mark.	

<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 reason why an individual consumer may have to make an economic choice.</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>Possible reason for economic choice for an individual consumer explained</td></tr><tr><td>1</td><td>Possible reason for economic choice for an individual consumer identified</td></tr><tr><td>0</td><td>Nothing written worthy of credit</td></tr></table>
Possible answers:

• limited income
• limited resources
• limited time
• unlimited wants
• any example which relates to these reasons.

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>13</td><td></td><td>Explain one benefit of specialisation for an individual worker.</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>Benefit of specialisation for an individual worker explained</td></tr><tr><td>1</td><td>Benefit of specialisation for an individual worker correctly identified</td></tr><tr><td>0</td><td>Nothing written worthy of credit</td></tr></table>
Possible answers:

• higher pay
• increased employability
• higher chance of promotion
• greater expertise
• job satisfaction.

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
14	**1**	Using **Table 2**, calculate the average fixed cost of making 15 surfboards.	2
		AO1 = 2 • total fixed cost = £1500 (1 mark) • average fixed cost = total fixed cost / output = 1500 / 15 = **£100** (1 mark). Award 2 marks for a correct answer with no workings Award 1 mark if correct method with correct figures but wrong answer, eg £3000 (fixed cost) divided by 15 surfboards = £200	

Qu	Part	Marking guidance	Total marks
14	**2**	Explain **one** business objective Paul might have.	2
		AO1 = 2 **Marks** / **Description** **2** – Possible business objective explained **1** – Possible business objective identified **0** – Nothing written worthy of credit **Possible answers:** • profit maximisation • sales/revenue maximisation • growth • market share • stakeholder objectives • satisficing • survival • use of data from 14.1. **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>15</td><td></td><td>Using Figure 1, analyse possible reasons for the differences in price elasticity of demand for the two products.</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>

Indicative content:

• necessity/luxury, eg cars are likely to be considered a luxury and therefore will have price elastic demand
• proportion of income spent on the product
• time period
• availability of substitutes.

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** features of a non-competitive market.	2
		AO1 = 2 1 mark for each feature (max 2 marks) **Possible answers:** • many buyers • few sellers • high barrier to entry • high barrier to exit • price wars • interdependence • imperfect information • differentiated products • firms have high market share • firms are price makers.	

Qu	Part	Marking guidance	Total marks
17		Explain **one** possible disadvantage to a firm of increasing its scale of output.	2
		AO1 = 2 **Marks** / **Description** **2** – Possible disadvantage of increasing scale of output explained **1** – Possible disadvantage of increasing scale of output identified **0** – Nothing written worthy of credit **Possible answers:** • diseconomies of scale • problems with communication • problems with motivation • problems of co-ordination/control • duplication of resources. **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 key economic decision for a producer.</td><td>2</td></tr>
<tr><td></td><td></td><td>AO1 = 2

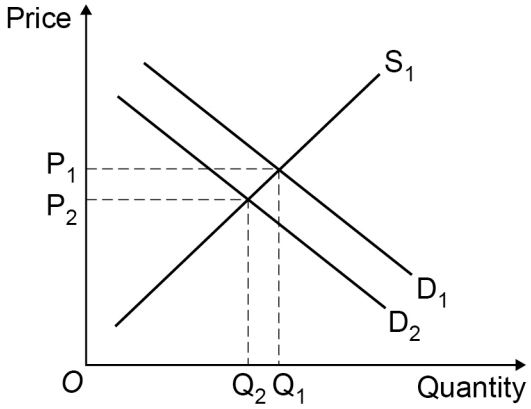
<table><tr><th>Marks</th><th>Description</th></tr><tr><td>2</td><td>Key economic decision for a producer explained</td></tr><tr><td>1</td><td>Key economic decision for a producer identified</td></tr><tr><td>0</td><td>Nothing written worthy of credit</td></tr></table>
Possible answers:

• what goods and services are produced? Plus example/explanation
• how should the goods and services be produced? Plus example/explanation
• who benefits from the goods and services produced? Plus example/explanation
• consideration of opportunity cost when making a production decision.

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 **Figure 2**, calculate Tharun's **annual** net pay.	2
		AO2 = 2 • Monthly net pay = £2500 – (£270 + £350) = £1880 (1 mark) • Annual net pay = £1880 × 12 = **£22 560** (1 mark) 2 marks for correct answer without working shown 1 mark for correct working with correct figures but wrong answer 1 mark for multiplying any number by 12 £ sign not required	

Qu	Part	Marking guidance	Total marks
19	**2**	Explain **one** reason why Tharun may earn more than a cleaner.	2
		AO1 = 2 **Marks** / **Description** **2** – Possible reason explained **1** – Possible reason identified **0** – Nothing written worthy of credit **Possible answers:** • training • education • productivity • value of work done • difficulty of replacement/substitution. **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
20		Draw and label the effects of an increase in the price of petrol cars on the market for petrol.	3
		AO2 = 3 marks  • Correct drawing and labelling of original D and S curves and original equilibrium (1 mark). • Correct drawing and labelling of new D curve to the left of the original (1 mark). • Correct labelling of new equilibrium price and new equilibrium quantity, both lower than the original (1 mark). No marks for a shift in supply, even if labelled demand.	

<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 and Table 3, assess whether the advantages of a competitive market such as a local farmers' market outweigh the disadvantages for consumers.</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>
Indicative content:

Advantages

• Low price, eg eggs, carrots.
• 'Perfect' information.
• Good quality.
• Possibly more convenient for locals.

Disadvantages

• High price, eg milk; increased costs – price takers, inability to benefit from economies of scale.
• Less choice, eg beef at same price as supermarket.
• Less quality, scruffy stalls.</td><td></td></tr>
</table>

		Overall • Depends whether consumers value quality/choice over price. • Consumers may be able to get similar products at the supermarket. • If the village market closed, consumers may have less choice and may have to travel to buy groceries. **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
22		Define the term 'social cost'.	2
		AO1 = 2 **Marks** / **Description** **2** – Complete definition of social cost **1** – Partial definition of social cost **0** – Nothing written worthy of credit **Possible answers:** • private cost plus external cost • the full cost to society of any economic transaction. **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
23		Using **Item A and Figure 5**, calculate the estimated total cost per kilometre of HS2. Give your answer to the **nearest £**.	3
		AO2 = 3 • Costs = 18.9 + 35.2 + 28.3 + 11.4 + 25.1 = £118.9bn (1 mark). • Cost per km = £118.9bn / 530 (1 mark) = £224 339 623 to the nearest £ (1 mark). Award 3 marks for correct answer with no workings 2 marks if answer not to nearest £ eg, £224 339 622.64 or £224 339 622	

Qu	Part	Marking guidance	Total marks
24		Analyse the possible impact(s) upon labour markets of the cancellation of part of Phase 2b of HS2 to Leeds.	6
		AO2 = 6	

Level	Marks	Description
3	**5–6**	A full analysis of the economic evidence, a well-developed and logical chain of reasoning.
2	**3–4**	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.
1	**1–2**	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.
	0	Nothing written worthy of credit.

Possible answers:

- reduced geographical mobility
- reduced labour supply
- lowers wages
- effect on wage differentials
- increased unemployment
- reduced demand for labour
- increased regional inequality.

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>25</td><td></td><td>Explain two possible external benefits of HS2.</td><td>6</td></tr>
<tr><td></td><td></td><td>AO2 = 2, AO3 = 4

Apply the following mark scheme for each method.

<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:

• increased trade for local businesses
• reduced unemployment
• reduced road traffic/congestion
• reduced air pollution.

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>Do you think the overall benefits of HS2 are likely to be greater than the costs?

Use Items A and B and your own economic knowledge to justify your view.</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.
Simple application of knowledge and understanding of a narrow range of concepts/issues relevant to the context; sporadic use of specialist language.</td></tr>
</table>
</td><td></td></tr>
</table>

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:

Yes

- Knowledge of private, external, social benefits.
- Positive impact on labour markets and incomes.
- Long-term reduction in negative externalities such as congestion, air pollution etc.
- Reduced regional inequality.
- Much needed investment, especially for the North ('Levelling Up').
- Local, regional and national multiplier effects.
- Use of data.

No

- Knowledge of private, external and social costs.
- Negative impact on labour markets and incomes.
- Short-term externalities from construction.
- Partial completion of the project – no benefits for the North of the UK.
- Difficult to accurately estimate the full costs and benefits of large-scale investment projects, especially in the long term; estimates of costs have grown over time.
- Increased regional inequality.
- Use of data.

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