GCSE
ECONOMICS
8136/1

Paper 1 How Markets Work

Mark scheme

June 2024

Version: 1.0 Final

2 4 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.

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 – satisfy needs and wants	**06**	C – 1.25:1
02	B – Enterprise	**07**	C – A firm raises wages to protect the living standards of its workers
03	B – the benefit given up from the next best alternative	**08**	A – Demand decreases
04	C – Reduced average costs of production for firms	**09**	D – Firm D
05	B – the tertiary sector was the most valuable economic sector	**10**	A – –12.5%

Qu	Part	Marking guidance	Total marks
11		State **two** deductions from a worker's gross pay.	2
		AO1 = 2 1 mark for each correct example (max 2) **Possible answers:** • income tax (allow 'tax') • national insurance • student loan • pension contribution • child maintenance.	

Qu	Part	Marking guidance	Total marks
12		Explain **one** impact of a competitive market on consumer choice.	2
		AO1 = 2 **Marks** / **Description** **2** – Possible impact on consumer choice explained **1** – Possible impact on consumer choice identified **0** – Nothing written worthy of credit **Possible answers:** • large number of sellers means greater choice • consumers can shop around easily – link to perfect information • homogenous/similar products could mean less choice. **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
13		Explain why online retailing is an example of a market.	2
		AO1 = 2 **Marks** / **Description** **2** – Reason explained **1** – Reason identified **0** – Nothing written worthy of credit **Possible answers:** • a situation where buyers and sellers come into contact • there is demand and supply • an agreed price. **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
14	**1**	The following data relate to a business that has made 1500 pancakes. • Average cost per pancake: £1.90 • Selling price per pancake: £4.00 Calculate the total profit earned by the business from selling 1500 pancakes.	2
		AO2 = 2 • Total revenue = £4 × 1500 = £6000 • Total cost = £1.90 × 1500 = £2850 • Total profit = £6000 – £2850 = £3150 • Or: (£4 – £1.90) × 1500 = £3150 1 mark for correctly calculating total costs or total revenue correctly if final answer incorrect. 1 mark for correct method with correct figures but final answer incorrect. 2 marks for a correct answer with no working shown.	

Qu	Part	Marking guidance	Total marks
14	**2**	Explain **one** way the pancake business could increase its profit.	2
		AO1 = 2 **Marks** / **Description** **2** – Possible way explained **1** – Possible way identified **0** – Nothing written worthy of credit **Possible answers:** • reduce costs (including economies of scale) • increase price • increase sales, eg by advertising • increased product differentiation. **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>Analyse the possible impact of changes in the prices of commodities such as those mentioned in Figure 1 upon other markets such as energy and food production.</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:

• Energy – increased costs of production.
• Energy – may increase demand for renewable energy types.
• Food – increased cost of production of food, biofuels etc.
• Food – may encourage switch to alternative food sources.

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 an oligopoly.	2
		AO1 = 2 1 mark for each feature (max 2 marks) **Possible answers:** • small number of firms • high market share • non-price competition • interdependence • price stability • product differentiation • (high) barriers to entry. **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** possible reason why the earnings of a particular occupation may be low.	2
		AO1 = 2 **Marks** / **Description** **2** – Possible reason why earnings may be low explained **1** – Possible reason why earnings may be low identified **0** – Nothing written worthy of credit **Possible answers:** • low skill • low demand for worker's output • high supply • short or no training period • few or no qualifications required • low trade union membership/power • overseas competition. **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 possible reason why the demand for foreign holidays is likely to be price elastic.</td><td>2</td></tr>
<tr><td></td><td></td><td>AO1 = 2

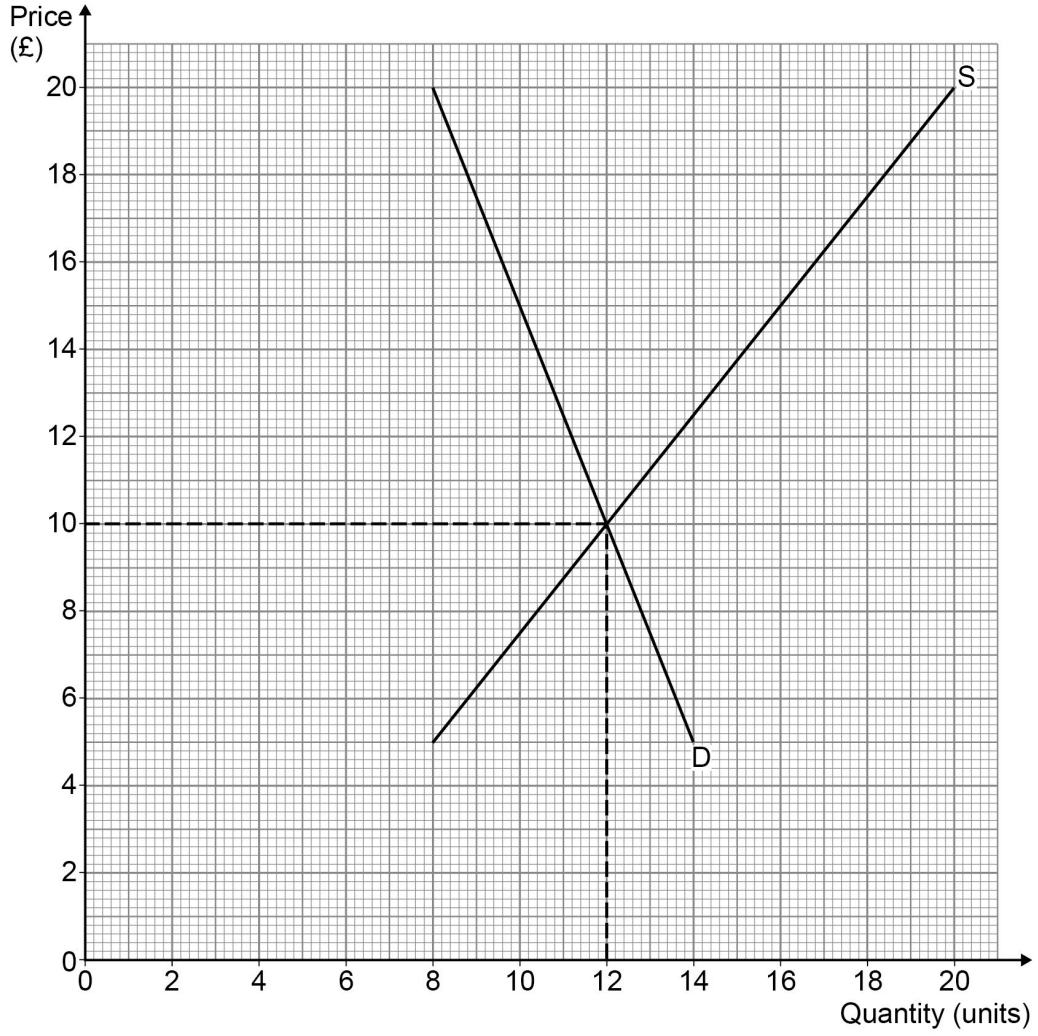
<table><tr><th>Marks</th><th>Description</th></tr><tr><td>2</td><td>Possible reason why demand is likely to be price elastic explained</td></tr><tr><td>1</td><td>Possible reason why demand is likely to be price elastic identified</td></tr><tr><td>0</td><td>Nothing written worthy of credit</td></tr></table>
Possible answers:

• luxury, therefore people can do without if there is a price rise
• not a necessity
• may be a large number of (cheaper) substitutes, eg domestic holidays
• take a relatively large proportion of average income
• a clear explanation of the meaning of ‘price elastic’ can be awarded 1 mark without reference to foreign holidays.

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 3**, calculate the daily productivity of the workforce of Billy's Barbers. Give your answer to the nearest whole number.	2
		AO2 = 2 • 93/6 = 15.5 (1) haircuts per day. • To nearest whole number = 16 (1) haircuts per day. 2 marks for correct answer to nearest whole number with no working shown. 1 mark for correct answer not rounded to nearest whole number.	

Qu	Part	Marking guidance	Total marks
19	**2**	Explain **one** benefit of increased productivity to a business such as Billy's Barbers.	2
		AO1 = 2 **Marks** / **Description** **2** – Possible benefit of increased productivity explained **1** – Possible benefit of increased productivity identified **0** – Nothing written worthy of credit **Possible answers:** • minimise costs • maximise profit • increased competitiveness with other barbershops on the busy street • helps to work out appropriate wages • helps to help set targets. **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 demand and supply curves on the graph below from the following table of information. Clearly identify the equilibrium price and quantity.	3
		AO2 = 3 marks  • 1 mark for correct drawing and labelling of demand curve. • 1 mark for correct drawing and labelling of supply curve. • 1 mark for correctly labelling/identifying equilibrium price and quantity.	

<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 and Table 4, assess whether the benefits of growth for a business such as Sarah’s Salads exceed the costs.</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:

Benefits

• reduced long-run average total costs of production (economies of scale)
• explanation of specific economies of scale, eg technical, purchasing, financial, risk-bearing, marketing, managerial
• may increase profit that Sarah can reinvest to expand
• may increase market share
• may increase brand loyalty
• use of data, eg calculating average costs: 1000 units = £8.00 per kg, 2000 units = £7.50 per kg, 3000 units = £7.00 per kg.</td><td></td></tr>
</table>

		Costs • potential for increased long-run average total costs of production (diseconomies of scale) • explanation of specific reasons for diseconomies of scale, eg problems of coordination, communication and control • use of data, eg calculating average costs: 3000 units = £7.00 per kg, 4000 units = £8.00 per kg. **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 'demand'.	2
		AO1 = 2 **Marks** / **Description** **2** – Complete definition of demand **1** – Partial definition of demand **0** – Nothing written worthy of credit **Possible answers:** • the quantity of a product that consumers are willing and able to buy (at a given price in a given time period) (2 marks). • the willingness to buy a good or service backed up by the ability to pay (2 marks) • the want/desire for a product (1 mark). **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
23		Using **Figure 3**, on page 17, calculate the percentage change in the UK average house price index between **April 2017** and **April 2022**. Give your answer to the nearest whole %.	3
		AO2 = 3 • April 2022 = 151; April 2017 = 116 • (151–116) / 116 × 100 = 30.2% Accept any answer between 28–32%, using answers from acceptable range. 1 mark for correct method but wrong answer. 1 mark for correctly identifying house price indices for both April 2017 and April 2022 within acceptable ranges (115-117 and 150-152 respectively). 2 marks if not to nearest whole %. Award 3 marks for a correct answer with no workings shown.	

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>24</td><td></td><td>Analyse the possible positive externalities that may result from building more houses.</td><td>6</td></tr>
<tr><td></td><td></td><td>AO2 = 6

<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:

• reduced poverty
• healthier population
• more tax revenue for government
• greater GDP
• more jobs and economic activity where house building occurs
• safer communities.

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>Explain two possible disadvantages of housing shortages in the UK.</td><td>6</td></tr>
<tr><td></td><td></td><td>AO2 = 2, AO3 = 4

Apply the following mark scheme for each disadvantage.

<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 poverty
• rising house prices
• increased crime
• reduced mobility of labour
• higher unemployment
• reduced economic growth.

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>The UK government may use several methods to reduce the shortage of housing in the UK. Do you think the UK government should subsidise housebuilding in the UK?

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

- improves affordability
- reduced poverty
- use of data.

No

- opportunity cost
- may lead to inefficiency
- short-term externalities from construction
- use of data.

Overall

- depends on government priorities
- would help to reduce inequality/market failure
- scope for making the problems worse, or creating new problems
- may make the government more popular if they do intervene
- would worsen government finances in the short run (opportunity cost).

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