AQA

GCSE
ECONOMICS
8136/2

Paper 2 How the Economy works

Mark scheme

June 2025

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2 5 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

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	B – Interest rates	**06**	D – Increase Increase
02	C – 5.3%	**07**	D – Decrease Increase Decrease
03	B – Keeping inflation at its target rate	**08**	A – £5.1 million deficit
04	B – Less progressive income taxes and reduced unemployment benefits	**09**	A – Increase Decrease
05	B – Medium of exchange	**10**	C – Increased UK exports to the USA

Qu	Part	Marking guidance	Total marks
11		State **two** policies that may be used to correct negative externalities.	2
		AO1 = 2 1 mark for each correct example (max 2) **Possible answers:** • taxes (doesn't need to specify that it is an indirect tax but if it uses direct tax then that would be incorrect) • information/advertising (these should not be credited separately) • laws/regulations • permits • subsidising a 'better' substitute (must specify that it is another product being subsidised). **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
12		Explain **one** benefit of decreasing taxation rates for an economy.	2

AO1 = 2

Marks	Description
2	Benefit of decreasing taxation rates explained.
1	Benefit of decreasing taxation rates identified.
0	Nothing written worthy of credit.

Possible answers:

- increased economic growth
- reduced unemployment
- increased incentive to work
- reduced inequality if the taxes on 'poorer' groups are specifically reduced.

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** possible drawback of globalisation for producers in developed countries.	2

AO1 = 2

Marks	Description
2	Drawback of globalisation for producers explained.
1	Drawback of globalisation for producers identified.
0	Nothing written worthy of credit.

Possible answers:

- loss of sales to cheaper competition
- loss of skilled workers who leave the country
- dumping by more efficient/low-cost producers.

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 3**, calculate the budget balance as a percentage of GDP to **one** decimal place. Tick **one** box to indicate whether it is a surplus or deficit. Show your working.	2
		AO2 = 2 • budget balance = £51bn − £75bn = £24bn deficit (allow 24 as long as clearly identified as deficit) (1) • £24bn/£1041bn × 100 = 2.3% deficit (2). • must have nature of balance indicated to be awarded 2 marks • two marks for correct answer. **One mark** for partial calculation (eg use of wrong denominator, or incorrect calculation of budget balance). **One mark** if not rounded correctly but otherwise correct.	

Qu	Part	Marking guidance	Total marks
14	2	Explain **one** consequence to a government of operating a budget surplus rather than a budget deficit.	2
		AO1 = 2	

Marks	Description
2	Consequence to government of operating with budget surplus explained.
1	Consequence to government of operating with budget surplus identified.
0	Nothing written worthy of credit.

Possible answers:

- may be able to reduce taxes – surplus indicates excess revenue
- may be able to increase government spending
- may improve credit rating
- lower interest payments on national debt
- no need to borrow money – so more money available for spending.

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

Qu	Part	Marking guidance	Total marks
15		Using **Figure 2**, analyse the impact of the UK completing more free trade agreements.	6

AO2 = 2, AO3 = 4

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 impacts include:

- cheaper goods for UK consumers/inputs for businesses
- ability to sell to a larger market for businesses
- UK businesses may find it harder to compete with lower cost producers
- UK businesses may outsource production to countries with lower costs.

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

Qu	Part	Marking guidance	Total marks
16		State **two** economic effects of increasing government spending.	2
		AO1 = 2 **1 mark** for each correct effect identified. **Possible answers:** • increased inflation • increased economic growth • reduced unemployment • increased deficit on current account • increased budget deficit • other answers that are plausible (eg spending on improving supply-side, but only allow this once). **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** reason why interest rates on bank loans are normally higher than interest rates on loans for mortgages.	2

AO1 = 2

Marks	Description
2	Reason why interest rates on bank loans are normally higher explained.
1	Reason why interest rates on bank loans are normally higher identified.
0	Nothing written worthy of credit.

Possible answers:

- banks can repossess property if mortgage payments are not met, thus mortgage is less risky for banks
- bank loans may be unsecured which means they carry a higher rate to protect banks against the bigger risk they involve
- house prices usually rise over the long term, leaving banks with asset that can be sold for more than its original cost, so banks can recover the value of the mortgage
- higher risk of default on bank loans as checks made by banks/lenders are unlikely to be as rigorous as those in obtaining a mortgage.

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

Qu	Part	Marking guidance	Total marks
18		Explain **one** possible consequence of rising UK inflation for UK households.	2

AO1 = 2

Marks	Description
2	Consequence of rising UK inflation for UK households explained.
1	Consequence of rising UK inflation for UK households identified.
0	Nothing written worthy of credit.

Possible answers:

- falling real incomes – if wages don't keep up
- fiscal drag (no need to call it this but the idea may appear here)
- search/shoe leather costs
- difficult choices – 'food or fuel' etc
- uncertainty increased
- loss of jobs if interest rates raised in response.

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

Qu	Part	Marking guidance	Total marks
19	1	Calculate how much interest they would receive on their account at the end of the nine months.	2
		AO2 = 2 £20 000 × 2% = £400 (1) × 9/12 = £300 (2) (simple interest method) Or £20 000 x $(1.02)^{9/12}$ - £20 000 = £299.26 (2) (compound interest method) **One mark** if the calculation of the interest is incorrect but this figure is used and correctly multiplied by the correct proportion of the year is (ie by 9/12 or 3/4). **One mark** if original £20 000 is included in answer (eg £20 300 or £20 299.26) **One mark** if compound interest method is used correctly with one error in calculation.	

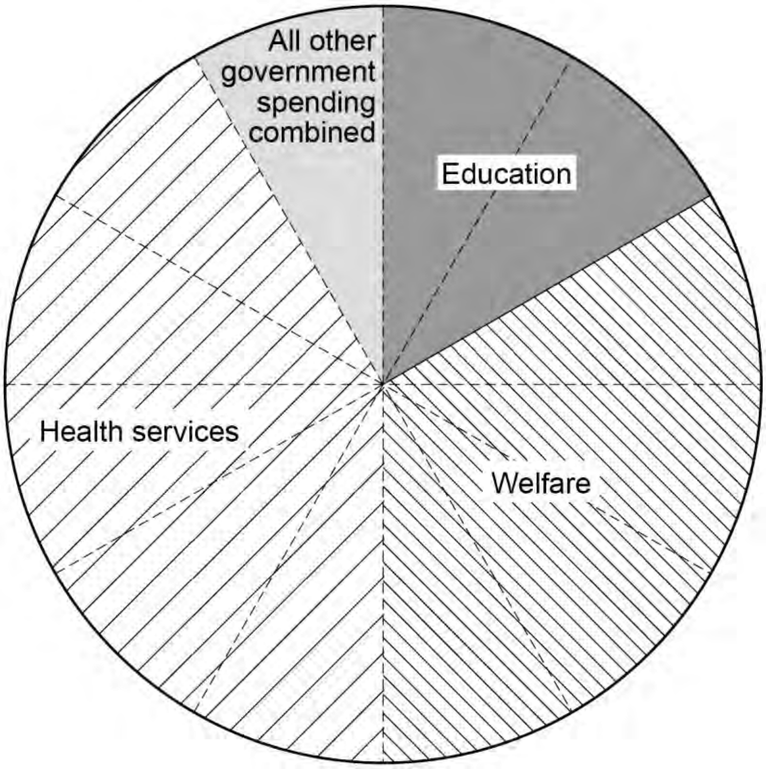
Qu	Part	Marking guidance	Total marks
19	2	Explain **one** possible effect of a rise in interest rates on UK consumers.	2
		AO1 = 2	

Marks	Description
2	Clear explanation of effect of interest rate rise on UK consumers.
1	Identification of effect of interest rate rise on UK consumers.
0	Nothing written worthy of credit.

Possible answers:

- reduced consumption due to increased cost of borrowing
- reduced consumption due to increased incentive to save
- reduced consumption due to increase in mortgage repayments
- lower confidence leading to lower spending
- increased unemployment leading to lower spending
- reduced discretionary income and effect on consumption/living standards.

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

Qu	Part	Marking guidance	Total marks
20		Use **Table 4** to complete the pie chart to show the proportions of total government spending for each of the following categories of government spending: • Health services • Education • Welfare.	3
		AO2 = 3 marks  Answer: • **1 mark** for each segment correctly drawn and labelled • **2 marks** max if no labelling present Order of segments does not matter. It is possible the correct segments will appear but not drawn on grid lines – look for size of each segment, and if it looks correct please award as correct. They do not have to stick to the grid lines for it to be correct (this will be rare though). Allow some leniency if lines drawn are free hand and not exactly aligned with grid lines (must be close enough though).	

Qu	Part	Marking guidance	Total marks
21		Using **Figure 3** and **Table 5**, assess whether governments providing more information on fitness can solve the market failure caused by lack of exercise.	9

AO2 = 3, AO3 = 6

Level	Marks	Description
3	**7–9**	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.
2	**4–6**	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.
1	**1–3**	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.
	0	Nothing written worthy of credit.

Possible answers:

Providing more information can help because:

- it explains how lack of exercise can be harmful
- methods of exercise/fitness can be shown/explained
- can promote methods that are easier/cheaper to do (eg walking, running).

Providing more information will not help because:

- people may not act on the information
- money could have been spent elsewhere – perhaps subsidising fitness products (eg gym membership)
- people may still not understand the information
- free market may solve this issue, eg via discount gyms.

		Evaluation issues: • could be expensive – is there a cheap method of providing the information (eg through schools)? • could be used alongside other methods • fitness and health are not always the same thing. **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 'seasonal unemployment'.	2
		AO1 = 2	

Marks	Description
2	Complete definition of seasonal unemployment.
1	Partial definition of seasonal unemployment.
0	Nothing written worthy of credit.

Answer:

People who are looking for work but cannot find employment due to the industry that they have worked for now being in an off-peak/off-season period.

Qu	Part	Marking guidance	Total marks
23		Using **Table 6**, calculate the UK unemployment rate for December 2023 to **one** decimal place.	3
		AO2 = 3 • (42.3 – 9.3 – 31.8)m = unemployment = 1.2m (1 mark) • unemployment rate = 1.2m/(42.3 – 9.3)m × 100 = 3.6% (3 marks) • **Two marks** if one error in calculation is present but otherwise correct (eg if denominator used is 42.3m, giving an answer of 2.8%) • **Two marks** if correct but rounding is not correct.	

Qu	Part	Marking guidance	Total marks
24		Using **Item A**, explain **two** policies that can help to reduce unemployment.	6
		AO2 = 6 Apply grid twice:	

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

Possible answers:

- monetary policy/lower interest rates
- fiscal policy/increased government spending/lower taxes
- supply-side policies, eg education and training, personal tax decreases.

Full marks can be achieved through two explanations using same policy – eg two distinct supply-side policies, or two aspects of fiscal policy.

Qu	Part	Marking guidance	Total marks
25		Using **Item B**, analyse why the UK current account of the balance of payments is normally in deficit.	6

AO2 = 2, AO3 = 4

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:

- exchange rate is too high
- UK growth is high/foreign economic growth is low
- UK export industries are as not efficient as foreign industries
- UK productivity is lower than other workforces in other countries
- barriers to foreign trade exist.

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

Qu	Part	Marking guidance	Total marks
26		Do you think that maintaining full employment should continue to be an economic priority for the UK government? Use **Item A** and **Item B** and your own economic knowledge to justify your view.	15

AO2 = 5, AO3 = 10

Level	Marks	Description
5	**13–15**	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.
4	**10–12**	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.
3	**7–9**	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.
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.

Arguments in favour:

- lower unemployment means more tax revenue received and less money spent on benefits
- lower unemployment can lead to increased economic growth
- quality of life/standard of living is higher for people if they have jobs
- social/personal benefits are greater if unemployment is lower (people's health is likely to be improved)
- unemployment generates other negative consequences
- (use of data).

Arguments against:

- unemployment is already low in the UK – historically low and also compared with other countries
- difficult to reduce much further – may not be realistic
- trade-offs/conflicts with other objectives – such as achieving balance on current account
- (use of data).

Evaluation:

- conflicts often exist when attempting to achieve multiple objectives
- reducing unemployment is important as it links with achieving growth and the elimination of poverty
- may also help reduce inequality
- unemployment is already low
- depends on how 'bad' the other objectives are at that moment
- opportunity costs of policy.

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