AQA

AS ECONOMICS

Paper 2 Specimen Assessment Material

Mark scheme

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 candidates' 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 candidates' 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 Assessment Writer.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' 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.

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 a description of the response at the middle of the level. There are marks in each level based on the division of the total number of marks for the question.

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 will help with this. The exemplar materials used during standardisation will illustrate the performance needed to achieve a specific mark. 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.

Examiners are required to assign each of the candidates' responses to the most appropriate level according to **its overall quality**, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the assessment objectives (see page 18) and be careful not to over/under credit a particular skill. For example, in questions 26 and 32 more weight should be given to AO4 than to AO1, AO2 and AO3. This will be exemplified and reinforced as part of examiner training and standardisation.

SECTION A

The following list indicates the correct answers used in marking the candidates' responses.

KEY LIST

1	B	**11**	C
2	B	**12**	C
3	B	**13**	A
4	C	**14**	D
5	D	**15**	A
6	C	**16**	A
7	D	**17**	B
8	D	**18**	B
9	A	**19**	B
10	A	**20**	C

The levels of response grid below should be used when marking the 25 mark questions.

Level of response	Response	Max 25 marks
5	**Sound, focused analysis and well-supported evaluation that:** • is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response • includes well-focused analysis with clear, logical chains of reasoning • includes supported evaluation throughout the response and in a final conclusion.	**21–25 marks**
4	**Sound, focused analysis and some supported evaluation that:** • is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response • includes some well-focused analysis with clear, logical chains of reasoning • includes some reasonable, supported evaluation.	**16–20 marks**
3	**Some reasonable analysis but generally unsupported evaluation that:** • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these are not well-supported by arguments and/or data.	**11–15 marks**
2	**A fairly weak response with some understanding that:** • includes some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely • includes some limited, application of relevant economic principles to the given context and/or data to the question • includes some limited analysis but it may lack focus and/or become confused • includes attempted evaluation which is weak and unsupported.	**6–10 marks**
1	**A very weak response that:** • includes little relevant knowledge and understanding of economic terminology, concepts and principles • includes application to the given context which, at best, is very weak • includes attempted analysis which is weak and unsupported.	**1–5 marks**

SECTION B

1 UK ECONOMIC RECOVERY **Total for this Context: 50 marks**

21 *Define 'inflation' (**Extract C**, line 19).*

[3 marks]

Level of response	Response:	Max 3 marks
3	• A full and precise definition is given.	**3 marks**
2	• The substantive content of the definition is correct, but there may be some imprecision or inaccuracy.	**2 marks**
1	• Some fragmented points made.	**1 mark**

Examples of acceptable definitions:

- a sustained increase in the price level
- a fall in the purchasing power of money
- a fall in the value of money
- an increase in the cost of living.

MAXIMUM FOR QUESTION 21: 3 MARKS

22	*In 2013, the average house price in the UK was £193 000. Using **Extract C** (line 10), calculate the predicted average house price for 2014.* ***[4 marks]***

Response	**Marks**
For a correct answer: £205 738.	**4 marks**
For omitting the £ sign: 205 738.	**3 marks**
For rounding: any figure in between £205 000 and £206 000 (with or without '£').	**2 marks**
For correct value of increase but wrong answer: £12 738. For any valid attempt at a calculation, even though the answer is incorrect.	**1 mark**

Maximum of 3 marks if the final answer is inaccurate

MAXIMUM FOR QUESTION 22: 4 MARKS

23	*Using **Extract A**, identify **two** significant features of the data, showing contribution to output and the construction industry breakdown for October 2013.* **[4 marks]**

Award up to 2 marks for <u>each</u> significant point of comparison made.

Response	Marks
Identifies a significant feature of the data. Makes accurate use of the data to support the feature identified. Unit of measurement given accurately.	**2 marks**
Identifies a significant feature of the data but no unit of measurement is given **and/or** the unit of measurement is inaccurate.	**1 mark**

If a Candidate identifies more than two significant features, reward the best two.

Significant features include:

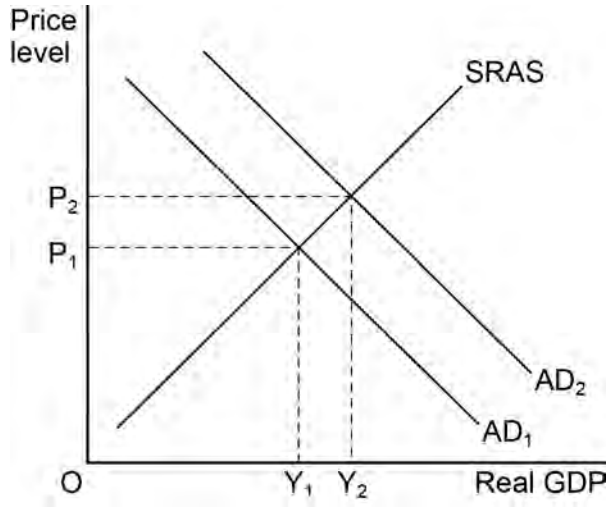
- the services sector makes the greatest contribution to output as a proportion of GDP, at 78%
- the agriculture sector makes the smallest contribution to output as a proportion of GDP, at 1%
- the services sector, with a contribution to output as a proportion of GDP at 78%, is more than three and a half times the size of the other three sectors in total at 22%
- 'all repair and maintenance work' makes up the greatest proportion of the construction industry at 36% when new construction work is separately categorised
- 'all other new public work' makes up the smallest proportion of the construction industry at 9%
- in total, 'new' work makes up the greater proportion of the construction industry at 64%.

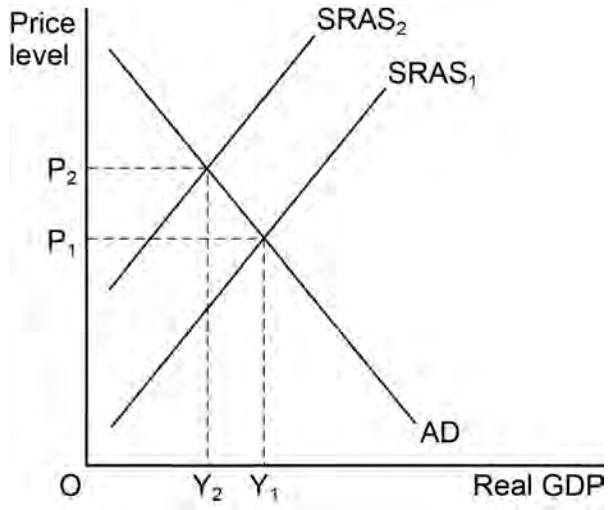
MAXIMUM FOR QUESTION 23: 4 MARKS

24 With reference to **Extract B** (lines 7–14)**,** *draw an AD/AS diagram to illustrate the likely impact of a weaker pound on the price level and national output.*

[4 marks]

The anticipated diagram involves an increase in aggregate demand/shift to the right of the aggregate demand curve as a result of an increase in exports and an indication of the resulting increases in price level and output. However, candidates may also use a diagram to illustrate a reduction in short-run aggregate supply as a result of the higher costs of imported raw materials, for example, caused by a weaker pound.





Response	Marks
Accurately drawn AD/AS diagram showing a rightwards shift in AD (or leftwards shift in SRAS), new equilibrium price level and output, eg P_2,Y_2, with both axes and all curves and coordinates correctly labelled.	**4 marks**
Accurately drawn AD/AS diagram showing a rightwards shift in AD with one label missing (axis or curve) (or leftwards shift in SRAS). **OR** Accurately drawn AD/AS diagram showing a rightwards shift in AD (or leftwards shift in SRAS) with one coordinate missing (P or Y).	**3 marks**
Accurately drawn AD/AS diagram showing an initial equilibrium point showing a rightwards shift in AD (or leftwards shift in SRAS) with two or more labels missing.	**2 marks**
Accurately drawn AD/AS diagram showing an initial equilibrium point with both axes, both original curves and both coordinates correctly labelled, eg P_1Y_1.	**1 mark**

For axes labels: Horizontal: **Real GDP, National Output, Output or Y. Quantity or Q are not acceptable.**

Vertical: **Price Level, PL, Inflation or £. Price or P are not acceptable.**

MAXIMUM FOR QUESTION 24: 4 MARKS

25 ***Extract B*** *(lines 15–17) states 'some economists argue that there is still a long way to go to improve the external performance of the economy. Improvements in productivity are absolutely vital.'*

Explain how improvements in productivity can affect the UK's trade balance.

[10 marks]

Level of response	An answer that:	Max 10 marks
3	• is well organised and develops one or more of the key issues that are relevant to the question • shows sound knowledge and understanding of relevant economic terminology, concepts and principles • includes good application of relevant economic principles and/or good use of data to support the response • includes well-focused analysis with a clear, logical chain of reasoning • may include a relevant diagram to support their explanation.	**8–10 marks**
2	• includes one or more issues that are relevant to the question • shows reasonable knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles and/or data to the question • includes some reasonable analysis but it might not be adequately developed and may be confused in places • may include a relevant diagram to support their explanation.	**4–7 marks**
1	• is very brief and/or lacks coherence • shows some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely • demonstrates very limited ability to apply relevant economic principles and/or data to the question • may include some very limited analysis but the analysis lacks focus and/or becomes confused • may include a diagram but the diagram is likely to be inaccurate in some respects or is inappropriate.	**1–3 marks**

Relevant issues include:

- what is meant by productivity and how it is measured
- what is meant by the trade balance, perhaps distinguishing between a surplus and a deficit
- productivity and efficiency
- how an improvement in productivity affects unit (or average) costs of production
- the relationship between unit costs and prices
- productivity, competitiveness and UK exports
- productivity, competitiveness and imports into the UK
- the relevance of price elasticity of demand
- factors that affect the trade balance other than productivity and price competitiveness.

MAXIMUM FOR QUESTION 25: 10 MARKS

26 ***Extract B*** *(lines 4–5) states, 'Yet there is so much more to an economy than this: the UK economy is open to a range of injections and withdrawals.'*

Using the data in the extracts and your economic knowledge, assess the possible effects on UK macroeconomic performance if exports grow more quickly than imports.

[25 marks]

Areas for discussion include:

- injections, withdrawals and the circular flow of income
- exports as an injection and imports as a withdrawal
- the main macroeconomic policy objectives
- factors that affect the growth of exports and imports
- impact on aggregate demand of exports growing more quickly than imports
- multiplier effects
- accelerator effects
- the impact on unemployment
- the impact on short-run and long-run growth
- the impact on inflation
- the possible impact on the budget balance
- the implications for different sectors of the economy, eg manufacturing, services and construction
- application to recent changes and the current state of the UK economy
- other factors that influence the performance of the economy, eg productivity and other supply-side factors.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the candidate's response to the question.

Use the levels mark scheme on page 5 to award candidates marks for this question.

MAXIMUM FOR QUESTION 26: 25 MARKS

Context 2 UK EMPLOYMENT AND UNEMPLOYMENT **Total for this Context: 50 marks**

27 *Define 'multiplier effect' (**Extract E**, line 10).*

[3 marks]

Level of response	Response:	Max 3 marks
3	• A full and precise definition is given.	**3 marks**
2	• The substantive content of the definition is correct, but there may be some imprecision or inaccuracy.	**2 marks**
1	• Some fragmented points made.	**1 mark**

Examples of acceptable definitions:

- where an initial injection into the economy leads to a greater overall increase in national income/output
- where a reduction in a withdrawal from the economy leads to a greater overall increase in national income/output
- where an increase in spending leads to a greater overall increase in national income/output.

MAXIMUM FOR QUESTION 27: 3 MARKS

28	*Using **Extract D**, calculate, to **two** decimal places, the percentage of people in employment who work part-time.* ***[4 marks]***

Response	**Marks**
For a correct answer: 26.95%.	**4 marks**
For omitting the % sign: 26.95.	**3 marks**
For rounding: any figure in between 26% and 27% (with or without '%'). For correct values but wrong answer: employment 29.87 million/part-time workers 8.05 million.	**2 marks**
For only one correct value: either employment 29.87 million OR part-time workers 8.05 million. For any valid attempt at a calculation, even though the answer is incorrect.	**1 mark**

Maximum of 3 marks if the final answer is inaccurate

MAXIMUM FOR QUESTION 28: 4 MARKS

29	*Using **Extract D**, identify **two** significant points of comparison between male and female Job Seeker's Allowance claimants (JSA) in September 2013.* ***[4 marks]***

Award up to 2 marks for <u>each</u> significant point of comparison made.

Response	Marks
Identifies a significant point of comparison. Makes accurate use of the data to support the comparison identified. Unit of measurement given accurately.	**2 marks**
Identifies a significant point of comparison but only one piece of data is given when two are needed **and/or** no unit of measurement is given **and/or** the unit of measurement is inaccurate **and/or** the wrong date is given. **OR** Identifies a significant feature of one data series with accurate use of the data (including the unit of measurement) but no comparison is made.	**1 mark**

If a candidate identifies more than two significant points of comparison, reward the best two.

Significant points include:

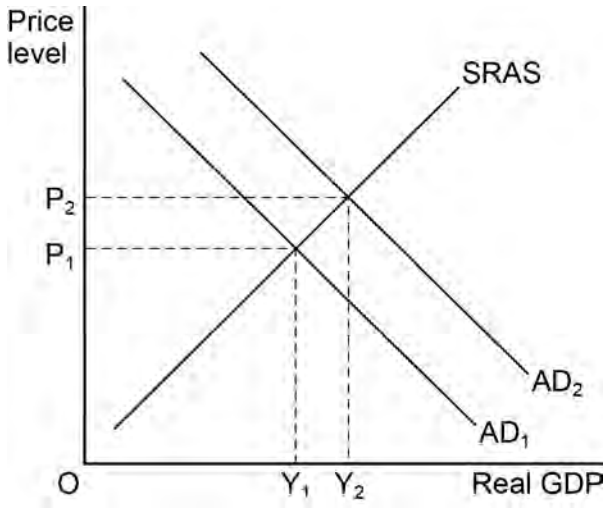
- overall there are more men claiming JSA than women, 877 000 men and 471 200 women
- within all age ranges there are more men claiming JSA than women, for example, age range 25–49, 492 000 men and 267 100 women
- men aged 25–49 make up the largest proportion of JSA claimants at 492 700
- women aged 50+ make up the smallest proportion of JSA claimants at 82 700
- the number of men aged 25–49 claiming JSA is greater than the total number of women claiming JSA, 492 700 men are aged between 25–49, whilst the total number of women is only 471 200
- the greatest absolute difference in the number of JSA claimants is within the age range 25–49, with a difference of 225 600 (492 700–267 100)
- the smallest absolute difference in the number of JSA claimants is within the age range 50+, with a difference of 73 000 (155 700–82 700).

MAXIMUM FOR QUESTION 29: 4 MARKS

30 Using **Extract F,** *draw an AD/AS diagram to illustrate the likely short-run effects of a rise in confidence on the price level and national output.*

[4 marks]

The anticipated diagram involves an increase in aggregate demand/shift to the right of the aggregate demand curve and an indication of the resulting increases in price level and output.



Response	Marks
Accurately drawn AD/AS diagram showing a rightwards shift in AD, new equilibrium price level and output, eg P_2,Y_2, with both axes and all curves and coordinates correctly labelled.	**4 marks**
Accurately drawn AD/AS diagram showing a rightwards shift in AD with one label missing (axis or curve). **OR** Accurately drawn AD/AS diagram showing a rightwards shift in AD with one coordinate missing (P or Y).	**3 marks**
Accurately drawn AD/AS diagram showing an initial equilibrium point showing a rightwards shift in AD with two or more labels missing.	**2 marks**
Accurately drawn AD/AS diagram showing an initial equilibrium point with both axes, both original curves and both coordinates correctly labelled, eg P_1Y_1.	**1 mark**

For axes labels: Horizontal: **Real GDP, National Output, Output or Y. Quantity or Q are not acceptable.**
Vertical: **Price Level, PL, Inflation or £. Price or P are not acceptable.**

MAXIMUM FOR QUESTION 30: 4 MARKS

31 ***Extract F*** *(lines 7–8) states that 'This is a move away from the more familiar role of interest rates, which has been to control inflation.'*

Explain how monetary policy can be used to control inflation.

[10 marks]

Level of response	An answer that:	Max 10 marks
3	• is well organised and develops one or more of the key issues that are relevant to the question • shows sound knowledge and understanding of relevant economic terminology, concepts and principles • includes good application of relevant economic principles and/or good use of data to support the response • includes well-focused analysis with a clear, logical chain of reasoning • may include a relevant diagram to support their explanation.	**8–10 marks**
2	• includes one or more issues that are relevant to the question • shows reasonable knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles and/or data to the question • includes some reasonable analysis but it might not be adequately developed and may be confused in places • may include a relevant diagram to support their explanation.	**4–7 marks**
1	• is very brief and/or lacks coherence • shows some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely • demonstrates very limited ability to apply relevant economic principles and/or data to the question • may include some very limited analysis but the analysis lacks focus and/or becomes confused • may include a diagram but the diagram is likely to be inaccurate in some respects or is inappropriate.	**1–3 marks**

Relevant issues include:

- the nature of monetary policy and the role of the Bank of England
- what is meant by inflation
- demand-pull and cost-push inflation
- why and how interest rates affect aggregate demand
- the relationship between credit, the money supply and inflation
- how the exchange rate affects demand-pull and cost-push inflation
- monetary policy, output gaps and inflation
- monetary policy, expectations and inflation.

MAXIMUM FOR QUESTION 31: 10 MARKS

32 ***Extract E*** *(lines 11–12) states that 'the unemployment rate as measured by the Labour Force Survey remains stubbornly high at 7.7%.'*

Using the data in the extracts and your economic knowledge, evaluate different policies that could be used to reduce the rate of unemployment in the UK.

[25 marks]

Areas for discussion include:

- measuring unemployment
- recent trends in unemployment in the UK
- causes of unemployment
- the effectiveness of individual policies depends on the causes of unemployment
- demand-side policies to reduce cyclical unemployment, ie expansionary monetary and fiscal measures
- the pros and cons of expansionary fiscal policy, eg the impact on the national debt, can compensate for a lack of private spending in a serious recession, some tax cuts and areas of government spending may have beneficial supply-side consequences
- the pros and cons of expansionary monetary policy, eg may be ineffective when confidence is low and/or household debts are high, low exchange adds to inflationary pressures and reduces living standards, quite flexible and is likely to benefit households with mortgages
- multiplier and accelerator effects of demand-side policies
- pros and cons of changes to the tax-benefit system designed to reduce 'voluntary' unemployment
- pros and cons measures designed to improve the occupational and geographical mobility of labour, eg government training schemes and housing market reforms
- the pros and cons of labour market reforms, eg changes to the National Minimum Wage, trade union reforms
- the pros and cons of other free-market and interventionist supply-side policies designed to stimulate investment, improve competitiveness and create jobs, eg cuts in corporation tax, reducing regulations and red-tape, industrial policy, subsidising research and development
- possible conflicts with other policy objectives, including the deficit-reduction target
- equity considerations
- the current state of the domestic and world economy and the impact on the effectiveness of policies designed to reduce unemployment
- external shocks and the effectiveness of such policies.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the candidate's response the question.

Use the levels mark scheme on page 5 to award candidates marks for this question.

MAXIMUM FOR QUESTION 32: 25 MARKS

Assessment Objectives

MCQs

Specification section	AO1 (K+U)	AO2 (Application)	AO3 (Analysis)	Total
2.1		1	-	1
2.2	1	5	-	6
2.3	4	1	2	7
2.4	4	-	2	6
TOTAL	**9**	**7**	**4**	**20**

Context 1 and 2

	A01	A02	A03	A04	
Section B					**TOTAL**
Context 1					
21	3				**3**
22	2	2			**4**
23		4			**4**
24	2	2			**4**
25	2	3	5		**10**
26	3	5	6	11	**25**
Context 2					
27	3				**3**
28	2	2			**4**
29		4			**4**
30	2	2			**4**
31	2	3	5		**10**
32	3	5	6	11	**25**
MCQs	9	7	4		
DRQ	12	16	11	11	
Paper total	**21**	**23**	**15**	**11**	**70**



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3 September 2014