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AQA AS ECONOMICS: QUESTIONS BY TOPIC

The Measurement of Macroeconomic Performance

AQA AS Economics 7135 — Topic 4.2.1

48 questions · 122 marks · Mark schemes included

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HOW TO USE THIS BOOKLET

Questions are grouped by specification sub-topic and run from the lowest mark tariff to the highest within each one.

Click any row below to jump straight to that sub-topic or question.

On every question page, click ANSWER in the top-right corner to jump to its mark scheme.

Diagrams, graphs, tables and data are printed exactly as they appeared in the original papers.

QUESTION	SOURCE	MARKS	PAGE
4.2.1.1 THE OBJECTIVES OF GOVERNMENT ECONOMIC POLICY		8 Qs · 28 marks	4
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2. Q21	AS Paper 2, Context 1 June 2019	3	6
3. Q23	AS Paper 2, Context 1 June 2017	4	7
4. Q29	AS Paper 2, Context 2 June 2018	4	8
5. Q28	AS Paper 2, Context 2 June 2019	4	9
6. Q22	AS Paper 2, Context 1 November 2020	4	10
7. Q23	AS Paper 2, Context 1 November 2020	4	11
8. Q29	AS Paper 2, Context 2 November 2020	4	12
4.2.1.2 MACROECONOMIC INDICATORS		36 Qs · 90 marks	13
9. Q04	AS Paper 2, Section A (MCQ) June 2017	1	14
10. Q08	AS Paper 2, Section A (MCQ) June 2017	1	15
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15. Q13	AS Paper 2, Section A (MCQ) June 2018	1	20
16. Q20	AS Paper 2, Section A (MCQ) June 2018	1	21
17. Q01	AS Paper 2, Section A (MCQ) June 2019	1	22
18. Q03	AS Paper 2, Section A (MCQ) June 2019	1	23
19. Q05	AS Paper 2, Section A (MCQ) June 2019	1	24
20. Q09	AS Paper 2, Section A (MCQ) June 2019	1	25
21. Q10	AS Paper 2, Section A (MCQ) June 2019	1	26
22. Q11	AS Paper 2, Section A (MCQ) June 2019	1	27
23. Q18	AS Paper 2, Section A (MCQ) June 2019	1	28
24. Q07	AS Paper 2, Section A (MCQ) June 2022	1	29
25. Q08	AS Paper 2, Section A (MCQ) June 2022	1	30
26. Q17	AS Paper 2, Section A (MCQ) June 2022	1	31
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28. Q17	AS Paper 2, Section A (MCQ) June 2023	1	33
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QUESTION	SOURCE	MARKS	PAGE
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34. Q24	AS Paper 2, Context 1 June 2017	4	39
35. Q28	AS Paper 2, Context 2 June 2017	4	40
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38. Q23	AS Paper 2, Context 1 June 2022	4	43
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QUESTIONS

48 questions · 122 marks · 3 sub-topics



SUB-TOPIC 4.2.1.1

THE OBJECTIVES OF GOVERNMENT ECONOMIC POLICY

Sub-topic 4.2.1.1 · 8 questions · 28 marks · lowest tariff first



5

*Do not write
outside the
box***0 5**

Which one of the following would be most likely to generate growth in an economy without producing an increase in inflation?

A A decrease in the exchange rate

☐

B An increase in labour productivity

☐

C An increase in the budget surplus

☐

D An increase in the rate of interest

☐**[1 mark]****0 6**

Which one of the following is an objective of UK government macroeconomic policy?

A A fall in the supply of money

☐

B A stable labour force

☐

C An increase in real GDP per head

☐

D Low interest rates

☐**[1 mark]**

Turn over for the next question



0 5

Turn over ►

IB/G/Jun17/7135/2

12

Section B

Look at the insert and choose to answer **EITHER** Context 1 **OR** Context 2.

Answer **EITHER** Questions 21 to 26 in the spaces below

OR

Questions 27 to 32 on pages 23 to 32 of this answer booklet.

There is a total of 50 marks for either context.

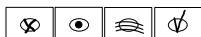
*Do not write
outside the
box*

Shade the circle below to indicate which context you have answered.

Context **0 1** ☐

Context **0 2** ☐

WRONG METHODS



CORRECT METHOD

**EITHER****Context 1**

Total for this context: 50 marks

ARTIFICIAL INTELLIGENCE

Use the insert provided to study **Questions 21 to 26** and **Extracts A, B and C**, and then answer the questions in the spaces which follow.

2 1 Define 'investment' **Extract C** (line 15).

[3 marks]



IB/M/Jun19/7135/2

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box

2	2	The price of a television is £500 without VAT. Use Extract C to calculate the decrease in the amount of VAT that would have to be paid on this television as a result of the tax cut introduced by Alistair Darling. [4 marks]
2	3	Use Extract A to identify two significant points of comparison between the growth of mortgage lending and the growth of consumer credit over the period shown. [4 marks] Comparison 1 Extra space Comparison 2 Extra space

28

Use **Extract D** to calculate the median amount of funding allocated to the local enterprise partnerships in the Northern Powerhouse.

[4 marks]

29

Use **Extract D** to identify **two** significant features of the funding allocated to the Northern Powerhouse.

[4 marks]

Feature 1

Feature 2

Extra space

Do not write
outside the
box

23

Do **NOT** answer Context 2 if you have answered Context 1.Do not write
outside the
box

OR

Context 2

Total for this context: 50 marks

UK EXPORTS

Use the insert provided to study **Questions 27 to 32** and **Extracts D, E and F**, and then answer the questions in the spaces which follow.

2 7 Define 'disinflation' **Extract F** (line 12).**[3 marks]**

2 8 Use **Extract D** to calculate the UK's **mean** trade balance with the selected non-EU countries in 2016.**[4 marks]**

Turn over ►



IB/M/Jun19/7135/2

13

2 2

Use **Extract B** to calculate, to **two** decimal places, the ratio of internet sales to £1 worth of all retail sales in November 2013.

[4 marks]

*Do not write
outside the
box*

Turn over for the next question

Turn over ►



IB/M/Jun20/7135/2

14

2 3

Use **Extract A** to identify **two** significant points of comparison between the percentage change in the value of all retail sales and internet sales over the period shown.

[4 marks]

*Do not write
outside the
box*

Comparison 1 _____

Extra space _____

Comparison 2 _____

Extra space _____



IB/M/Jun20/7135/2

29

Use **Extract D** to identify **two** significant points of comparison between the percentage change in UK car production for export and home markets over the period shown. **[4 marks]**

Do not write
outside the
box

Comparison 1 _____

Extra space _____

Comparison 2 _____

Extra space _____



SUB-TOPIC 4.2.1.2

MACROECONOMIC INDICATORS

Sub-topic 4.2.1.2 · 36 questions · 90 marks · lowest tariff first



4

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0 3

Which one of the following is not part of the role of the Monetary Policy Committee of the Bank of England?

A Achieving the target rate of inflation

☐

B Changing Bank Rate

☐

C Reviewing various pieces of macroeconomic data

☐

D Setting the target rate for inflation

☐

[1 mark]

0 4

The table below shows the components of gross domestic product (GDP) for an economy in 2016.

	£bn
Consumption	850
Imports	210
Government expenditure	300
Investment	180
Exports	230

Aggregate demand in the economy is

A £1310bn

☐

B £1350bn

☐

C £1560bn

☐

D £1770bn

☐

[1 mark]



0 4

IB/G/Jun17/7135/2

6

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0 7

The table below shows annual income before tax for three different households and the total annual amount of income tax that each household pays.

Household income before tax	Income tax
£18 000	£7 000
£40 000	£12 000
£80 000	£22 400

This income tax is

A flat rate.

☐

B progressive.

☐

C proportional.

☐

D regressive.

☐

[1 mark]

0 8

The annual rate of change in the consumer prices index for an economy falls from 6% to 3%. All other things being equal, this economy is best described as

A entering a positive output gap.

☐

B entering a recovery period.

☐

C experiencing deflation.

☐

D experiencing disinflation.

☐

[1 mark]



0 6

IB/G/Jun17/7135/2

8

Do not write
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1 1

All other things being equal, under which of the following circumstances is an economy most likely to experience deflation?

	Exchange rate	Labour productivity	Employment	
A	Falling	Falling	Rising	☐
B	Falling	Rising	Falling	☐
C	Rising	Falling	Rising	☐
D	Rising	Rising	Falling	☐

[1 mark]

1 2

In an economy, the government reduced its spending by £4bn at the same time as exports rose by £20bn. As a result of these changes, national income rose by £20bn. The size of the multiplier is

- A 0.75 ☐
- B 1 ☐
- C 1.2 ☐
- D 1.25 ☐

[1 mark]

1 3

An economy has a surplus on the current account of its balance of payments. Under which of the following circumstances is the economy most likely to experience a reduction in its current account surplus?

	Growth in the world economy	Domestic inflation	Domestic productivity	
A	Falling	Rising	Falling	☐
B	Falling	Falling	Falling	☐
C	Rising	Falling	Falling	☐
D	Rising	Rising	Rising	☐

[1 mark]



0 8

IB/G/Jun17/7135/2

8

Do not write
outside the
box

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[1 mark]

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B	Falling	Falling	Falling	☐
C	Rising	Falling	Falling	☐
D	Rising	Rising	Rising	☐

[1 mark]



0 8

IB/G/Jun17/7135/2

7

1 1

A country has a deficit on the current account of its balance of payments. This means that

A the country must have a deficit on the balance of trade in goods and services.

☐

B the net value of trade in goods and services plus the net value of primary and secondary income must be negative.

☐

C the value of all outflows from the country must be less than the value of all inflows.

☐

D the value of exports of goods must be less than the value of imports of goods.

☐**[1 mark]****1 2**

The table below shows the index of real GDP for the UK before and after the 2008–09 financial crisis.

	2007	2008	2009	2010	2011
UK index of real GDP 2009 = 100	105.2	104.1	100.0	101.8	102.7

From the data it can be inferred that in the UK

A real GDP fell by 2.5% between 2007 and 2011.

☐

B the annual rate of inflation was minus 1.1% in 2008.

☐

C the rate of economic growth was lower in 2011 than in 2010.

☐

D total output of the economy fell by 5.2% between 2007 and 2009.

☐**[1 mark]**

Turn over for the next question

Turn over ►



0 7

IB/M/Jun18/7135/2

7

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D total output of the economy fell by 5.2% between 2007 and 2009.

☐**[1 mark]**

Turn over for the next question

Turn over ►



0 7

IB/M/Jun18/7135/2

8

1 3

A government is planning to reduce its budget deficit by increasing taxes on tobacco and reducing spending on defence.

These policies are most likely to

A change the pattern of economic activity in the long run.

☐

B increase inflation in the long run.

☐

C increase the level of economic activity in the short run.

☐

D reduce exports in the short run.

☐

[1 mark]

1 4

The table below shows four possible sets of circumstances for the UK economy. Which set of circumstances is most likely to cause the Monetary Policy Committee of the Bank of England to raise bank rate?

	Output gap	Exchange rate	
A	negative	falling	☐
B	negative	rising	☐
C	positive	falling	☐
D	positive	rising	☐

[1 mark]

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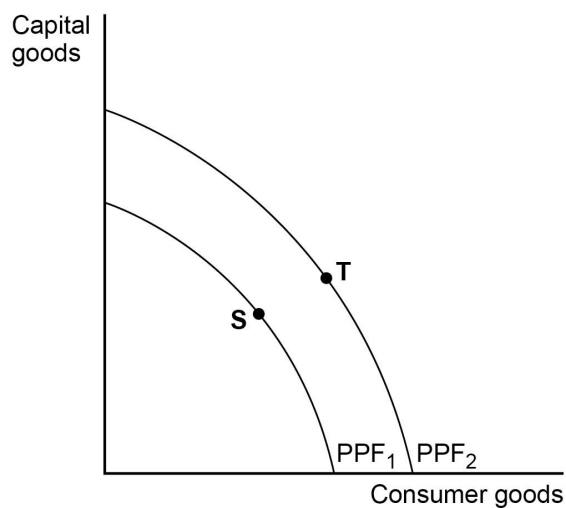
0 8

IB/M/Jun18/7135/2

12

2 0

The diagram below shows two production possibility frontiers (PPF) for an economy.



The economy improves its macroeconomic performance by moving from point S to point T. This is most likely to represent

A greater income equality.

☐

B higher real national income.

☐

C lower inflation.

☐

D lower unemployment.

☐

[1 mark]

20

**QUESTION 20 IS THE
LAST QUESTION IN SECTION A**



1 2

IB/M/Jun18/7135/2

2

Section AAnswer **all** questions in this section.Do not write
outside the
boxOnly **one** answer per question is allowed.

For each answer completely fill in the circle alongside the appropriate answer.

CORRECT METHOD



WRONG METHODS

If you want to change your answer you must cross out your original answer as shown. If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown. **0 1** When an economy goes into a recession, there is most likely to be a**A** growing balance of payments deficit.☐**B** positive output gap.☐**C** reduction in real GDP.☐**D** rise in inflation.☐**[1 mark]****0 2** Economic growth in the US increases from 2% to 5% a year. This is most likely to represent for the UK a**A** negative demand-side shock.☐**B** negative supply-side shock.☐**C** positive demand-side shock.☐**D** positive supply-side shock.☐**[1 mark]****Turn over ►**

0 2

IB/M/Jun19/7135/2

3

0 3

Which one of the following is a true statement about the Labour Force Survey (LFS) measure of unemployment? The LFS measure of unemployment includes

- A** part-time workers who would like to work full-time. ☐
- B** people who are claiming unemployment benefits. ☐
- C** people who would like a job but who are not currently looking for one. ☐
- D** students at university searching for a job starting after they have graduated. ☐

[1 mark]

0 4

The table shows income and expenditure on goods and services for four workers for the tax year ending April 2018.

Worker	Income £	Expenditure £
Alice	56 000	27 000
Jennie	17 000	19 000
Meshaal	45 000	35 000
Thavid	100 000	21 000

The government has set a proportional income tax rate of 25% and a tax on all expenditure of 15%. Which one of the following statements is true?

During the tax year ending April 2018 the

- A** burden of total tax, measured as a percentage of income, was highest for Jennie. ☐
- B** gap in income between Meshaal and Thavid remained the same before and after paying income tax. ☐
- C** tax on expenditure was not regressive as all four workers faced the same rate of tax. ☐
- D** worker who made the greatest contribution to government tax revenue was Alice. ☐

[1 mark]

Turn over for the next question

Turn over ►



0 3

IB/M/Jun19/7135/2

4

0 5

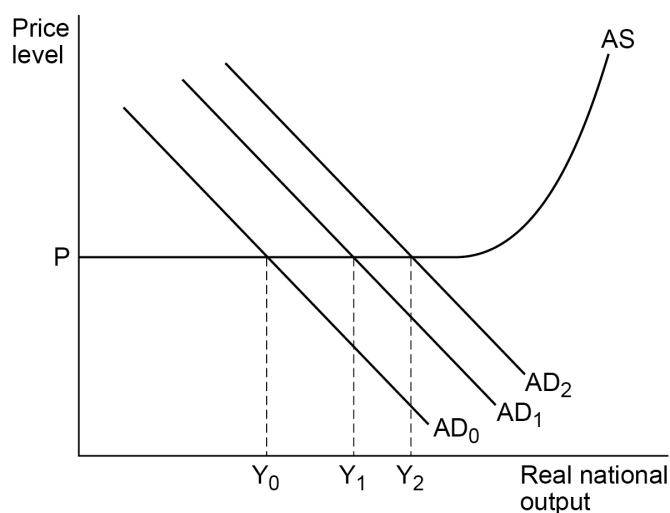
The government of an economy implements an expansionary fiscal policy, increasing government spending and cutting taxes. In the short run, such a policy is likely to result in a conflict between which of the following macroeconomic objectives?

- A** Increasing economic growth and reducing unemployment. ☐
- B** Preventing deflation and reducing the surplus on the current account of the balance of payments. ☐
- C** Preventing deflation and reducing unemployment. ☐
- D** Reducing the deficit on the current account of the balance of payments and increasing economic growth. ☐

[1 mark]

0 6

The diagram below shows the multiplier effect of an increase in investment that at first causes aggregate demand (AD) to shift from AD_0 to AD_1 and subsequently to AD_2 .



Which one of the following shows the size of the multiplier effect that has occurred?

- A** $Y_0 Y_1$ divided by $Y_0 Y_2$ ☐
- B** $Y_0 Y_2$ divided by $Y_0 Y_1$ ☐
- C** $Y_0 Y_2$ divided by $Y_1 Y_2$ ☐
- D** $Y_1 Y_2$ divided by $Y_0 Y_1$ ☐

[1 mark]



0 4

IB/M/Jun19/7135/2

6

09

The table below shows a selection of items from a country's balance of payments on current account.

	£ billion
Balance of trade in goods	–124
Primary income balance	+40
Secondary income balance	–13

If the country has a current account deficit of £84 billion, its balance of trade in services has a

- A** deficit of £13 billion.
B deficit of £40 billion.
C surplus of £13 billion.
D surplus of £40 billion.

☐☐☐☐

[1 mark]

10

Which one of the following statements about supply-side policies and supply-side improvements is true?

- A** Supply-side improvements do not affect the balance of payments on current account
B Supply-side improvements often originate in the private sector
C Supply-side policies have no impact on the budget balance
D Supply-side policies work by leaving incentives unchanged

☐☐☐☐

[1 mark]

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06

IB/M/Jun19/7135/2

6

09

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Primary income balance	+40
Secondary income balance	–13

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☐☐☐☐

[1 mark]

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☐☐☐☐

[1 mark]

Do not write
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06

IB/M/Jun19/7135/2

7

- 1 1** The following table shows real GDP for a small economy over two years.

	Real GDP £ billion
2015	31
2016	35

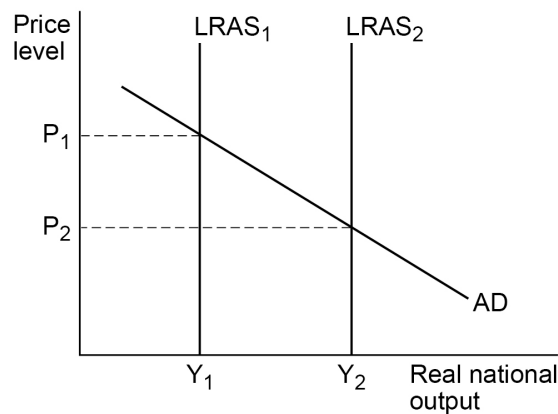
If 2016 is the base year, the index number for real GDP in 2015, to the nearest whole number, would be

- A 89
B 96
C 104
D 113

☐☐☐☐

[1 mark]

- 1 2** In the diagram below, as a result of the government implementing a new industrial policy, the long-run aggregate supply curve shifts from $LRAS_1$ to $LRAS_2$



The shift in LRAS suggests that the industrial policy is most likely to have

- A caused firms to be more innovative.
B created a positive output gap.
C reduced employment and inflation.
D reduced imports and exports.

☐☐☐☐

[1 mark]

Turn over ►



0 7

IB/M/Jun19/7135/2

10

1 | 8

An economy has a deficit on the current account of the balance of payments. Which one of the following sets of circumstances is most likely to lead to a reduction in the economy's current account deficit?

	Output gap	Inflation in other countries	Domestic productivity	
A	Negative	Falling	Falling	☐
B	Negative	Rising	Rising	☐
C	Positive	Falling	Rising	☐
D	Positive	Rising	Falling	☐

[1 mark]**1 | 9**

Which one of the following sets of circumstances is most likely, other things remaining the same, to lead to demand-pull and cost-push inflation in an economy?

- A** A depreciation in the exchange rate, and a reduction in the government's budget surplus ☐
- B** Labour productivity growth in the economy accelerates, and interest rates fall ☐
- C** The minimum wage is increased, and business confidence in the economy falls ☐
- D** World demand for commodities increases, and the economy's trade surplus becomes smaller ☐

[1 mark]

*Do not write
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IB/M/Jun19/7135/2

5

0 7

Index numbers for real GDP per head for Country X and Country Y, are shown in **Table 1**.Do not write
outside the
box**Table 1**

Year	Country X	Country Y
2016	100	100
2017	102	104
2018	101	103
2019	105	107

From **Table 1** it can be concluded that real GDP per head

- A** grew at the same rate between 2018 and 2019 in both countries.
- B** grew every year throughout the period in both countries.
- C** rose faster in Country X between 2017 and 2019.
- D** was higher in Country Y than in Country X from 2017 to 2019.

☐☐☐☐**[1 mark]**

0 8

Nominal GDP for an economy fell from £318 billion to £310 billion. Average prices also fell over the same period. It can be concluded that

- A** deflation resulted in a recession.
- B** output fell, but by less than £8billion.
- C** real GDP was lower at the end of the period.
- D** real incomes may have risen or fallen.

☐☐☐☐**[1 mark]****Turn over for the next question****Turn over ►**

0 5

IB/M/Jun22/7135/2

5

0 7

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Do not write
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box

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☐☐☐☐**[1 mark]**

Turn over for the next question

Turn over ►



0 5

IB/M/Jun22/7135/2

10

*Do not write
outside the
box*

1 6 A government cuts the rate of corporation tax from 30% to 15%.
This policy is most likely intended to

- A** decrease the level of savings.
- B** improve labour mobility.
- C** reduce investment from overseas companies.
- D** stimulate supply-side improvements.

☐☐☐☐**[1 mark]**

1 7 An economy has a deficit on the current account of its balance of payments.
Which one of the following sets of circumstances is most likely to cause the deficit
to increase?

- A** A depreciating exchange rate and lower unemployment
- B** Better supply-side policies and lower interest rates
- C** Expansionary fiscal policy and a stronger exchange rate
- D** Increased labour productivity and lower interest rates

☐☐☐☐**[1 mark]**

1 8 An economy experiencing a high rate of short-run economic growth is likely to have an
increase in

- A** firms' spare capacity.
- B** job vacancies.
- C** spending on unemployment benefits.
- D** the real value of money.

☐☐☐☐**[1 mark]**

IB/M/Jun22/7135/2

9

1 2

Table 4 shows the percentage change in real GDP in an economy in the four years 2016 to 2019.

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Table 4

Year	Change in real GDP (%)
2016	4.2
2017	3.1
2018	2.6
2019	1.1

Over the period 2016 to 2019, which one of the following can be concluded from **Table 4**?
[1 mark]

- A** Aggregate demand decreased ☐
- B** Real national income increased ☐
- C** Structural unemployment increased ☐
- D** The inflation rate decreased ☐

1 3

The national debt is the sum of all past and current borrowing, less repayments, undertaken by

[1 mark]

- A** firms and government. ☐
- B** firms, government and households. ☐
- C** government. ☐
- D** households and firms. ☐

Turn over ►



IB/M/Jun23/7135/2

11

1 | 7

An economy is experiencing deflation and high employment.

The most likely cause of this situation is a

[1 mark]

A deficit on the balance of payments.

☐

B government budget surplus.

☐

C negative demand-side shock.

☐

D positive supply-side shock.

☐**1 | 8**

Which one of the following is an example of a contractionary fiscal policy designed to reduce inflation while, at the same time, minimising the negative impact on the economy's potential for long-run economic growth?

[1 mark]

A A decrease in the budget deficit and replacement of a sugar tax with a tax on savings

☐

B An increase in interest rates and replacement of food subsidies with subsidies for innovation

☐

C An increase in the budget surplus and a switch from spending on pensions to spending on new airports

☐

D Restrictions on bank lending and a switch from spending on arts degrees to spending on apprenticeships

☐

Turn over for the next question

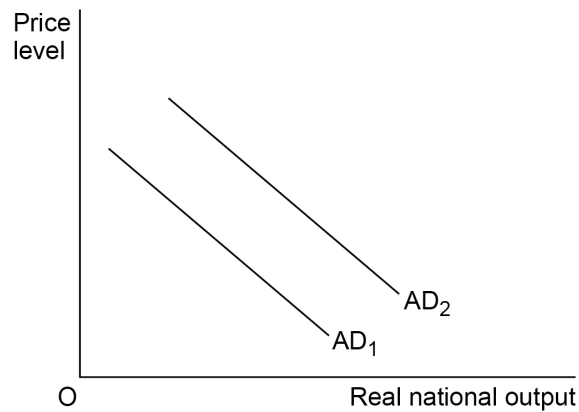
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IB/M/Jun23/7135/2

3

0 3

Figure 1 shows aggregate demand (AD) curves for an economy.Do not write
outside the
box**Figure 1**

Which **one** of the following is most likely to cause the aggregate demand curve to shift from AD_1 to AD_2 ?

- A** A fall in imports
- B** A fall in the price level
- C** A reduction in the budget deficit
- D** A rise in the exchange rate

☐☐☐☐**[1 mark]**

0 4

Which **one** of the following statements about the consumer price index (CPI) is correct?

- A** A fall in the CPI means that the real value of money is falling
- B** An increase in the CPI means that the rate of inflation is rising
- C** The CPI measures changes in the prices of goods and services bought by households
- D** The weights used in the CPI reflect changes in the quality of goods and services

☐☐☐☐**[1 mark]****Turn over ►**

IB/M/Jun20/7135/2

4

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0 5

An economy has recently recovered from a recession and closed its negative output gap. The government would now like to increase the trend rate of economic growth.

Which **one** of the following policies is likely to be the most effective?

A Expansionary fiscal policy

☐

B Expansionary monetary policy

☐

C Redistributive policies

☐

D Supply-side policies

☐

[1 mark]

0 6

The government invests £1 billion in an extension to the motorway network. As a result, in addition to this initial investment, national income increases by a further £2 billion.

What is the value of the multiplier?

A 0.5

☐

B 1

☐

C 2

☐

D 3

☐

[1 mark]

0 7

An economy is experiencing short-run economic growth accompanied by falling unemployment. This is due to rising aggregate demand following the introduction of an expansionary fiscal policy.

Which **one** of the following is most likely to help the economy avoid rising inflation?

A A fall in the exchange rate and falling productivity

☐

B A fall in the exchange rate and rising productivity

☐

C A rise in the exchange rate and falling productivity

☐

D A rise in the exchange rate and rising productivity

☐

[1 mark]



0 4

IB/M/Jun20/7135/2

6

0 9

A government wishes to reduce the surplus on the current account of the balance of payments. Which **one** of the following sets of policies is likely to be the most successful?

	Change in the exchange rate	Change in the budget surplus
A	Decrease	Decrease
B	Decrease	Increase
C	Increase	Decrease
D	Increase	Increase

☐☐☐☐**[1 mark]****1 0**

In which **one** of the following situations is there most likely to be cyclical unemployment in an economy?

A Absence of an output gap☐**B** Generous unemployment benefits☐**C** Many firms with excess capacity☐**D** Widespread investment in labour-saving equipment☐**[1 mark]****1 1**

At the start of the year, the national debt for an economy was £920 billion. In the previous year, the budget deficit was £60 billion. In the current year, government spending is projected to fall by £20 billion and tax revenues to increase by £10 billion from last year's levels.

Other things remaining equal, the expected size of the national debt at the end of the current year is

A £890 billion.☐**B** £950 billion.☐**C** £960 billion.☐**D** £980 billion.☐**[1 mark]**

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0 6

IB/M/Jun20/7135/2

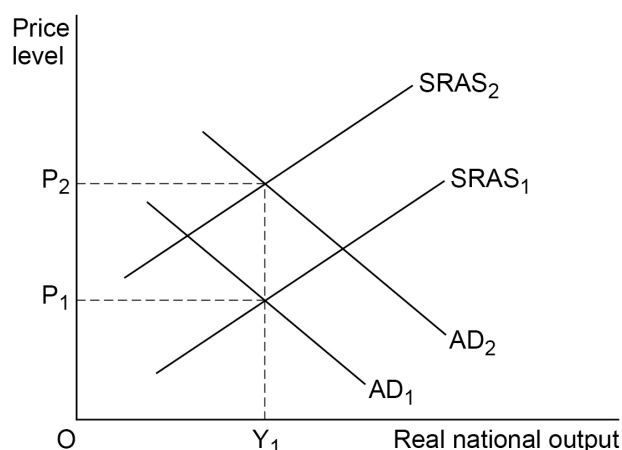
7

1 | 2

Figure 3 shows an economy's aggregate demand (AD) and short-run aggregate supply (SRAS) curves.

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Figure 3



The initial equilibrium price level is at OP_1 . Which **one** of the following is most likely to be responsible for both the cost-push and demand-pull inflationary pressures that raise the price level to OP_2 ?

A A fall in interest rates

☐

B A fall in the exchange rate

☐

C A rise in direct taxes

☐

D A rise in indirect taxes

☐

[1 mark]

1 | 3

Other things remaining the same, the current account deficit of an economy's balance of payments is most likely to

A become smaller as domestic inflation falls below foreign inflation rates.

☐

B deteriorate when there is an upturn in economic activity overseas.

☐

C improve when there is a rise in the exchange rate.

☐

D increase when there is an improvement in the economy's international competitiveness.

☐

[1 mark]

Turn over ►



0 7

IB/M/Jun20/7135/2

11

1 9

If the current account of the balance of payments is in surplus, then

- A** the exchange rate of the country's currency must be appreciating.
- B** the net value of trade in goods and services plus the net value of primary and secondary income must be positive.
- C** the total of all money flows into the economy must be greater than the total of all money flows out.
- D** the value of exports of goods and services must be greater than the value of imports of goods and services.

☐☐☐☐**[1 mark]****2 0**

The level of unemployment in an economy has fallen. The most likely cause is

- A** a reduction in firms' profits.
- B** a rise in the retirement age.
- C** an increase in immigration.
- D** lower mortgage interest rates.

☐☐☐☐**[1 mark]***Do not write
outside the
box***20****END OF SECTION A****Turn over ►**

IB/M/Jun20/7135/2

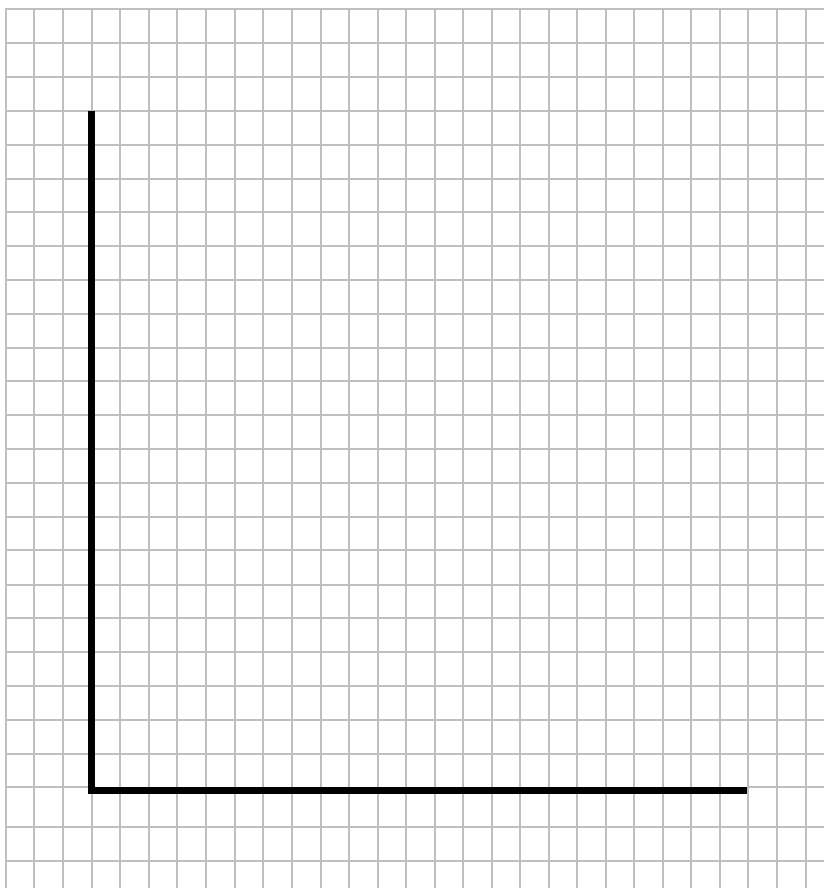
14

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2	4
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Extract B (lines 8–10) states ‘House prices have been rising over the past few years and this has increased homeowners’ wealth.’

Draw an AD/AS diagram to show the impact of an increase in household wealth on both real national income and the price level.

[4 marks]

Turn over for the next question.



IB/G/Jun17/7135/2

22

Do not write
outside the
boxDo **NOT** answer Context 2 if you have answered Context 1.**OR****Context 2****Total for this Context: 50 marks****UK WAGES AND COMPETITIVENESS**

Use the insert provided to study **questions 27 to 32** and **Extracts D, E and F**, and then answer the questions in the spaces which follow.

2 7

Define the term 'deficit on the balance of trade in goods and services' **Extract E** (line 14).

[3 marks]

Extra space

2 8

Use **Extract E** to calculate, to **two** decimal places, the percentage change in the median real wage between 2004 and 2015.

[4 marks]



IB/G/Jun17/7135/2

22

Assume that the increase in national income as a result of the proposed Heathrow airport expansion is £29 billion.

Use **Extract C** to calculate, to one decimal place, the value of the multiplier.

[4 marks]

23

Use **Extract A** to identify **two** significant features of the changes in the sterling exchange rate over the period shown.

[4 marks]

Feature 1

Feature 2

Extra space

Do not write
outside the
box

2 2

If UK GDP was equal to £2073 billion in 2017, use **Extract A** to calculate, to the **nearest billion**, the value of UK GDP in 2018.

[4 marks]

Turn over for the next question

Do not write
outside the
box

Turn over ►



IB/M/Jun22/7135/2

14

2 3

Use **Extract A** to identify **two** significant points of comparison between the growth rates of the UK and Germany over the period shown.

[4 marks]

Comparison 1 _____

Extra space _____

Comparison 2 _____

Extra space _____

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IB/M/Jun22/7135/2

15

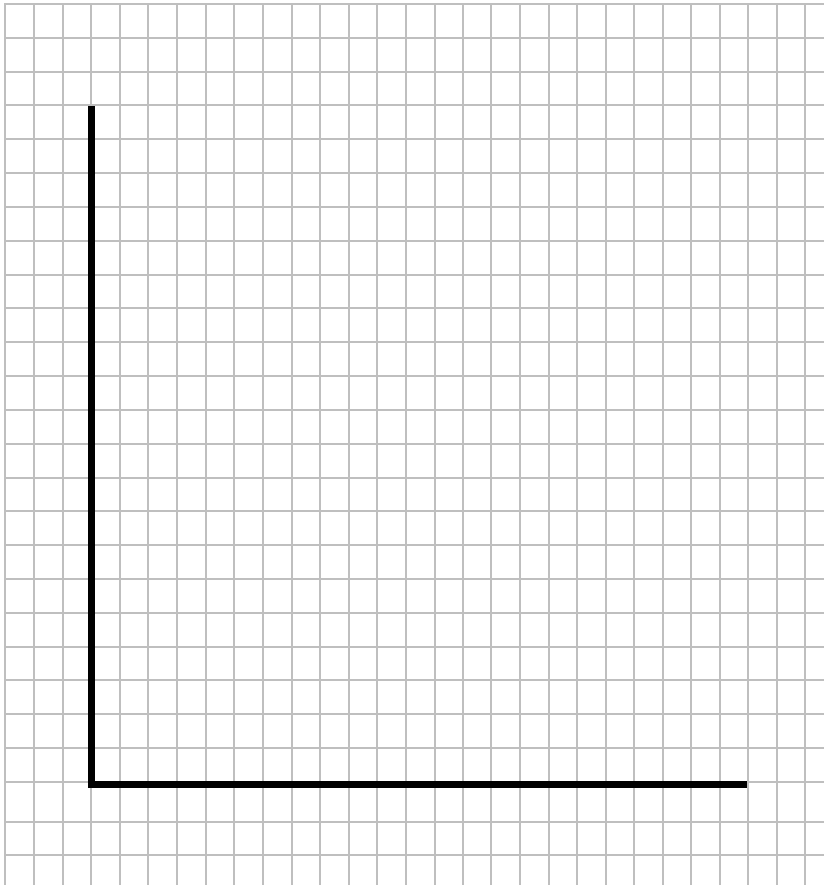
2 4

Extract C (lines 16–17) states: ‘An increase in the funds available for education and training should help to improve factor mobility’.

Draw an AD/AS diagram to show the long-run impact of improved factor mobility on the price level and national income.

[4 marks]

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Turn over for the next question

Turn over ►



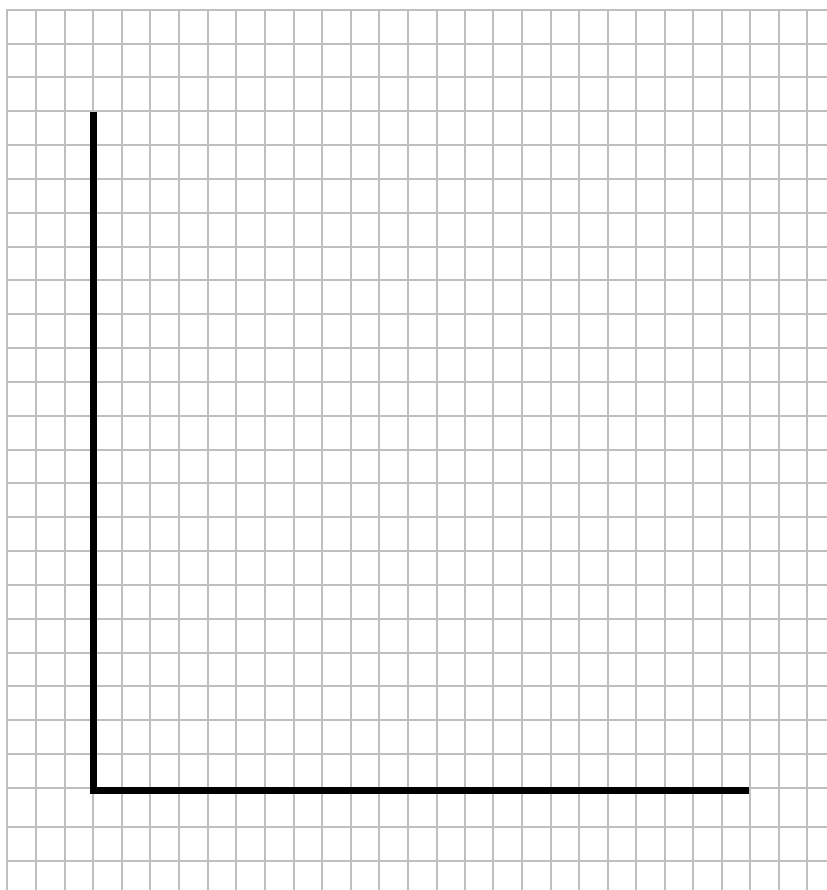
IB/M/Jun22/7135/2

25

3 0

Extract E (line 15) states: 'Government spending acts as an injection into the circular flow of income'.

Draw an AD/AS diagram to show the effect of an increase in injections on the price level and national income.

[4 marks]

Turn over for the next question

Do not write
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Turn over ►



IB/M/Jun22/7135/2

2 3

Use **Extract A** to identify **two** significant features of the inflation rate over the period shown.

[4 marks]

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Feature 1 _____

Extra space _____

Feature 2 _____

Extra space _____

Turn over for the next question

Turn over ►



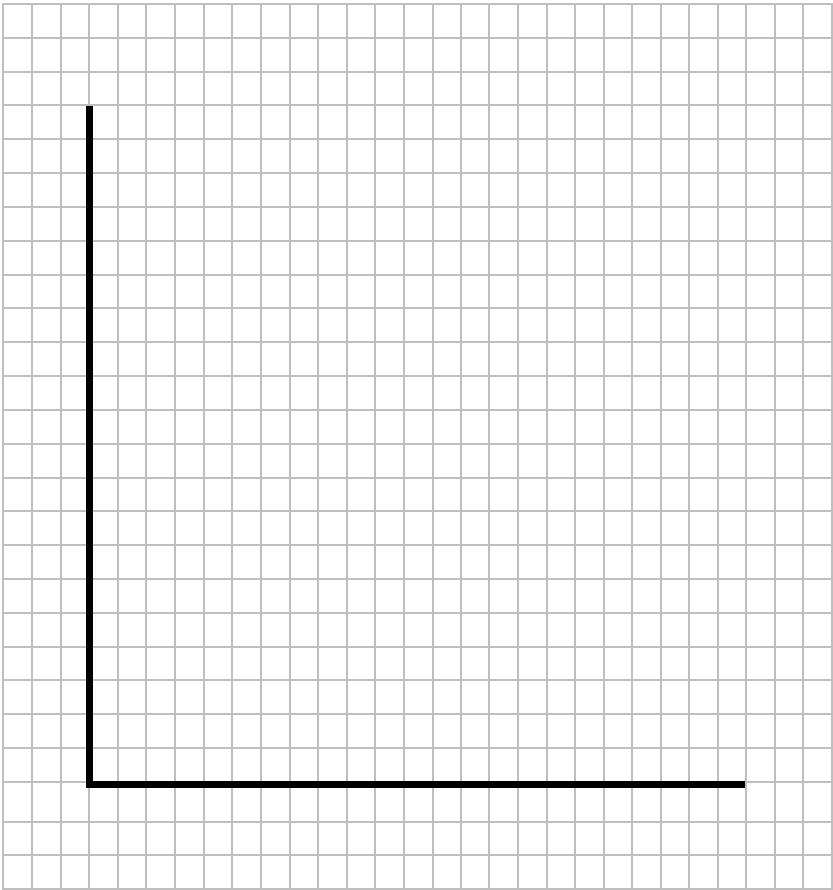
2 4

Extract B (lines 14–15) states: ‘In the UK, government policy, such as the temporary reduction in VAT, an indirect tax, from 20% to 5%, also helped to reduce inflation.’

Draw an AD/AS diagram to show the impact of a reduction in indirect taxation on real national income and the price level in an economy.

[4 marks]

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24

Do **NOT** answer Context 2 if you have answered Context 1.

Do not write
outside the
box

OR

Context 2

Total for this context: 50 marks

INTERNATIONAL TRADE

Use the Insert provided to study **Questions 27 to 32** and **Extracts D, E and F**, and then answer the questions in the spaces which follow.

2 7 Define 'economic recovery' **Extract E** (line 17).

[3 marks]

2 8 In the year to July 2020, the deficit in the balance of trade in goods was £105 billion. Calculate the value of imports of goods for the year to July 2020, using the information in **Extract E** (lines 12–15) to help you.

[4 marks]



IB/M/Jun23/7135/2

26

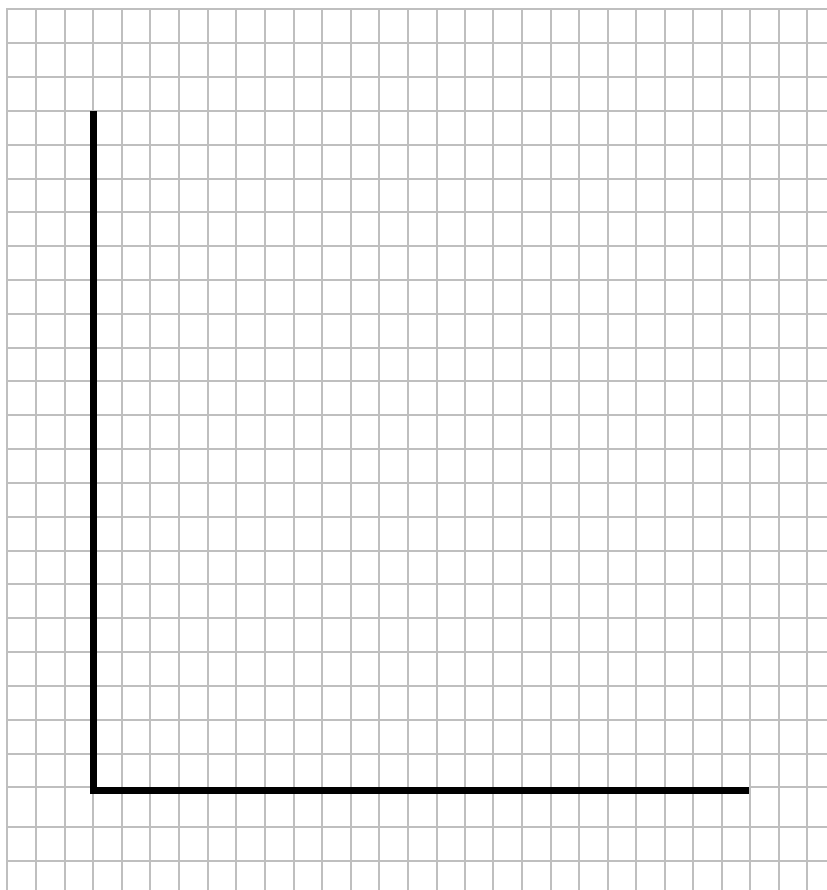
3 0

Extract E (lines 4–6) states: ‘Recent favourable trade balances, such as the £8.2 billion surplus achieved in the 12 months to October 2020, have largely been overlooked.’

Draw an AD/AS diagram to show the effect of an improvement in the balance of trade in goods and services on real national income and the price level in an economy.

[4 marks]

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IB/M/Jun23/7135/2

3	2
---	---

Extract E (lines 3–4) states that there is ‘a new approach to government...a new, active role that backs business and ensures more people in all corners of the country share in the benefits of its success’.

Use the extracts and your knowledge of economics to assess the view that a more active government industrial policy will make a significant improvement in macroeconomic performance.

[25 marks]

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30

Extra space

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IB/M/Jun18/7135/2

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50



Handwriting practice area with horizontal dotted lines.

Handwriting practice area with horizontal dotted lines.

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SUB-TOPIC 4.2.1.3

USES OF INDEX NUMBERS

Sub-topic 4.2.1.3 · 4 questions · 4 marks · lowest tariff first



9

Do not write
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box**1 4**

Which one of the following policy changes represents a contractionary fiscal policy?

A A decrease in income tax

☐

B A decrease in the budget deficit

☐

C An increase in government spending

☐

D An increase in the rate of interest

☐**[1 mark]****1 5**

Changes are regularly made to the weights used in the UK's Consumer Prices Index. This means that the index takes account of changes in

A month on month increases in the general price level.

☐

B spending patterns throughout the economy.

☐

C the growth of real output in the economy.

☐

D total spending on all domestic goods and services.

☐**[1 mark]**

Turn over for the next question



0 9

Turn over ►

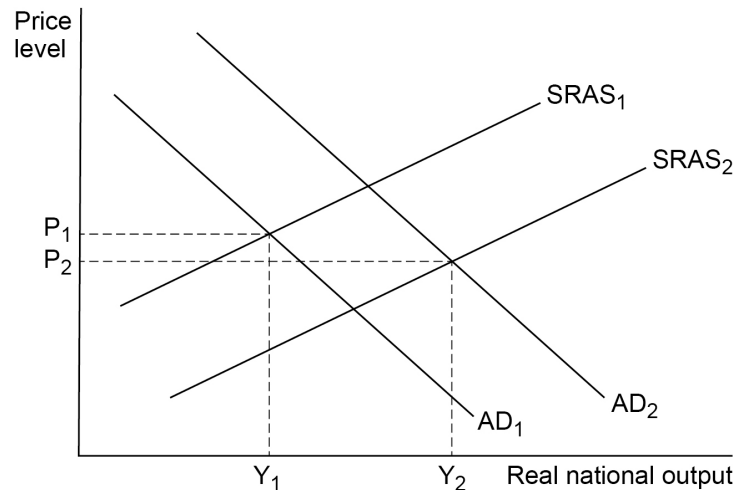
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3

0 2

Figure 1 shows the aggregate demand (AD) and short-run aggregate supply (SRAS) curves for an economy.

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Figure 1

Which one of the following combinations of events is most likely to cause the curves to shift from AD_1 to AD_2 and from $SRAS_1$ to $SRAS_2$?

- A** A higher rate of savings and faster labour productivity growth
- B** Faster economic growth abroad and lower world commodity prices
- C** Higher money wages and more household consumption
- D** Lower interest rates and a higher rate of indirect taxes

☐
☐
☐
☐

[1 mark]

0 3

The main reason that economic statistics are often expressed as index numbers is to

- A** allow easier comparison of data.
- B** calculate cost of living data.
- C** convert nominal data to real data.
- D** even out fluctuations in raw data.

☐
☐
☐
☐

[1 mark]

Turn over ►



0 3

IB/M/Jun22/7135/2

3

0 3

Table 1 shows the Consumer Price Index (CPI) for an economy over a period of time.*Do not write
outside the
box***Table 1**

Year	CPI
2008	110
2011	108
2014	116
2017	124
2020	130

Which one of the following can be concluded from **Table 1**?**[1 mark]**

- A** The price of a representative basket of goods rose throughout the period.
- B** The rate of inflation from 2011 to 2014 was the same as from 2014 to 2017.
- C** The standard of living reached its highest level in 2020.
- D** The value of money rose between 2008 and 2011.

☐☐☐☐**Turn over for the next question****Turn over ►**

IB/M/Jun23/7135/2

9

1 | 6

Output of the UK economy is at the normal capacity level and the Bank of England decides to implement measures to restrict the supply of credit to households. The most likely reason for this policy is that

- A earnings are increasing fast.
- B house prices are falling.
- C productivity is growing more quickly.
- D the exchange rate is appreciating.

☐☐☐☐

[1 mark]

1 | 7

Table 1 shows the index of export prices, the current monetary value of a country's exports and the calculated value, to the nearest £ billion, of the value of its exports at 2017 prices.

Table 1

Year	Current monetary value of exports (£ billion)	Index of export prices	Value of the country's exports at 2017 prices (£ billion)
2016	180	90	?
2017	200	100	200
2018	240	110	218
2019	300	120	?

Which **one** of the following is correct?

- A The value of the country's exports in 2016 at 2017 prices, to the nearest £ billion, was £162 billion
- B The value of the country's exports in 2016 at 2017 prices, to the nearest £ billion, was £198 billion
- C The value of the country's exports in 2019 at 2017 prices, to the nearest £ billion, was £240 billion
- D The value of the country's exports in 2019 at 2017 prices, to the nearest £ billion, was £250 billion

☐☐☐☐

[1 mark]

Turn over ►



0 9

IB/M/Jun20/7135/2

MARK SCHEMES

official mark schemes



MARK SCHEME – AS ECONOMICS – 7135/2– JUNE 2017

SECTION A

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

KEY LIST

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

	<u>Total</u>
A	2
B	8
C	3
D	7
	<u>20</u>

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2019

Section B

Context 1 ARTIFICIAL INTELLIGENCE

Total for this context: 50 marks

2 1 Define 'investment' *Extract C* (line 15).**[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 are made.	1 mark

Examples of acceptable definitions worth 3 marks:

- an addition to the capital stock of the economy
- spending by firms on capital goods

Examples of a definition worth 2 marks:

- maintaining the size of the capital stock
- spending by firms to improve their machinery or technology or productivity (relates to capital, but capital is not stated)

Examples of a definition worth 1 mark:

- an injection to the circular flow of income
- firms expanding or developing their business
- increasing spending on workforce training (investment in human capital)

Examples of a definition worth 0 marks:

- an injection of money
- buying shares to earn a return

MAXIMUM FOR QUESTION 21: 3 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2– JUNE 2017

2 3 Use **Extract A** to identify **two** significant points of comparison between the growth of mortgage lending and the growth of consumer credit over the period shown.

[4 marks]

Award up to 2 marks for each significant point of comparison made.

Response	Max 4 marks
Identifies a significant point of comparison Makes accurate use of the data to support the point of comparison identified. Unit of measurement given accurately	2 marks
Identifies a significant point of comparison of the data 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 data (including the unit of measurement) but no comparison is made.	1 mark

If a candidate identifies more than 2 significant comparisons, reward the best two.

Significant comparisons include:

- the increase in mortgage lending was highest in 2004 at 13.1% whilst the increase in consumer credit was also highest in 2004 at 14.1%
- the growth in mortgage lending was lowest in 2009 and/or 2010 and/or 2011 at 0.5% whereas the growth in consumer credit was also lowest in 2009 and/or 2010 at -1.3%
- the increase in mortgage lending and consumer credit were both lower at the end of the period than at the beginning. The growth in mortgage lending decreased from 13.1% to 2.6% whilst the growth in consumer credit decreased from 14.1% to 8.6%
- throughout the period the percentage change in mortgage lending was always positive, its lowest value being 0.5% in 2010 whilst the change in consumer credit was negative between 2009 and 2012, its lowest was in 2010 at -1.3%
- the greatest difference between the growth in mortgage lending and the growth in consumer credit occurred in 2015 when mortgage lending grew at 2.6% and the growth in consumer credit was 8.6% a difference of 6%

Notes: allow a margin of $\pm 0.5\%$

Do not reward comparisons with lending to businesses

MAXIMUM FOR QUESTION 23: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2018

29 Use **Extract D** to identify **two** significant features of the funding allocated to the Northern Powerhouse.

[4 marks]

Award up to 2 marks for each significant feature identified.

Response	Max 2 marks
Identifies a significant feature. Makes accurate use of the data to support the feature identified. Unit of measurement given accurately.	2 marks
Identifies a significant feature 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.	1 marks

If a candidate identifies more than 2 significant features, of comparison, reward the best two.

Significant points include:

- the LEP receiving the greatest amount of funding is Greater Manchester with £130.1 million
- the LEP receiving the smallest amount of funding is Cumbria with £12.7 million
- the total amount of funding granted to the Northern Powerhouse is £556.3 million
- the LEP receiving the most funding, Greater Manchester, receives more than the five LEPs receiving the least combined, £130.1 million compared to £123.9 million
- the mean amount of funding allocated to LEPs in the Northern Powerhouse is £50.6 million
- the range of funding allocated to the LEPs in the Northern Powerhouse is £117.4 million, with £12.7 million given to Cumbria and £130.1 million given to Greater Manchester.

MAXIMUM FOR QUESTION 29: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2019

2 8 Use **Extract D** to calculate the UK's **mean** trade balance with the selected non-EU countries in 2016.

[4 marks]

Calculation involves

$$\begin{aligned}
 & (\text{£}186 \text{ billion} / 10) - (\text{£}164.1 \text{ billion} / 10) \text{ or equivalent} \\
 & = \text{£}18.6 \text{ billion} - \text{£}16.41 \text{ billion} \\
 & = \text{£}2.19 \text{ billion}
 \end{aligned}$$

Response	Max 4 marks
For the correct answer: £2.19 billion (£2 190 000 000)	4 marks
For the correct value but with missing units '£' or missing billion OR For an incorrect answer between £2.18 billion and £2.20 billion	3 marks
For the correct value 2.19, but with missing units '£' and missing billion OR For an answer rounded to the nearest billion: £2 billion OR For an incorrect answer between £2.18 billion and £2.20 billion with missing units '£' or missing billion OR For the answer - £2.19 billion (negative/deficit) OR For a clear, correct method but the wrong answer: e.g. (186 billion / 10) - (164.1 billion / 10) OR For the correct answer for the mean value of exports: £18.6 billion and the correct answer for the mean value of imports: £16.41 billion, but not subtracted to give the mean trade balance.	2 marks
For the correct answer for the mean value of exports only: £18.6 billion OR For the correct answer for the mean value of imports only: £16.41 billion OR For calculating the total trade balance: £21.9 billion (not the mean) OR For an incorrect answer between 2.18 and 2.20 with missing units '£' and 'billion' OR For the answer - £2.19 billion (negative/deficit) with missing units '£' or missing billion	1 mark

MAXIMUM FOR QUESTION 28: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2020

2 2 Use **Extract B** to calculate, to **two** decimal places, the ratio of internet sales to £1 worth of all retail sales in November 2013.

[4 marks]

Calculation:

$$£827\text{m} / £6806.7\text{m} = £0.12 : £1$$

Response	Max 4 marks
For the correct answer: 0.12 : 1 also allow £0.12 : £1	4 marks
For an answer not rounded to two decimal places: 0.1 : 1 or 0.121 : 1 OR For an answer expressed the wrong way around: 1 : 0.12 correctly rounded to two decimal places	3 marks
For an answer calculated the other way around, (£6806.7m / £827m): 1 : 8.23 correctly rounded to two decimal places OR For an answer not expressed as a ratio: 0.12 or 12%	2 marks
For identifying the correct figures for the calculation: 827m and 6806.7m, with or without the £ sign OR For an answer not expressed as a ratio without units AND not rounded to two decimal places: 0.1 or 0.121	1 mark

MAXIMUM FOR QUESTION 22: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2020

- 2 3** Use **Extract A** to identify **two** significant points of comparison between the percentage change in the value of all retail sales and internet sales over the period shown. [4 marks]

Award up to 2 marks for **each** significant point of comparison made.

Response	Max 4 marks
Identifies a significant point of comparison. Makes accurate use of the data to support the point 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. 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 student identifies more than 2 significant points of comparison, reward the best two.

Significant points include:

- the value of both retail sales and internet sales has grown continuously over the period shown, for example, retail sales grew by 3% in January 2016 compared to the same month a year earlier, and by 4% in January 2019, internet sales grew by 16.2% in January 2016 compared to the same month a year earlier and by 11.8% in January 2019.
- growth in the value of internet sales has been higher than growth in the value of retail sales throughout the period shown, for example, internet sales grew by 16% in January 2016 compared to the same month a year earlier, whereas retail sales grew by 3% in January 2016 compared to the same month a year earlier.
- the largest growth in the value of internet sales occurred in October 2016 when it grew by 31% compared to the same month a year earlier, similarly the largest growth in the value of retail sales also occurred in October 2016 when it grew by 6% compared to the same month a year earlier.
- the lowest growth in the value of internet sales occurred in October 2017 when it grew by 9% compared to the same month a year earlier, whereas the lowest growth in the value of retail sales occurred in April 2016 when it grew by 1% compared to the same month a year earlier.
- the percentage change in the value of internet sales compared to the same month a year earlier had a greater range than the percentage change in the value of retail sales over the period shown, the range for internet sales was 22% points, from 31% to 9%, whereas the range for retail sales was 5% points, from 6% to 1%.

Note: these figures are taken from actual data, allow a tolerance of +/- 1% points.

MAXIMUM FOR QUESTION 23: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2020

- 2 9** Use **Extract D** to identify **two** significant points of comparison between the percentage change in UK car production for export and home markets over the period shown. **[4 marks]**

Award up to 2 marks for **each** significant point of comparison made.

Response	Max 4 marks
Identifies a significant point of comparison. Makes accurate use of the data to support the point 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. 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 student identifies more than 2 significant points of comparison, reward the best two.

Significant points include:

- the number of cars produced for both home and export markets was growing at the start of the period, but was falling by the end of the period. For example, cars produced for the home market grew by 2% in January 2016 but fell by 5% in January 2019, cars produced for the export market grew by 10% in January 2016 but fell by 21% in January 2019.
- generally, more periods of growth have been seen in cars produced for the export markets than those produced for the home market. The percentage change in cars produced for the export market was only negative on four of the dates shown compared to the same month a year earlier, the first of which occurred in April 2017 with a percentage change of –18%, whereas, the percentage change in cars produced for the home market was only positive on four of the dates shown, the first negative change was seen in April 2017 with a percentage change of –8%.
- the largest growth in cars produced for the home market occurred in July 2017 when it grew by 18%, similarly the largest growth in cars produced for the export market occurred in April 2016 when it grew by 24%.
- the largest fall in cars produced for the home market occurred in July 2018 when it fell by 35%, similarly the largest fall in cars produced for the export market occurred in January 2019 when it fell by 21%.
- the percentage change in cars produced for the home market had a greater range than the percentage change in cars produced for the export market over the period shown, the range for home market production was 53% points, from 18% to –35%, whereas the range for the export market was 45% points, from 24% to –21%.

Note: these figures are taken from actual data, allow a tolerance of +/- 2% points.

MAXIMUM FOR QUESTION 29: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2– JUNE 2017

SECTION A

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

KEY LIST

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

	<u>Total</u>
A	2
B	8
C	3
D	7
	<u>20</u>

MARK SCHEME – AS ECONOMICS – 7135/2– JUNE 2017

SECTION A

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

KEY LIST

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

	<u>Total</u>
A	2
B	8
C	3
D	7
	<u>20</u>

MARK SCHEME – AS ECONOMICS – 7135/2– JUNE 2017

SECTION A

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

KEY LIST

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

	<u>Total</u>
A	2
B	8
C	3
D	7
	<u>20</u>

MARK SCHEME – AS ECONOMICS – 7135/2– JUNE 2017

SECTION A

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

KEY LIST

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

	<u>Total</u>
A	2
B	8
C	3
D	7
	<u>20</u>

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2018

SECTION A

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

KEY LIST

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

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2018

SECTION A

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

KEY LIST

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

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2018

SECTION A

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

KEY LIST

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

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2018

SECTION A

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

KEY LIST

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

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2019

Section A

KEY LIST

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

Totals

A 4
 B 7
 C 5
 D 4

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2019

Section A

KEY LIST

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

Totals

A 4
 B 7
 C 5
 D 4

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2019

Section A

KEY LIST

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

Totals

A 4
 B 7
 C 5
 D 4

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2019

Section A

KEY LIST

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

Totals

A 4
 B 7
 C 5
 D 4

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2019

Section A

KEY LIST

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

Totals

A 4
 B 7
 C 5
 D 4

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2019

Section A

KEY LIST

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

Totals

A 4
 B 7
 C 5
 D 4

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2019

Section A

KEY LIST

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

Totals

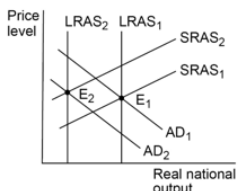
A 4
 B 7
 C 5
 D 4

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2022

SECTION A

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

KEY LIST

1	D (An increase in productive potential)	11	D (spending)
2	B (Faster economic growth abroad and lower world commodity prices)	12	B (income tax rates are reduced)
3	A (allow easier comparison of data)	13	C 
4	C (structural unemployment)	14	B (budget surplus)
5	A (Falling, Falling, Rising)	15	B (£1455bn)
6	D (reduce aggregate demand)	16	D (stimulate supply-side improvements)
7	C (rose faster in Country X between 2017 and 2019)	17	C (Expansionary fiscal policy and a stronger exchange rate)
8	D (real incomes may have risen or fallen)	18	B (job vacancies)
9	A (Decrease, Decrease, Increase)	19	D (unemployment)
10	C (the action of the accelerator)	20	A (exchange rate)

Totals

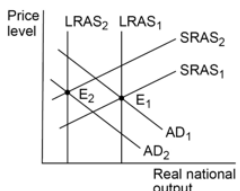
A 4
B 5
C 5
D 6

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2022

SECTION A

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

KEY LIST

1	D (An increase in productive potential)	11	D (spending)
2	B (Faster economic growth abroad and lower world commodity prices)	12	B (income tax rates are reduced)
3	A (allow easier comparison of data)	13	C 
4	C (structural unemployment)	14	B (budget surplus)
5	A (Falling, Falling, Rising)	15	B (£1455bn)
6	D (reduce aggregate demand)	16	D (stimulate supply-side improvements)
7	C (rose faster in Country X between 2017 and 2019)	17	C (Expansionary fiscal policy and a stronger exchange rate)
8	D (real incomes may have risen or fallen)	18	B (job vacancies)
9	A (Decrease, Decrease, Increase)	19	D (unemployment)
10	C (the action of the accelerator)	20	A (exchange rate)

Totals

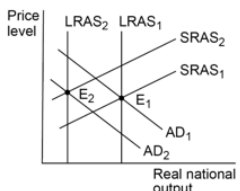
A 4
B 5
C 5
D 6

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2022

SECTION A

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

KEY LIST

1	D (An increase in productive potential)	11	D (spending)
2	B (Faster economic growth abroad and lower world commodity prices)	12	B (income tax rates are reduced)
3	A (allow easier comparison of data)	13	C 
4	C (structural unemployment)	14	B (budget surplus)
5	A (Falling, Falling, Rising)	15	B (£1455bn)
6	D (reduce aggregate demand)	16	D (stimulate supply-side improvements)
7	C (rose faster in Country X between 2017 and 2019)	17	C (Expansionary fiscal policy and a stronger exchange rate)
8	D (real incomes may have risen or fallen)	18	B (job vacancies)
9	A (Decrease, Decrease, Increase)	19	D (unemployment)
10	C (the action of the accelerator)	20	A (exchange rate)

Totals

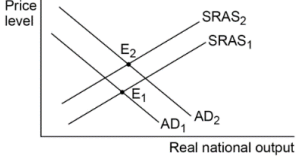
A 4
B 5
C 5
D 6

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2023

SECTION A

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

KEY LIST

1	B (Exports)	11	A (cut government borrowing.)
2	C (Resources are fully employed)	12	B (Real national income increased)
3	D (The value of money rose between 2008 and 2011.)	13	C (government.)
4	C 	14	B (Government grants for firms with growth potential)
5	A (Corporation tax)	15	C (Rising, Absent, Increasing)
6	C (£42bn.)	16	A (A decrease in employment)
7	A (Firms' capacity utilisation)	17	D (positive supply-side shock.)
8	D (Increased expenditure on training and an investment subsidy)	18	C (An increase in the budget surplus and a switch from spending on pensions to spending on new airports)
9	C (the pattern of economic activity has changed.)	19	C (Productivity rising faster than money wages)
10	A (W)	20	A (inflation in other countries.)

Totals

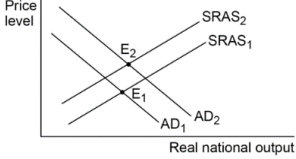
A 6
B 3
C 8
D 3

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2023

SECTION A

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

KEY LIST

1	B (Exports)	11	A (cut government borrowing.)
2	C (Resources are fully employed)	12	B (Real national income increased)
3	D (The value of money rose between 2008 and 2011.)	13	C (government.)
4	C 	14	B (Government grants for firms with growth potential)
5	A (Corporation tax)	15	C (Rising, Absent, Increasing)
6	C (£42bn.)	16	A (A decrease in employment)
7	A (Firms' capacity utilisation)	17	D (positive supply-side shock.)
8	D (Increased expenditure on training and an investment subsidy)	18	C (An increase in the budget surplus and a switch from spending on pensions to spending on new airports)
9	C (the pattern of economic activity has changed.)	19	C (Productivity rising faster than money wages)
10	A (W)	20	A (inflation in other countries.)

Totals

A 6
B 3
C 8
D 3

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2020

Section A

KEY LIST

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

Totals

A 5
B 6
C 4
D 5

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2020

Section A

KEY LIST

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

Totals

A 5
B 6
C 4
D 5

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2020

Section A

KEY LIST

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

Totals

A 5
B 6
C 4
D 5

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2020

Section A

KEY LIST

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

Totals

A 5
B 6
C 4
D 5

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2020

Section A

KEY LIST

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

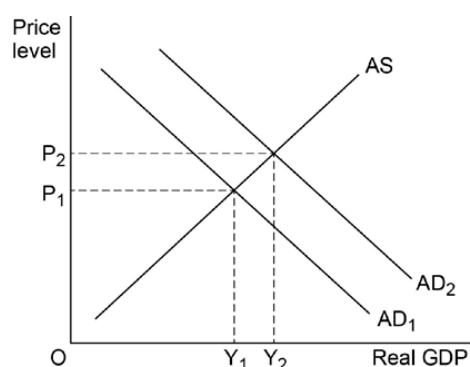
Totals

A 5
B 6
C 4
D 5

MARK SCHEME – AS ECONOMICS – 7135/2– JUNE 2017

2 4 **Extract B** (line 8-10) states ‘House prices have been rising over the past few years and this has increased homeowners’ wealth.’

Draw an AD/AS diagram to show the impact of an increase in household wealth on both real national income and the price level.

[4 marks]

Accept either LRAS and/or SRAS curve.

Response	Max 4 marks
Accurately drawn AD/AS diagram showing a rightwards shift in AD, Original equilibrium shown, P_1Y_1 and new equilibrium price level and output eg P_2Y_2 , with both axes and all curves and coordinates labelled.	4 marks
Accurately drawn AD/AS diagram showing a rightwards shift in AD, with one label missing.	3 marks
Accurately drawn AD/AS diagram 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 original coordinates labelled, eg P_1Y_1	1 mark

Notes:

Labels refer to axes and / or coordinate labels.

Label of axis can be ‘Real GDP’, ‘Real Output,’ ‘Output,’ ‘Y,’ ‘RNO,’ ‘NI’ and ‘National Output.’

Do not reward Quantity or Q.

Label of axis can be ‘Price Level,’ ‘PL,’ ‘Inflation’ and ‘£’.

Do not reward Price or P.

MAXIMUM FOR QUESTION 24: 4 MARKS

9 of 17

MARK SCHEME – AS ECONOMICS – 7135/2– JUNE 2017

2 8 Use **Extract E** to calculate, to **two** decimal places, the percentage change in the median real wage between 2004 and 2015.

[4 marks]

Response	Max 4 marks
For a correct answer: -3.81% or a fall of 3.81%	4 marks
For omitting the % sign: -3.81 For omitting the minus sign but has %: 3.81% For a figure shown to 1dp: -3.8%, including the minus and % sign For a figure incorrectly rounded to -3.80%, including the minus and % sign	3 marks
Correct figure but omitting the minus sign and the %: 3.81 Correct figure to 1dp: 3.8, without either the minus and/or % sign For a figure incorrectly rounded to: 3.80, without either the minus and/or % sign	2 marks
For a valid attempt at the calculation, even though the answer is incorrect, e.g. for showing the correct method (there might be an error in one of the figures but it is clear that the candidate understands how to calculate the percentage change)	1 marks

Note:

$$£527.70 - £548.60 = -£20.90$$

$$\frac{-£20.90}{£548.60} \times 100 = -3.81\%$$

MAXIMUM FOR QUESTION 28: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2018

22 Assume that the increase in national income as a result of the proposed Heathrow airport expansion is £29 billion.

Use **Extract C** to calculate, to one decimal place, the value of the multiplier.

[4 marks]

Response	Marks
For a correct answer: 1.6	4 marks
For the correct value with (any) more than one decimal place: eg 1.6477 or incorrectly rounded, ie 1.7 OR The correct value to one decimal place but with the wrong unit of measurement, eg £1.6 or 1.6 billion or 1.6%	3 marks
For the correct values top and bottom but the wrong answer: 29/17.6 OR The correct value incorrectly rounded and with the wrong unit of measurement, eg £1.7	2 marks
Upside down figures in the formula $17.6/29 = 0.6$ OR Stating the formula correctly, eg change in national income/change in investment (or spending)	1 mark

MAXIMUM FOR QUESTION 22: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2022

2 2 If UK GDP was equal to £2073 billion in 2017, use **Extract A** to calculate, to the **nearest billion**, the value of UK GDP in 2018.

[4 marks]

Calculation:

$\text{£}2073 \text{ bn} \times 1.014 = \text{£}2102.02 \text{ bn} = \text{£}2102 \text{ bn}$ to the nearest billion

Response	Max 4 marks
For the correct answer: £2102 billion	4 marks
For an answer not rounded to the nearest billion: eg £2102.02 billion OR For the correct answer without units £ or billion: eg 2102 billion or £2102	3 marks
For the correct answer without units £ and billion: 2102 OR For an answer not rounded to the nearest billion and without £ units: eg 2102.02 billion OR For an answer not rounded to the nearest billion and without billion units: eg £2102.02	2 marks
For identifying the correct method for the calculation: eg 2073×1.014 OR For an answer not rounded to the nearest billion and without units £ and billion: eg 2102.02	1 mark

MAXIMUM FOR QUESTION 22: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2022

2 3 Use **Extract A** to identify **two** significant points of comparison between the growth rates of the UK and Germany over the period shown.

[4 marks]

Award up to 2 marks for each significant point of comparison made.

Response	Max 4 marks
Identifies a significant point of comparison. Makes accurate use of the data to support the point 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. 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 student identifies more than 2 significant points of comparison, reward the best two.

Significant points include:

- the annual % change in real GDP in both countries was higher at the start of the period in 2015 than in 2019. In the UK annual % change in real GDP was 2.4% in 2015, and 1.4% in 2019, whereas in Germany it was 1.7% in 2015 and 0.6% in 2019
- the annual % change in real GDP was higher in the UK than in Germany at the start and end of the period. In the UK annual % change in real GDP was 2.4% in 2015, whereas in Germany it was 1.7%, in 2019, the annual % change in real GDP was 1.4% in the UK, and 0.6% in Germany
- only between the years 2016 to 2018 was the German growth rate higher than the UK. In 2016, the annual % change in real GDP was 1.9% in the UK, and 2.2% in Germany; In 2018, the annual % change in real GDP was 1.4% in the UK, and 1.5% in Germany
- the highest annual % change in real GDP in the UK occurred in 2015 at 2.4%, whereas in Germany it occurred in 2017 at 2.5%
- the lowest annual % change in real GDP occurred in 2018 and 2019 in the UK at 1.4%, and in 2019 in Germany at 0.6%
- the annual % change in real GDP in Germany had a greater range than in the UK, with a range of 1.9 % points, for Germany, and a smaller range of 1% point.

MAXIMUM FOR QUESTION 23: 4 MARKS

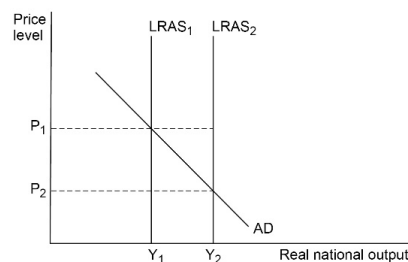
MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2022

2 4 **Extract C** (lines 16–17) states: ‘An increase in the funds available for education and training should help to improve factor mobility’.

Draw an AD/AS diagram to show the long-run impact of improved factor mobility on the price level and national income.

[4 marks]

The correct diagram involves an AD/AS diagram illustrating a shift to the right of the LRAS curve. It is not necessary to include the SRAS curve. The use of the Keynesian model is acceptable and should be rewarded.



Response	Max 4 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the LRAS curve, an increase in real national output, and a lower equilibrium price level with both axes and all curves and coordinates correctly labelled.	4 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the LRAS curve, an increase in real national output, and a lower equilibrium price level, with one label missing or incorrect (axis or curve). OR Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the LRAS curve, an increase in real national output, and a lower equilibrium price level, with one coordinate missing or incorrect (Y_1 or Y_2 / P_1 or P_2).	3 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the LRAS curve, an increase in real national output, and a lower equilibrium price level, with two or more labels missing or incorrect.	2 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, with both axes, both original curves and coordinates correctly labelled.	1 mark

Labels refer to axes and/or coordinate labels.

Label of x axis can be ‘Real GDP’, ‘Real Output,’ ‘Output,’ ‘Y,’ ‘RNO,’ ‘NI’ and ‘National Output.’ Do not reward Quantity or Q.

Label of y axis can be ‘Price Level,’ ‘PL,’ ‘Inflation’ and ‘£’. Do not reward Price or P.

MAXIMUM FOR QUESTION 24: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2022

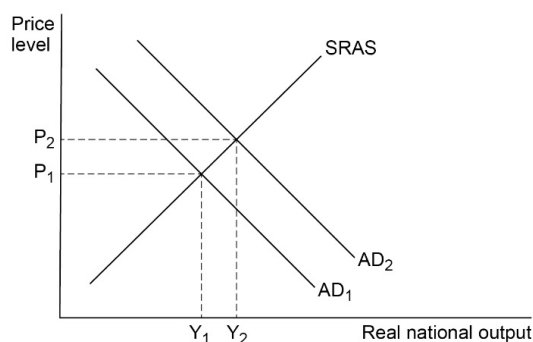
3 0

Extract E (line 15) states: ‘Government spending acts as an injection into the circular flow of income’.

Draw an AD/AS diagram to show the effect of an increase in injections on the price level and national income.

[4 marks]

The correct diagram involves an AD/AS diagram illustrating a shift to the right in the AD curve.



Response	Max 4 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the AD curve, an increase in real national output, and a higher equilibrium price level with both axes and all curves and coordinates correctly labelled.	4 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the AD curve, an increase in real national output, and a higher equilibrium price level, with one label missing or incorrect (axis or curve). OR Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the AD curve, an increase in real national output, and a higher equilibrium price level, with one coordinate missing or incorrect (Y_1 or Y_2 / P_1 or P_2).	3 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the AD curve, an increase in real national output, and a higher equilibrium price level, with two or more labels missing or incorrect.	2 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, with both axes, both original curves and coordinate correctly labelled.	1 mark

Labels refer to axes and/or coordinate labels.

Label of x axis can be ‘Real GDP’, ‘Real Output’, ‘Output’, ‘Y’, ‘RNO’, ‘NI’ and ‘National Output.’ Do not reward Quantity or Q.

Label of y axis can be ‘Price Level’, ‘PL’, ‘Inflation’ and ‘£’. Do not reward Price or P.

MAXIMUM FOR QUESTION 30: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2023

2 3 Use **Extract A** to identify **two** significant features of the inflation rate over the period shown.

[4 marks]

Award up to 2 marks for each significant feature identified.

Response	Max 4 marks
Identifies a significant feature Makes accurate use of the data to support the point identified Unit of measurement given accurately	2 marks
Identifies a significant feature of the data 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	1 mark

If a student identifies more than 2 significant features, reward the best two.

Significant points include:

- the inflation rate fell over the period from 3% CPI in January 2018 to 0.6% CPI in December 2020
- prices increased every year over the period shown, for example, by 0.3% in November 2020
- the highest rate of inflation over the period shown occurred in January 2018 at 3% CPI
- the lowest rate of inflation over the period shown occurred in August 2020 at 0.2% CPI
- the inflation rate was only equal to the target rate of 2% CPI in May and June of 2019
- the rate of inflation fluctuated over the period with a range of 2.8 percentage points.

Note: these figures are taken from actual data, allow a tolerance of +/- 0.1% points

MAXIMUM FOR QUESTION 23: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2023

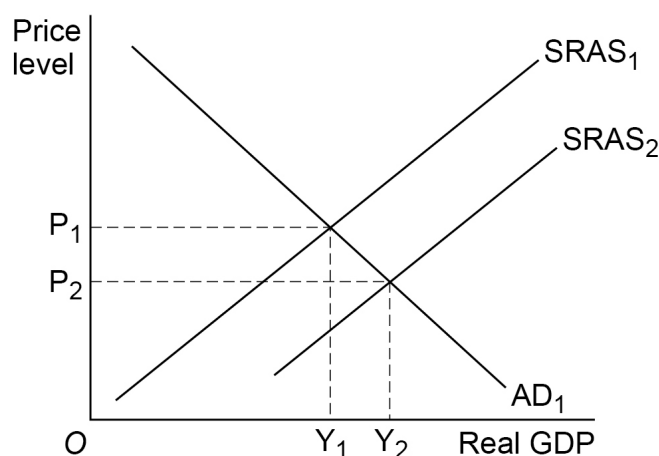
2 4

Extract B (lines 14–15) states: 'In the UK, government policy, such as the temporary reduction in VAT, an indirect tax, from 20% to 5%, also helped to reduce inflation.'

Draw an AD/AS diagram to show the impact of a reduction in indirect taxation on real national income and the price level in an economy.

[4 marks]

The correct diagram involves an AD/AS diagram illustrating a shift to the right in the SRAS curve, resulting in an increase in real national income and a fall in the price level.



Response	Max 4 marks
Accurately drawn AD/AS diagram showing a rightwards shift in SRAS, original equilibrium shown, P_1Y_1 and new equilibrium price level and output eg P_2Y_2 , with both axes and all curves and coordinates labelled	4 marks
Accurately drawn AD/AS diagram showing a rightwards shift in SRAS, with one label missing	3 marks
Accurately drawn AD/AS diagram showing a rightwards 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 original coordinates labelled, eg P_1Y_1	1 mark

Notes: Labels refer to axes and/or coordinate labels.

Label of vertical axis can be 'Price level', 'PL', 'Inflation' and '£'.

Do not reward Price or P.

Label of horizontal axis can be 'Real GDP', 'Real Output', 'Output', 'Y', 'RNO', 'NI' and 'National Output'.

Do not reward Quantity or Q.

If AD shift accompanies AS shift give 1 mark if equilibrium is incorrect and 3 marks if equilibrium is correct (if everything else is correct)

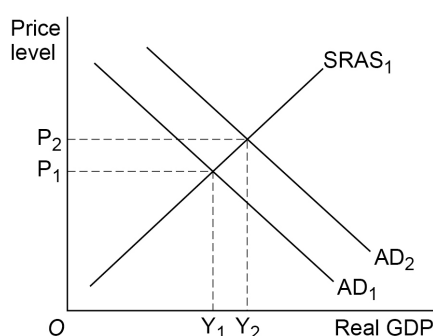
MAXIMUM FOR QUESTION 24: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2023

3 0

Extract E (lines 4–6) states: ‘Recent favourable trade balances, such as the £8.2 billion surplus achieved in the 12 months to October 2020, have largely been overlooked.’

Draw an AD/AS diagram to show the effect of an improvement in the balance of trade in goods and services on real national income and the price level in an economy.

[4 marks]

Response	Max 4 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the AD curve, an increase in real national output, and a higher equilibrium price level with both axes and all curves and coordinates correctly labelled.	4 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the AD curve, an increase in real national output, and a higher equilibrium price level, with one label missing or incorrect (axis or curve) OR Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the AD curve, an increase in real national output, and a higher equilibrium price level, with one coordinate missing or incorrect (Y_1 or Y_2 / P_1 or P_2)	3 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, a rightwards shift in the AD curve, an increase in real national output, and a higher equilibrium price level, with two or more labels missing or incorrect	2 marks
Accurately drawn AD/AS diagram showing the initial equilibrium level of output and price level, with both axes, both original curves and coordinate correctly labelled	1 mark

Notes: Labels refer to axes and/or coordinate labels.

Label of vertical axis can be ‘Price Level’, ‘PL’, ‘Inflation’ and ‘£’.

Do not reward Price or P.

Label of horizontal axis can be ‘Real GDP’, ‘Real Output’, ‘Output’, ‘Y’, ‘RNO’, ‘NI’ and ‘National Output’.

Do not reward Quantity or Q.

If AS shift accompanies AD shift give 1 mark if equilibrium is incorrect and 3 marks if equilibrium is correct (if everything else is correct)

MAXIMUM FOR QUESTION 30: 4 MARKS

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2018

- 32** *Extract E (lines 3–4) states that there is ‘a new approach to government...a new, active role that backs business and ensures more people in all corners of the country share in the benefits of its success’.*

Use the extracts and your knowledge of economics to assess the view that a more active government industrial policy will make a significant improvement in macroeconomic performance.

[25 marks]

Areas for discussion include:

- what is meant by macroeconomic performance
- what is meant by supply-side policy/industrial policy
- what is meant by ‘more active government policy’
- what is meant by ‘significant improvement’ in macroeconomic performance
- arguments to support the view:
 - the benefits of targeted government spending on growth/jobs/price stability
 - the benefits of technical education on growth/jobs
 - the benefits of R and D/investment/infrastructure on growth/jobs/price stability
 - the benefits of regional policy on growth/jobs
 - the impact of using the tax and benefits system to create incentives
 - the impact of all of the above on international competitiveness
 - the impact of the above on consumer and business confidence
- arguments to dispute the view:
 - affordability
 - opportunity costs
 - the impact of reducing progressive taxation leaving VAT, for example, unchanged
 - the impact of low wages and job insecurity on consumption/confidence
 - the accelerator effect and the impact of a fall in investment
 - the consequences of inflationary pressure
 - the productivity gap
 - regional imbalances
 - government failure/imperfect knowledge
 - long term impact on taxation
- the importance of time lags – long term versus short term
- free market (supply-side) versus government intervention view
- external influences
- the size of any positive/negative multiplier effects
- the importance of productivity increases
- reliance on monetary policy
- what is meant by ‘significant’ in the context of the current economic situation
- the significance of a ‘more active’ approach – is it really different?
- the use of and significance of the data in the extracts

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

MARK SCHEME – AS ECONOMICS – 7135/2– JUNE 2017

SECTION A

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

KEY LIST

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

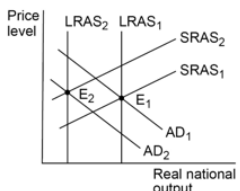
	<u>Total</u>
A	2
B	8
C	3
D	7
	<u>20</u>

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2022

SECTION A

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

KEY LIST

1	D (An increase in productive potential)	11	D (spending)
2	B (Faster economic growth abroad and lower world commodity prices)	12	B (income tax rates are reduced)
3	A (allow easier comparison of data)	13	C 
4	C (structural unemployment)	14	B (budget surplus)
5	A (Falling, Falling, Rising)	15	B (£1455bn)
6	D (reduce aggregate demand)	16	D (stimulate supply-side improvements)
7	C (rose faster in Country X between 2017 and 2019)	17	C (Expansionary fiscal policy and a stronger exchange rate)
8	D (real incomes may have risen or fallen)	18	B (job vacancies)
9	A (Decrease, Decrease, Increase)	19	D (unemployment)
10	C (the action of the accelerator)	20	A (exchange rate)

Totals

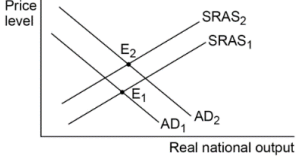
A 4
B 5
C 5
D 6

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2023

SECTION A

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

KEY LIST

1	B (Exports)	11	A (cut government borrowing.)
2	C (Resources are fully employed)	12	B (Real national income increased)
3	D (The value of money rose between 2008 and 2011.)	13	C (government.)
4	C 	14	B (Government grants for firms with growth potential)
5	A (Corporation tax)	15	C (Rising, Absent, Increasing)
6	C (£42bn.)	16	A (A decrease in employment)
7	A (Firms' capacity utilisation)	17	D (positive supply-side shock.)
8	D (Increased expenditure on training and an investment subsidy)	18	C (An increase in the budget surplus and a switch from spending on pensions to spending on new airports)
9	C (the pattern of economic activity has changed.)	19	C (Productivity rising faster than money wages)
10	A (W)	20	A (inflation in other countries.)

Totals

A 6
B 3
C 8
D 3

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 2020

Section A

KEY LIST

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

Totals

A 5
B 6
C 4
D 5