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AQA AS ECONOMICS: QUESTIONS BY TOPIC

How the Macroeconomy Works

AQA AS Economics 7135 — Topic 4.2.2

26 questions · 35 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
4.2.2.1 THE CIRCULAR FLOW OF INCOME		7 Qs · 7 marks	3
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2. Q07	AS Paper 2, Section A (MCQ) June 2017	1	5
3. Q02	AS Paper 2, Section A (MCQ) June 2018	1	6
4. Q08	AS Paper 2, Section A (MCQ) June 2018	1	7
5. Q04	AS Paper 2, Section A (MCQ) June 2019	1	8
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4.2.2.4 AGGREGATE DEMAND AND THE LEVEL OF ECONOMIC ACTIVITY		2 Qs · 2 marks	23
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4.2.2.6 DETERMINANTS OF LONG-RUN AGGREGATE SUPPLY		3 Qs · 3 marks	34
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QUESTIONS

26 questions · 35 marks · 6 sub-topics



SUB-TOPIC 4.2.2.1

THE CIRCULAR FLOW OF INCOME

Sub-topic 4.2.2.1 · 7 questions · 7 marks · lowest tariff first



2

Do not write
outside the
box**Section A**Answer **all** questions in this section.Only **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**

In the circular flow of income model, which one of the following is an injection?

A Consumer spending☐**B** Government spending☐**C** Imports☐**D** Wages☐**[1 mark]**

0 2

IB/G/Jun17/7135/2

6

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box

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

3

0 2

The following table shows the planned changes to injections into and withdrawals from the circular flow of income for one year.

	£bn
Exports	19
Government expenditure	29
Imports	20
Investment	35
Savings	26
Taxation	32

Other things remaining the same, these changes would cause

- A** consumer expenditure to decrease.
- B** national income to increase.
- C** the balance of trade deficit to decrease.
- D** the budget deficit to rise.

☐☐☐☐**[1 mark]****0 3**

A government wants to increase the economy's rate of long-run economic growth by implementing a supply-side policy. Which one of the following is a government policy aimed at stimulating the supply side of the economy?

- A** A new scheme to help young people buy their own homes
- B** Greater provision of care homes for the elderly
- C** Measures to promote competition between businesses
- D** More generous welfare benefits for unemployed workers

☐☐☐☐**[1 mark]**

Turn over for the next question

Turn over ►



0 3

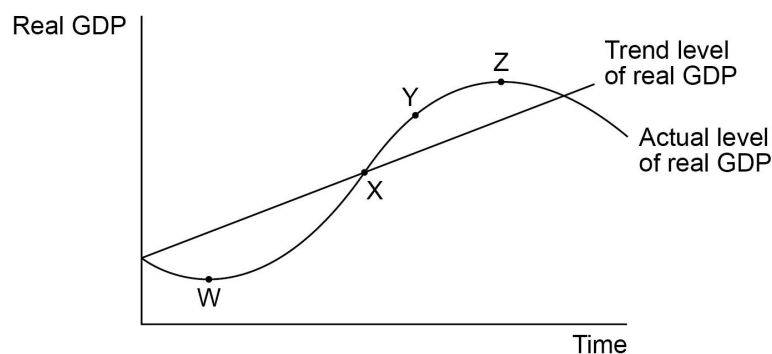
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0 7

The diagram below shows an economic cycle and the trend level of real GDP. Which point represents the economy producing at its normal capacity level of output?

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A Point W

☐

B Point X

☐

C Point Y

☐

D Point Z

☐

[1 mark]

0 8

Which one of the following is the best definition of a household's total saving?

A An injection into the circular flow of income

☐

B Contributions to a pension fund for retirement

☐

C Money placed in bank and building society accounts

☐

D That part of disposable income not spent on consumption

☐

[1 mark]

Turn over for the next question

Turn over ►



IB/M/Jun18/7135/2

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

2

Section A

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

For each question 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** Which one of the following is an injection into the circular flow of income?

[1 mark]

A Consumer expenditure

☐

B Exports

☐

C Imports

☐

D Wages

☐**0 2** In which one of the following situations is an increase in aggregate demand most likely to result in higher inflation?

[1 mark]

A Household savings are increasing

☐

B Mortgage interest rates are high

☐

C Resources are fully employed

☐

D Unemployment is rising

☐

0 2

IB/M/Jun23/7135/2

8

1 4

Which statement applies to progressive taxes, but does not apply to proportional or regressive taxes?

As income falls

A a larger percentage of income is taken in tax.

B a smaller percentage of income is taken in tax.

C less income is taken in tax.

D the same percentage of income is taken in tax.

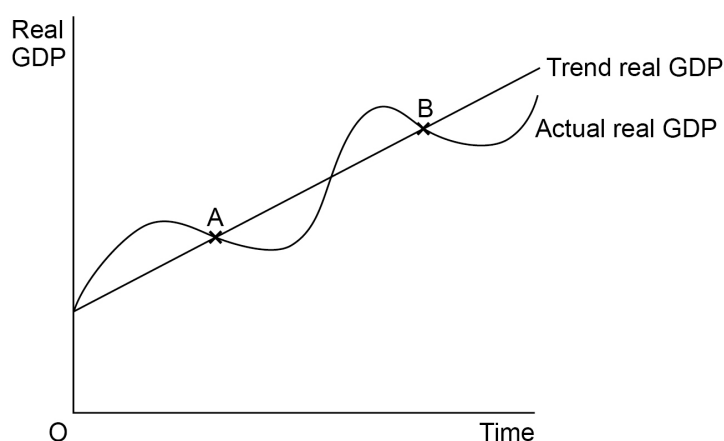
☐☐☐☐

[1 mark]

1 5

Figure 4 shows the performance of an economy through time.

Figure 4



As the economy moves from point A to point B, it can be concluded that

A the economy has completed one economic cycle.

B the level of GDP per head has risen.

C the rate of economic growth has increased.

D the trend rate of growth is higher.

☐☐☐☐

[1 mark]



0 8

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SUB-TOPIC 4.2.2.2

AGGREGATE DEMAND AND AGGREGATE SUPPLY ANALYSIS

Sub-topic 4.2.2.2 · 2 questions · 2 marks · lowest tariff first



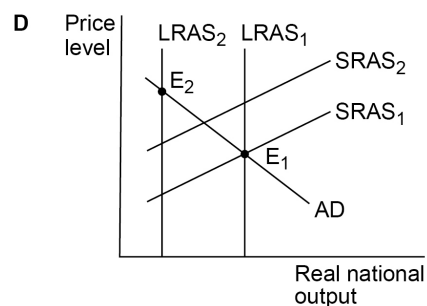
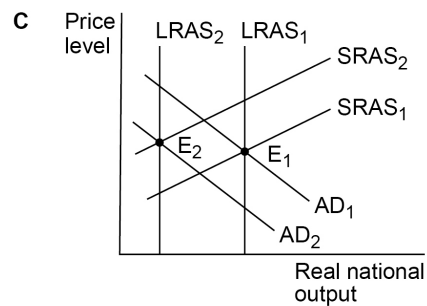
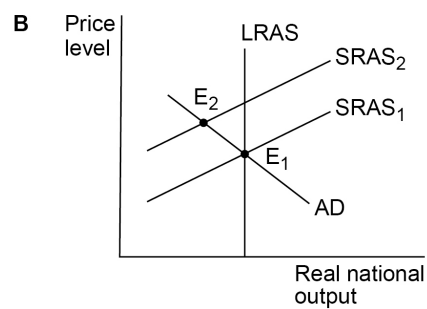
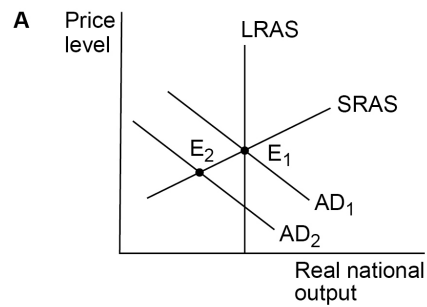
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1 | 3

A small island economy suffers extensive damage from a hurricane. The following diagrams show aggregate demand (AD), short-run aggregate supply (SRAS) and long-run aggregate supply (LRAS) for the economy. Equilibrium before the hurricane is at E_1 .

Which one of the following diagrams shows the most likely position of E_2 , the equilibrium reached after the hurricane?

[1 mark]



0 8

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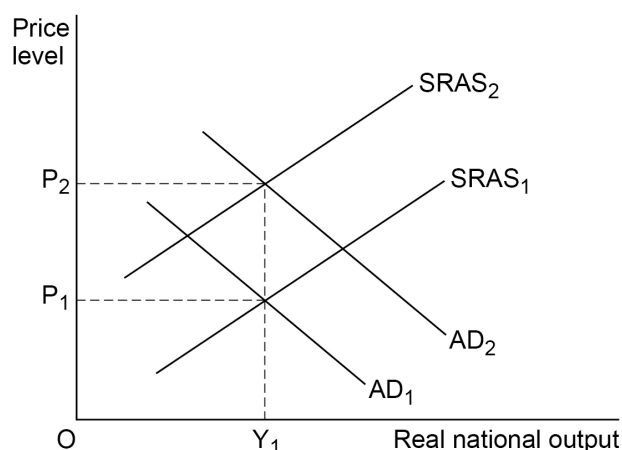
7

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

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SUB-TOPIC 4.2.2.3

THE DETERMINANTS OF AGGREGATE DEMAND

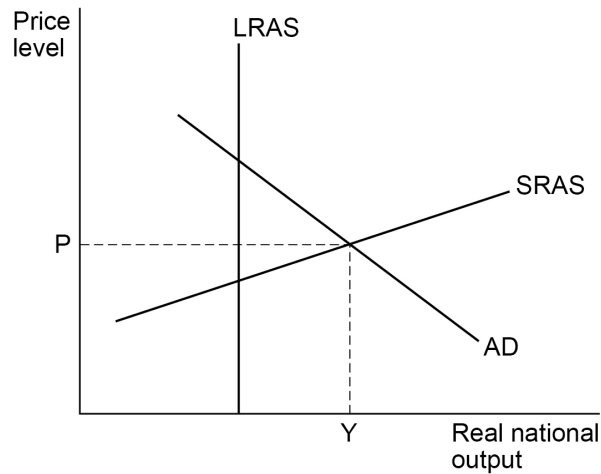
Sub-topic 4.2.2.3 · 5 questions · 14 marks · lowest tariff first



11

20

The diagram below shows the aggregate demand curve (AD), short-run aggregate supply curve (SRAS), and long-run aggregate supply curve (LRAS) for an economy.



The current level of real GDP is Y. Which one of the following policies is most likely, in the short run, to bring the economy closer to its normal capacity level of output?

- A An increase in the target rate of inflation
- B Higher government spending on vocational education
- C Lower rates of tax on manufacturing businesses
- D New schemes to encourage more household saving

☐
☐
☐
☐

[1 mark]

20

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

Turn over ►



1 1

IB/M/Jun19/7135/2

9

- 1 4** Which one of the following is an example of expansionary fiscal policy?
A reduction in the

A budget deficit.

☐

B budget surplus.

☐

C trade deficit.

☐

D trade surplus.

☐

[1 mark]

- 1 5** **Table 2** shows the components of aggregate demand in an economy which is in equilibrium.

Table 2

	£ billion
Consumer expenditure	1000
Investment	200
Government expenditure	350
Exports	150
Imports	200

If imports increase to £230 billion and the multiplier is 1.5, then the new level of national income would be

A £1155 billion

☐

B £1455 billion

☐

C £1545 billion

☐

D £1845 billion

☐

[1 mark]

Turn over for the next question

Turn over ►



0 9

IB/M/Jun22/7135/2

5

0 5 Which one of the following is a direct tax?

[1 mark]

A Corporation tax

☐

B Fuel tax

☐

C Import tax

☐

D Vehicle tax

☐

0 6 Table 2 shows the components of a country's national income in 2021.

Table 2

	£bn
Consumer expenditure	22
Investment	10
Government expenditure	8
Exports	11
Imports	9

It can be concluded from the data in Table 2 that aggregate supply in 2021 must have been

[1 mark]

A £21bn.

☐

B £40bn.

☐

C £42bn.

☐

D £60bn.

☐

Turn over ►



IB/M/Jun23/7135/2

8

1 0

Table 3 shows the planned change in government spending, the size of the output gap and the size of the multiplier in four economies, W, X, Y and Z.

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Table 3

	Change in government spending (£bn)	Output gap (£bn)	Multiplier
W	–80	+100	1.25
X	–150	–225	1.5
Y	+200	+350	1.75
Z	–300	+150	2

All other things being equal, in which one of the economies, W, X, Y or Z, will the planned change in government spending eliminate the economy's output gap?

[1 mark]**A** W☐**B** X☐**C** Y☐**D** Z☐

1 1

A government wishing to reduce inflation through the use of fiscal policy could

[1 mark]**A** cut government borrowing.☐**B** decrease income tax.☐**C** raise interest rates.☐**D** reduce the budget surplus.☐

0 8

IB/M/Jun23/7135/2

2	5
---	---

Extract C (lines 3–4) states: ‘Household consumption accounts for approximately 60% of aggregate demand so has a vital role to play in the economy.’

Explain **two** factors that could cause a fall in consumption.

[10 marks]

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17

[illegible]

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Turn over ►



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Handwriting practice area with horizontal dotted lines.

SUB-TOPIC 4.2.2.4

AGGREGATE DEMAND AND THE LEVEL OF ECONOMIC ACTIVITY

Sub-topic 4.2.2.4 · 2 questions · 2 marks · lowest tariff first



4

0 5

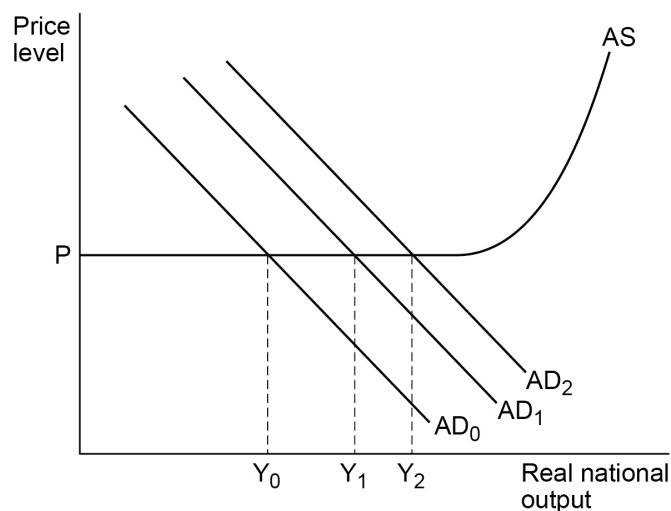
The government of an economy implements an expansionary fiscal policy, increasing government spending and cutting taxes. In the short run, such a policy is likely to result in a conflict between which of the following macroeconomic objectives?

- 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

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4

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0 4 Unemployment rose in an economy despite overall economic growth. This is most likely to be explained by an increase in

A cyclical unemployment.

☐

B job vacancies.

☐

C structural unemployment.

☐

D the school leaving age.

☐

[1 mark]

0 5 An economy experiences an increasing negative output gap. Which one of the following combinations of outcomes most accurately describes the likely effects of this?

	Imports	Inflationary pressure	Unemployment
A	Falling	Falling	Rising
B	Falling	Rising	Falling
C	Rising	Falling	Rising
D	Rising	Rising	Falling

☐
☐
☐
☐

[1 mark]

0 6 A deflationary policy is designed to

A avoid deflation.

☐

B increase aggregate demand.

☐

C lead to deflation.

☐

D reduce aggregate demand.

☐

[1 mark]



0 4

IB/M/Jun22/7135/2

SUB-TOPIC 4.2.2.5

DETERMINANTS OF SHORT-RUN AGGREGATE SUPPLY

Sub-topic 4.2.2.5 · 7 questions · 7 marks · lowest tariff first



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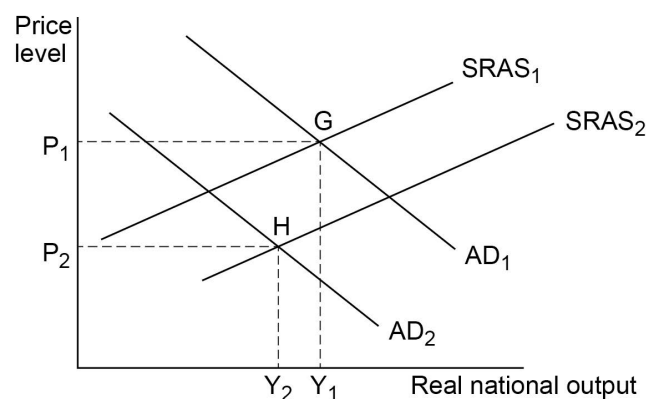
Inflationary pressures are normally low when an economy has a negative output gap. The most likely explanation for this is that

- A** consumers' spending on imports and the exchange rate rise. ☐
- B** the Bank of England may cut bank rate and increase the money supply. ☐
- C** the government's tax revenue falls and spending on benefits increases. ☐
- D** unemployment is high and firms have excess capacity. ☐

[1 mark]

1 0

In the diagram below, an economy is initially in equilibrium at point G. Aggregate demand then shifts from AD_1 to AD_2 and the short-run aggregate supply curve shifts from $SRAS_1$ to $SRAS_2$.



Which one of the following combinations of events will cause these shifts in AD and SRAS and move the economy to a new equilibrium at point H?

- A** A cut in income tax and an increase in VAT ☐
- B** A fall in money wages and a fall in house prices ☐
- C** An increase in productivity and a rise in consumer confidence ☐
- D** Higher energy prices and lower government expenditure ☐

[1 mark]



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Do not write
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box**1 | 3**

An economy is in macroeconomic equilibrium with total expenditure and total income each equal to £407 billion. This means that the current value of total output will be

A £407 billion plus the annual rate of economic growth.

☐

B £814 billion after adjusting for the multiplier effect.

☐

C the same as total expenditure and total income.

☐

D the same as total income after adjusting for inflation.

☐**[1 mark]****1 | 4**

A government wanting to reduce unemployment in the short run, through the use of fiscal policy, is most likely to

A attempt to increase the size of its budget surplus.

☐

B reduce indirect taxes on consumption.

☐

C reduce interest rates to stimulate investment.

☐

D take measures to reduce the size of its budget deficit.

☐**[1 mark]****1 | 5**

World oil prices rise by 30%. On an AD/AS diagram the main effects are shown by a shift left in

A both the aggregate demand curve and the short-run aggregate supply curve.

☐

B the aggregate demand curve as consumers face higher prices for petrol.

☐

C the long-run aggregate supply curve as firms reduce their investment in renewable energy.

☐

D the short-run aggregate supply curve as firms face higher costs.

☐**[1 mark]**

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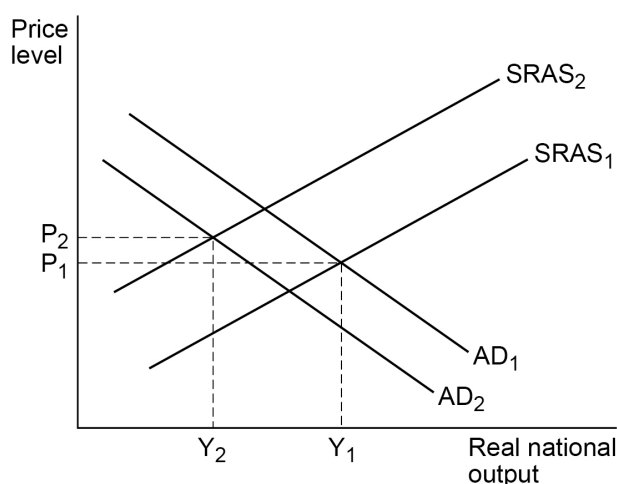
1 6

The Monetary Policy Committee of the Bank of England has to assess inflationary pressures when deciding on the level of Bank Rate. Which one of the following pieces of information is most likely to persuade the Committee to raise Bank Rate?

- A** A fall in the number of job vacancies advertised ☐
- B** GDP growth at below the trend rate in the previous two quarters ☐
- C** Statistics showing an increase in bank lending to households ☐
- D** Surveys showing that many firms have spare capacity ☐

[1 mark]**1 7**

The diagram below shows the aggregate demand curves (AD) and short-run aggregate supply curves (SRAS) for an economy.



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

- A** A fall in commodity prices and a fall in savings ☐
- B** A fall in money wages and an increase in imports ☐
- C** An increase in the budget deficit and a fall in productivity ☐
- D** An increase in VAT and an increase in income tax ☐

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

0 9

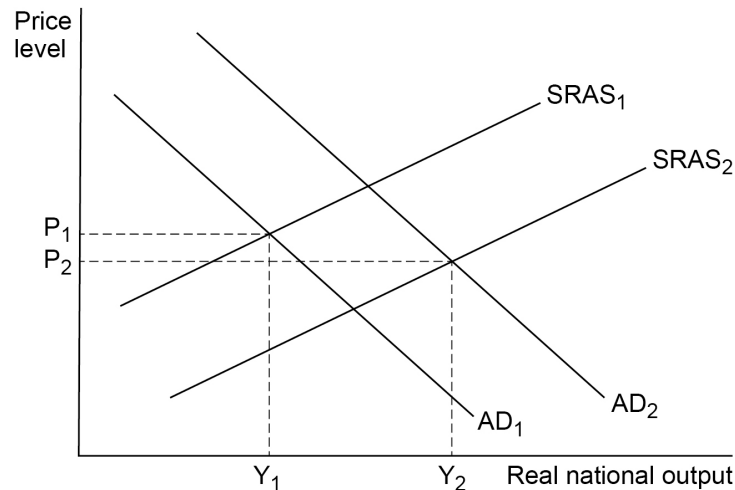
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3

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

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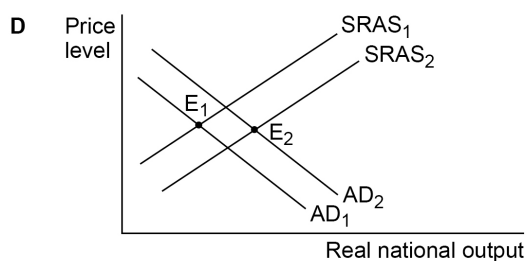
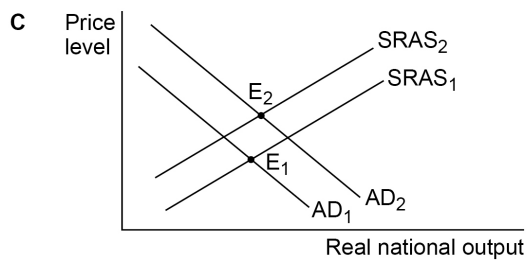
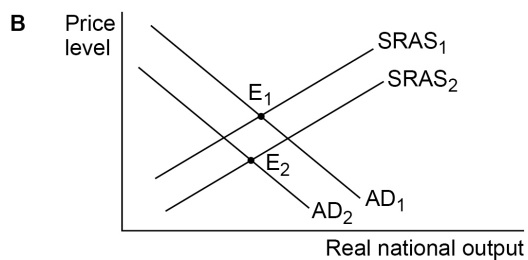
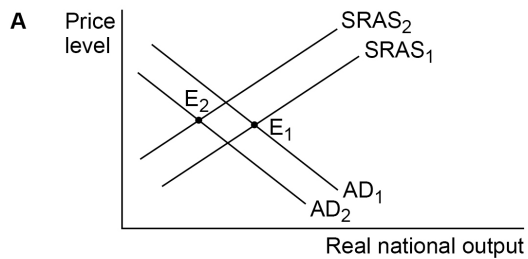
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0 4

A government decides to increase the minimum wage at a time when the rest of the world is coming out of recession. These events cause short-run aggregate supply (**SRAS**) to shift from **SRAS₁** to **SRAS₂** and aggregate demand (**AD**) to shift from **AD₁** to **AD₂**.

If the initial macroeconomic equilibrium is **E₁**, which one of the following diagrams shows the correct new equilibrium **E₂**?

[1 mark]



Do not write
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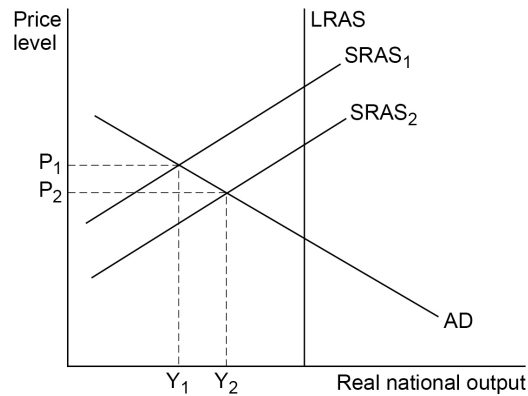
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12

1 | 9

Figure 2 shows the aggregate demand curve (**AD**), short-run aggregate supply curves (**SRAS**) and long-run aggregate supply curve (**LRAS**) for an economy.

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box

Figure 2

The short-run aggregate supply curve shifts from **SRAS₁** to **SRAS₂**. Which one of the following is the most likely cause of the resulting increase in real national output?

[1 mark]

- A** An increase in bank lending to households
- B** An increase in government expenditure
- C** Productivity rising faster than money wages
- D** The action of the multiplier

☐
☐
☐
☐

2 | 0

Which one of the following is most likely to result in an increase in exports from the UK economy? An increase in

[1 mark]

- A** inflation in other countries.
- B** productivity in other countries.
- C** UK incomes.
- D** UK interest rates.

☐
☐
☐
☐

20

END OF SECTION A

1 2

IB/M/Jun23/7135/2

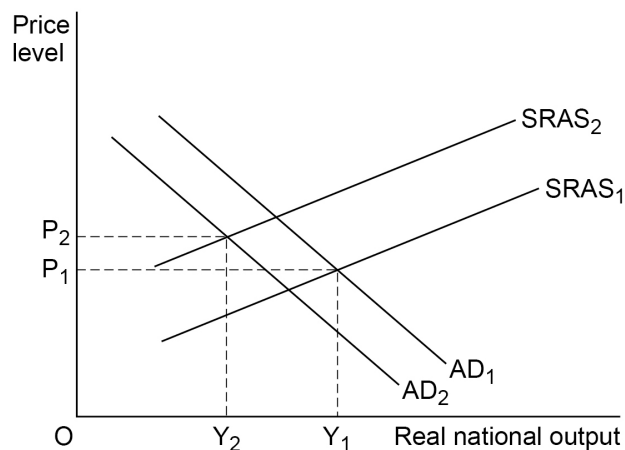
5

0 8

Figure 2 shows the aggregate demand (AD) curves and short-run aggregate supply (SRAS) curves for an economy.

Do not write
outside the
box

Figure 2



Which **one** of the following combinations of events is most likely to cause aggregate demand to shift from AD_1 to AD_2 and short-run aggregate supply from $SRAS_1$ to $SRAS_2$?

- A A fall in income tax and lower raw material prices
- B A fall in net exports and higher labour productivity
- C A rise in money wages and a rise in household saving
- D An increase in VAT and a rise in household wealth

☐
☐
☐
☐

[1 mark]

Turn over for the next question

Turn over ►



0 5

IB/M/Jun20/7135/2

SUB-TOPIC 4.2.2.6

DETERMINANTS OF LONG-RUN AGGREGATE SUPPLY

Sub-topic 4.2.2.6 · 3 questions · 3 marks · lowest tariff first



7

Do not write
outside the
box

0 9

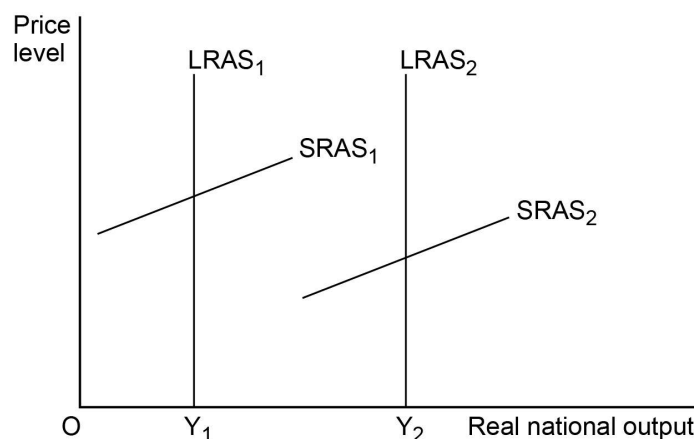
Which one of the following represents investment expenditure?

- A** A firm spends £7m on new computer software ☐
- B** A government spends £10m more on nurses wages ☐
- C** A household puts £10 000 into an interest paying account ☐
- D** An individual spends £28 000 buying company shares ☐

[1 mark]

1 0

The diagram below shows the initial short run aggregate supply curve ($SRAS_1$) and long run aggregate supply curve ($LRAS_1$) for an economy. $SRAS_2$ and $LRAS_2$ are the new positions of the two aggregate supply curves.



The most likely combination of causes of the shifts in the short run and long run aggregate supply curves is

- A** a fall in indirect tax and a fall in skill levels. ☐
- B** a fall in money wages and a rise in immigration. ☐
- C** a fall in productivity and a rise in emigration. ☐
- D** an increase in oil prices and more investment in renewable energy. ☐

[1 mark]



0 7

Turn over ►

IB/G/Jun17/7135/2

7

1 1

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

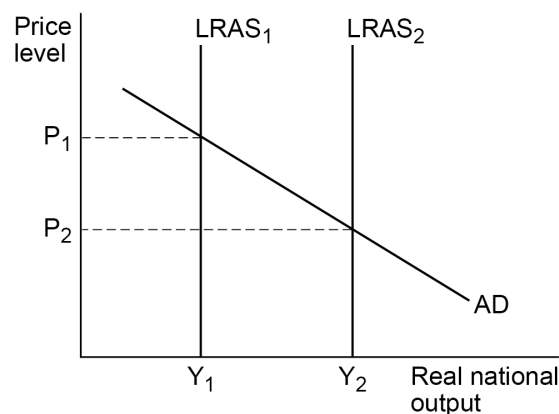
	Real GDP £ billion
2015	31
2016	35

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

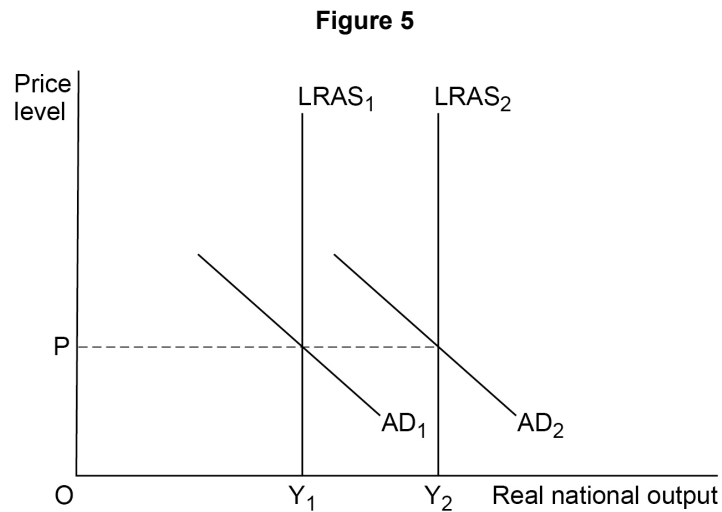
IB/M/Jun19/7135/2

10

1 | 8

Figure 5 shows the aggregate demand (AD) and long-run aggregate supply (LRAS) curves for an economy.

Do not write
outside the
box



Which one of the following policies is most likely to have caused aggregate demand to shift from AD_1 to AD_2 , and long-run aggregate supply to shift from $LRAS_1$ to $LRAS_2$?

- A A lower rate of corporation tax
- B A reduction in the money supply
- C An increase in state pensions
- D An increase in the exchange rate

☐
☐
☐
☐

[1 mark]



1 0

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 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 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

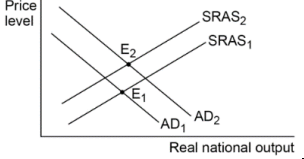
A 4
 B 7
 C 5
 D 4

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 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

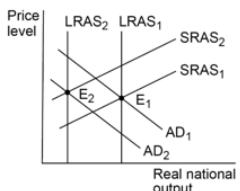
A 5
 B 6
 C 4
 D 5

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 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 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 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

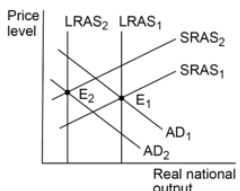
A 4
 B 7
 C 5
 D 4

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

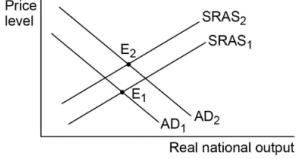
A 4
B 5
C 5
D 6

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 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

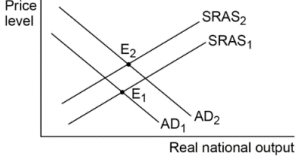
A 6
B 3
C 8
D 3

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.)
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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

2 5 **Extract C** (lines 3–4) states: ‘Household consumption accounts for approximately 60% of aggregate demand so has a vital role to play in the economy.’

Explain **two** factors that could cause a fall in consumption.

[10 marks]

Level of response	An answer that:	Max 10 marks
Level 3	- identifies two valid factors - 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
Level 2	- identifies at least one valid factor - 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
Level 1	- identifies at least one valid factor - 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:

- meaning of consumption
- higher unemployment
- lower income
- contractionary fiscal/monetary policy
- gloomy expectations
- confidence
- consideration of multiplier effects
- short-term/long-term effects.

MAXIMUM FOR QUESTION 25: 10 MARKS

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

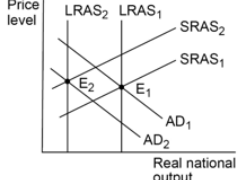
A 4
B 7
C 5
D 4

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 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

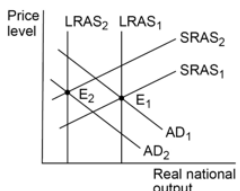
A 4
 B 7
 C 5
 D 4

MARK SCHEME – AS ECONOMICS – 7135/2 – JUNE 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

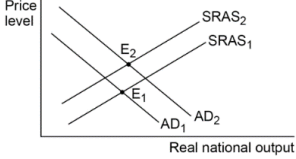
A 4
B 5
C 5
D 6

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

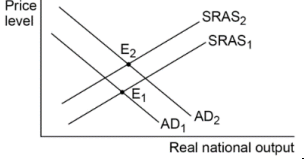
A 6
B 3
C 8
D 3

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 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 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 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