
GCSE

ECONOMICS

8136/2: Paper 2 How the economy works
Report on the Examination

8136
June 2019

Version: 1.0

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General Comments

This is the first exam for this new Economics specification. It is pleasing to report that students who sat both papers generally performed very well. This paper as a whole provided the necessary challenge whilst being accessible, though there were a small number of questions that proved difficult. There was very little evidence that timing was a problem, with nearly all students providing full answers when required.

As mentioned, there were a small number of questions which proved difficult for students to access marks (questions 14.2, 17 and 20). However, longer-answer questions proved more accessible, with a large number of answers showing appropriate development of analysis and evaluation. Teachers would be well advised to focus on ensuring that the specification content is fully covered in class, as the longer exam time and the greater number of questions (compared with the previous specification), will mean a greater coverage of the specification can be made each year.

Multiple choice questions: 1 – 10

Students generally found these accessible. The least challenging questions were questions 1 and 6, with around 90% choosing the correct answer for each. The more difficult questions were still answered correctly by the majority. Questions 4 and 10 were perceived to be the most difficult. There were no questions where a distractor was chosen by large numbers of students over the correct answer. This would suggest that all the multiple choice questions were clear and there were no ambiguous questions.

Question 11

Most students could identify two causes of inflation. Some had clearly revised the two main types of inflation whilst others described the causes, eg 'too much spending' or 'low interest rates'. Both approaches were acceptable.

Question 12

Most students had some understanding of why a budget deficit may need to be reduced and often focused on the concept of avoiding excessive interest payments on the national debt.

Question 13

This question was accessible. Over half of responses scored both marks. The most common answers typically focused on how rapid growth can lead to inflation or rising negative externalities. Explanations were generally clear, succinct and logical.

Question 14

On 14.1, around one third of responses correctly calculated the current account balance. A significant number calculated the trade balance instead.

On 14.2, only a small number of students gained full marks. Many students confused a current account deficit with a budget deficit. The significance of a current account surplus or deficit is clearly required coverage within the specification (section 3.2.2.5).

Question 15

Most responses recognised that the rise in the exchange rate would affect producers who either imported or exported goods and services. Most answers showed some development of understanding and could link the change in relative prices of imports and exports to how it would affect producers. However, only around one quarter of answers could fully develop their answers so as to score in the top level of marks.

It may be advisable for centres to spend time with students focusing on providing fuller development of answers for questions awarding 6 or more marks. This would involve exercises in class looking for multiple effects of a change in the economy, plus spending time on how an extra detailed 'link' can be added to a logical chain of reasoning.

Question 16

Most students could identify two functions of money – usually expressed accurately. A small number of answers confused functions with characteristics of money.

Question 17

This question produced surprisingly few correct answers. Factors influencing different rates of interest is clearly contained within the specification (3.2.2.1) but only a small number could provide a correct answer to the question. Many assumed that the long-term nature of the mortgage would explain why interest rates were lower, but this is the opposite of what would be expected given that it is less risky from a lender's perspective if the money is to be repaid sooner rather than later, thus leading to lower interest rates. Correct answers generally used the idea of security or collateral provided by the house for a mortgage or the ease at which a credit card can be obtained (and the higher interest rate charged to compensate for the lender taking on more risk).

Question 18

Most answered this question well. A wide variety of factors that would explain income inequality were found. Some answers used knowledge from Paper 1 to explain how wage differentials and income, consequently, varied which was a valid approach.

Question 19

For 19.1, although a straightforward calculation question, many centres would be advised to spend time on the practice of calculating percentage changes. Around half of answers were fully correct.

For 19.2, most came up with a reason why low inflation is preferable but only around one third of answers scored both marks. This suggests that time may need spending on looking at the consequences of inflation (section 3.2.2.4 of the specification). There were a wide range of possible answers. Most commonly expressed correct answers looked at how those on fixed incomes would suffer in periods of higher inflation, or how higher inflation would affect international competitiveness.

Question 20

The majority of students found this question very difficult to access marks. Around one in five students answered this question correctly. A similar style of question appeared within the specimen

materials. It would be a good idea to use this and spend time in the classroom looking at how changes in the foreign exchange market can be shown diagrammatically.

Question 21

Most students could identify reasons both for and against why a government should aim for low unemployment. Explanations were generally well developed. Conclusions were not always effective and often were merely simple assertions or were just a restatement of an earlier point. To score in the top level, a conclusion really needs to be presented that provides justification for any assertion made. However, the approach taken to this question by most students showed good technique, with logically developed chains of argument both supporting and challenging the question.

Section B

Question 22

Very few failed to score marks on this question and just under half managed to score both marks. Answers which scored one mark were almost all focused only on international trade rather than globalisation.

Question 23

This multi-step calculation was well done, with clear illustration of workings present in most answers. Nearly half of all answers recognised that not only did the GDP figure have to be expressed in per capita terms but also that the GDP needed to be adjusted for economic growth.

Question 24

Most students could identify relevant factors that led to, or increased, globalisation. Most answers showed evidence of developed arguments. Around one-third of answers reached the top level of marks.

Ignoring the multiple choice questions, well over one half of total marks comes from questions which required developed arguments in the answers (questions 15, 21, 24, 25 and 26). Therefore, it would be advisable, as mentioned for question fifteen, to spend time in the classroom on building developed arguments with students in higher-mark questions through adding extra points of development to an explanation.

Question 25

Students generally found it relatively straightforward to identify relevant factors on how producers would be affected. However, these were not always fully developed. The issue of resource depletion was often identified but was not frequently developed into a valid argument.

Question 26

Students generated plenty of well-argued, and detailed arguments considering whether globalisation is beneficial for developed countries, such as the UK. Arguments were often well developed and showed analytical chains of reasoning. Some excellent answers considered both

sides of the argument and then produced a highly evaluative conclusion. A significant number of answers were let down by a superficial conclusion which was often little more than an assertion.

Planning of answers was evident for this question and this seems to have been beneficial for the quality of answers. Many answers were substantial, with a widespread use of additional pages. This approach did not always lead to significantly higher marks, as students needed to demonstrate their skills at a high level rather than have long, but low-level, responses. Time did not appear to be a limiting factor for this question, or for the paper as a whole.

Use of statistics

Statistics used in this report may be taken from incomplete processing data. However, this data still gives a true account on how students have performed for each question.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results Statistics](#) page of the AQA Website.