

GCSE ECONOMICS 8136/1

Paper 1 How Markets Work

Mark scheme

June 2022

Version: v1.0 Final Mark Scheme



Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

KEY LIST

01	C – The services sector is the largest sector	06	B – An increase in demand for household decoration
02	A – A bank account	07	A – Heating
03	B – Increased cost of training workers	08	D – Wheat
04	C – Commercial property/Soft drinks	09	A – A bucket and spade
05	B – More layers of management in larger firms	10	B – £12

Qu	Part	Marking guidance	Total marks
11		State two characteristics of a competitive market. AO1 = 2 1 mark for each characteristic (max 2) Possible answers: • many buyers • many sellers	2 2
		 few/no barriers to entry few/no barriers to exit perfect information identical products firms are price takers. 	

Qu	Part		Marking guidance	Total marks
12		Explain o	one economy of scale.	2
		AO1 = 2		
		Marks	Description	
		2	Economy of scale explained	
		1	Economy of scale identified	
		0	Nothing written worthy of credit	
		Possible	e answers:	
		 Purchas Financia Technic capital of Risk-be Marketi output. 	erial – larger companies can afford the salaries of best CEOs sing – bulk buying discounts al – cheaper loans from bank for biggest firms cal – larger companies can make more effective use of expensive equipment earing – spreading risk over a range of products and – can spread costs of large marketing budget over many units of its indicative content is not exhaustive, other creditworthy responses a warded marks as appropriate.	

Qu	Part		Marking guidance	Total marks
13		Explain of carpets.	one factor that may lead to an increase in the equilibrium price of	2
		Marks	Description	
		2	Factor explained	
		1	Factor correctly identified	
		0	Nothing written worthy of credit	
		an incr populaa reduce the proNote: Th	ease in demand – eg increase in consumer incomes, increase in tion, increase in fashionability of carpets ction in supply – eg increase in costs of production, increased tax on oduct, reduced number of firms supplying the market. is indicative content is not exhaustive, other creditworthy responses a awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
14	1	A 20% increase in the price of lawnmowers leads to a fall in quantity demanded from 100 per week to 75 per week. Calculate the price elasticity of demand for lawnmowers.	2
		AO2 = 2 • Percentage change in quantity demanded = −25/100 = −25% (1 mark) • PED = −25%/+20% = −1.25 (1 mark) Answer = −1.25 Award 2 marks for a correct answer with no workings. Award 1 mark if correct method with correct figures but wrong answer. Award 1 mark for 1.25 (ie no minus sign).	

Qu	Part		Marking guidance				
14	2	Explain c	one possible factor affecting the price elasticity of demand for vers.	2			
		AO1 = 2					
		Marks	Description				
		2	Factor explained				
		1	1 Factor correctly identified				
		0	Nothing written worthy of credit				
		 proport availab luxury v time pe use of c Note: Th	ion of income spent on the product le substitutes versus necessity eriod data from 14.1. iis indicative content is not exhaustive, other creditworthy responses e awarded marks as appropriate.				

Qu	Part			Marking guidance	Total marks
15		_	_	nalyse the possible consequences for consumers of the UK ket being dominated by a small number of large firms.	6
		AO2 = 2	, AO3 = 4	•	
		Level	Marks	Description	
		3	5–6	A full analysis of the economic evidence, a well-developed and logical chain of reasoning.	
		2	3–4	An incomplete analysis of the economic evidence, starts to develop a chain of reasoning. Good application of knowledge and understanding of concepts/issues mostly relevant to the context.	
		1	1–2	Analysis of discrete points of the economic evidence with no chain of reasoning attempted. Basic application of knowledge and understanding of concepts/issues with limited relevance to the context.	
			0	Nothing written worthy of credit.	
		 makin non-co possib servic possib Note: The makin non-co 	ompetitive ole drawba e, collusion ole benefit nis indicat	he data to identify market as monopolistic/oligopolistic/ e acks to consumers – higher prices, reduced quality/customer	

Qu	Part	Marking guidance	Total marks
16		State two factors of production.	2
		AO1 = 2 1 mark for each factor of production (max 2 marks) Possible answers: • capital • enterprise • land • labour.	

Qu	Part		Marking guidance	Total marks			
17			one opportunity cost a firm might face when making a decision about to buy a new machine.	2			
		AO1 = 2					
		Marks	Description				
		2	Relevant opportunity cost explained				
		1	Relevant opportunity cost identified				
		0	Nothing written worthy of credit.				
		Possible	ossible answers:				
		 decision decision decision less mo potentia depreci limited Note: Th	ns about what machine to buy ns about which product(s) to make ns about which market(s) to operate in ns about combinations of inputs/factors of production to use oney to buy other things al for missed opportunities in other markets ration/loss of value over time finances/resources/time means trade-offs are necessary. is indicative content is not exhaustive, other creditworthy responses a awarded marks as appropriate.				

Qu	Part		Marking guidance			
18			ne reason why an individual's wants may change over time.	2		
		AO1 = 2 Marks	Description			
		2	Possible reason explained			
		1	1 Possible reason identified			
		0	Nothing written worthy of credit			
		changechangepersona points in Note: Th	s in incomes/affluence may turn needs into wants or vice-versa in fashions/social trends may affect desirability of certain products all life cycle idea — individuals prioritise certain things at particular in their life, eg house, car, savings etc. is indicative content is not exhaustive, other creditworthy responses a awarded marks as appropriate.			

Qu	Part	Marking guidance	Total marks
19	1	Using Table 2 , calculate the average cost of marking 300 sandwiches per week.	2
		AO2 = 2 • AFC = £450/300 = £1.50 (1) • ATC = AFC + AVC = £1.50 + £0.80 = £2.30 (1) Answer = £2.30 2 marks for correct answer without working shown. 1 mark for correct TC 450 + (0.80x300) = £690 1 mark for correct working but wrong answer.	

Qu	Part		Marking guidance	Total marks			
19	2	Explain o may have	xplain one possible business objective that the owners of the sandwich shop hay have.				
		AO1 = 2					
		Marks	Marks Description				
		Possible objective explained					
		1 Possible objective identified					
		0	Nothing written worthy of credit.				
		 profit m sales g increas potenti surviva use of Note: This	naximisation – to reward the owners for taking a business risk growth – to increase revenue and secure an acceptable level of profit sing market share – give more control over the local market and ally gain economies of scale al – as many new businesses fail in their early stages of life information from 19.1. is indicative content is not exhaustive, other creditworthy responses a awarded marks as appropriate.				

Qu	Part	Marking guidance	Total marks
20		Draw and label the effects on equilibrium price and quantity of an increase in wage costs within a market.	3
		AO2 = 3 marks Price P2 P1 Q2 Q1 Quantity • Correct labelling of original D and S curves and original equilibrium (1 mark). • Correct drawing and labelling of new S curve to the left of the original (1 mark). • Correct labelling of new equilibrium price, higher than the original and new equilibrium quantity, lower than the original (1 mark). No marks for a shift in demand, even if labelled supply.	

Qu	Part			Marking guidance	Total marks
21		Using Fi benefits.	•	ssess whether the costs of palm oil production outweigh the	9
		AO2 = 3	, AO3 = 6		
		Level	Marks	Description	
		3	7–9	A fully justified conclusion with sustained evaluation, which is coherent and relevant, with judgements supported by evidence. A full analysis of the economic evidence, a well-developed and logical chain of reasoning. Comprehensive application of knowledge and understanding of pertinent concepts/issues relevant to the context; specialist language used throughout.	
		2	4–6	A partially justified conclusion with an evaluation, which is mostly coherent and relevant; judgements may not be fully supported by evidence. An incomplete analysis of the economic evidence; starts to develop a chain of reasoning. Good application of knowledge and understanding of concepts/issues mostly relevant to the context; specialist language used mostly appropriately.	
		1	1–3	A basic conclusion or assertion may be present based on evaluative judgements supported by little or no evidence. Analysis of discrete points of the economic evidence with no chain of reasoning attempted. Basic application of knowledge and understanding of concepts/issues with limited relevance to the context; may use non-specialist language.	
			0	Nothing written worthy of credit.	
		Costs Envirous landsli Health Use of Benefits Emplo Local	ides etc. concerns data. byment for multiplier evenues for	damage eg deforestation, increased risk of local flooding, s linked to over-consumption of palm oil products.	

			is indicative content is not exhaustive, other creditworthy responses e awarded marks as appropriate.	
Qu	Part		Marking guidance	Total marks
22		Define th	e term 'wage differentials'.	2
		AO1 = 2		
		Marks	Description]
		2	Clear definition of wage differentials	
		1	Partial or unclear definition of wage differentials	
		0	Nothing written worthy of credit.	
		Possible	e answers:	
		the diffethe diffethe diffe	erences in wages between different groups erences in wages between different occupations erences in wages within occupations erence in wages between regions come is shared out in an economy.	
			is indicative content is not exhaustive, other creditworthy responses awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
23		Using Table 3 , calculate the income after tax received by somebody in the UK earning £32 300 in 2020/21.	3
		 AO2 = 3 Taxable income = £32300 - £12500 = £19800 (1 mark) Tax payable = £19800 x 0.2 = £3960 (1 mark) Income after tax = £32300 - £3960 = £28340 (1 mark) Award 3 marks for correct answer with no workings. Award 1 mark for a calculation which ignores the tax-free allowance and simply works out income after 20% tax on the total. 	

Qu	Part			Marking guidance	Total marks
24		Using Ite	em A, ana	lyse the possible causes of wage differentials.	6
		AO2 = 6			
		Level	Marks	Description	
		3	5–6	A full analysis of the economic evidence, a well-developed and logical chain of reasoning.	
		2	3–4	An incomplete analysis of the economic evidence, starts to develop a chain of reasoning. Good application of knowledge and understanding of concepts/issues mostly relevant to the context.	
		1	1–2	Analysis of discrete points of the economic evidence with no chain of reasoning attempted. Basic application of knowledge and understanding of concepts/issues with limited relevance to the context.	
			0	Nothing written worthy of credit.	
		 supply differer differer differer differer differer 	nces in ed nces in ski nces in pro nces in oc nces in wo nces in loc	and conditions in the industry ucation/attainment II oductivity	

membership of trade unionsdiscrimination eg gender, race, disability.	
Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part		Marking guidance	Total marks			
25		•	no methods the UK Government could use to reduce the inequality wage differentials.	6			
		AO2 = 2, A	AO3 = 4				
		Apply the	following mark scheme for each method.				
		Marks	Description				
		3	A full and precise explanation applying economic concepts and issues.				
	A partial explanation applying economic concepts and issues but lacking detail.						
		1	1 Fragmented points made.				
		0	Nothing written worthy of credit.				
		 reducing increasi increasi caps on setting of education Note: This	Ing rates of income tax on higher earners of rates of income tax on lower earners of the tax-free threshold of welfare benefits for low-income households of wages/salaries for higher earners of increasing a legal minimum wage on and training (long term). Is indicative content is not exhaustive, other creditworthy responses awarded marks as appropriate.				

Qu	Part			Marking guidance	Total marks
26		caused b	by wage c	JK Government should do more to reduce the inequality lifferentials? B and your own economic knowledge to justify your view.	15
		AO2 = 5	, AO3 = 1	0	
		Level	Marks	Description	
		5	13–15	A justified conclusion with sustained evaluation, which is coherent and relevant, with judgements fully supported by evidence. Analysis of a relevant selection of the economic evidence, with a well-developed logical chain of reasoning. Comprehensive application of knowledge and understanding of pertinent concepts/issues relevant to the context; effective use of specialist language maintained throughout.	
		4	10–12	A partially justified conclusion with an evaluation, which is mostly coherent and relevant; judgements may not be fully supported by evidence. Analysis of a relevant selection of the economic evidence; a logical chain of reasoning is established but not fully developed. Strong application of knowledge and understanding of a broad range of concepts/issues relevant to the context; mostly effective use of specialist language throughout.	
		3	7–9	A partially justified conclusion with an evaluation, but not integrated in a coherent way; judgements are not fully supported by evidence. Analysis of a relevant selection of the economic evidence and starts to develop a chain of reasoning. Good application of knowledge and understanding of a broad range of concepts/issues relevant to the context; consistent use of specialist language but not always effective.	
		2	4–6	A basic conclusion is present based on simple evaluative judgements supported by little or no evidence. Analysis of a relevant selection of the economic evidence with no chain of reasoning attempted. Simple application of knowledge and understanding of a narrow range of concepts/issues relevant to the context; sporadic use of specialist language.	
		1	1–3	Evaluative judgements are simple with no conclusion present.	

	Analysis of a limited selection of the economic evidence with no chain of reasoning attempted; selection of evidence may lack relevance. Basic application of knowledge and understanding of concepts/issues with limited relevance to the context; uses non-specialist language.
0	Nothing written worthy of credit.

Indicative content:

Yes

- income and wealth inequality growing over time
- · increases relative poverty
- may lead to social unrest
- may lead to development of an underclass
- social injustice
- some rich individuals/companies may be exploiting tax loopholes
- increases in income tax can be redistributed to improve living standards for the poorest in society
- use of data.

No

- free market ideas trickle-down, incentives etc.
- Government already doing enough
- inequality not as significant as in other countries
- scope for government failure critique of methods that might be used
- use of data.

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