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# AS LEVEL ECONOMICS

7135/2 The National Economy In A Global Context  
Report on the Examination

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## General

Overall, just over 900 students sat the paper. This is a marked reduction from just under 1400 students in 2022.

There was an uneven split between the two context questions with approximately 82% of students opting for Context 1 and 18% opting for Context 2. Although there were some strong answers to Context 2, on average, students performed better on Context 1 than Context 2. This may be because the inflation context and related 10 mark and 25 mark questions were more familiar to students given the current economic climate. Therefore, inflation was seen as a more accessible context than international trade.

The overall level of responses suggests that students still lack the precision required to precisely define key terms. Nearly 58 % of students did not achieve full marks in the definition questions. A definition is required rather than a formula, example, or detailed explanation of the term, with many students writing several sentences to acquire marks when more clarity is required.

Many find the calculation questions difficult because they struggle to understand the context of the numbers and data involved. For the second calculation, many students did not extract the relevant data from the extract and when they did, could not rearrange the formula to calculate the correct answer. Only 32% of students achieved full marks on this question.

At least 15% of the marks at AS Level depend on a student's ability to demonstrate quantitative skills. When asked to perform a calculation, students would be well advised to show their working as part-marks were awarded for the correct method even if the final answer is incorrect.

Whilst many students are well prepared for the significant features questions, it is hoped that centres also spend time with students looking closely at and understanding the whole range of features that might be present. They should be told to include one significant feature in each space provided in the question paper.

Students would benefit from being provided with as many opportunities as possible to demonstrate a better understanding of economics in a wide variety of real-world situations. This could be through discussion as well as by way of written responses to questions set by the teacher. Embedding logical chains of reasoning into the analysis, using the full economist's toolkit when referencing real world contexts is crucial.

Many students made extensive use of diagrams in their answers. However, some of these diagrams were not explicitly used or were inaccurate or not labelled correctly; students should be aware that credit is unlikely to be given for a poor diagram. Where appropriate, the use of suitable, fully labelled diagrams should be encouraged. However, they should only include a diagram when it is relevant to the question and adds value to the response.

Selective use of the extracts should also be encouraged. The extracts are there to help the student respond to the questions and can be used to help support judgements. When answering the last part of each context, the quality of the evaluation is a key determinant of the mark awarded. Good quality evaluation requires that judgements are supported by sound analysis and/or evidence. The evidence used to support judgements may be qualitative or quantitative. Some evidence is included in the extracts, but it must be used appropriately. Combining evidence from different

extracts is one way of strengthening the quality of evaluation. Sound, fully developed analysis should be an essential element of students' responses to the last two parts of each context question. In the last part, good analysis is the foundation for good evaluation; they go together. Some of the weaker answers to the last part of Context 2, used the extracts extensively but were weak because the underlying economic analysis was missing.

Better responses evaluated as they worked their way through their answers to the last part of the context questions but only the very best responses featured a convincing, well-developed, supported conclusion. It is a difficult skill that students need to practise.

### **Context 1: INFLATION**

#### **Question 21**

Many students were unable to provide a full and precise definition of 'deflation'. Some students defined disinflation or did not give a clear answer, responding in a wordy or vague manner.

The mean score for this question was 1.82.

#### **Question 22**

Many students found this question challenging and centres should be reminded to teach students reverse percentages. Over 50% of students could not complete the calculation. Many students calculated 20% of £180 and subtracted that from £180 arriving at £144. The mark scheme rewarded students for an understanding of the second part of the process which was to complete a percentage increase calculation.

The mean score for this question was 2.15.

#### **Question 23**

The important principle for this question is that students need to identify and clearly state two significant features of the inflation rate over the period shown. The significant feature must be supported by accurate use of the data. Clearly most students have been taught a technique for this question. This allowed many to achieve full marks by including the lowest inflation rate over the period shown as one feature and then the highest inflation rate over the period shown as the second feature. Many students included the highest and lowest price together as just one feature, which was awarded 2 marks for being a single feature. Some students who adopted this approach often then struggled to include a second feature, many scoring just 2 marks overall. Examples of significant features were included in the mark scheme and students used the full range of these examples in their responses.

The mean score for this question was 2.78.

#### **Question 24**

Most students were able to complete a basic AD/AS diagram. 82% of students scored at least one mark for the set-up of an accurately drawn diagram. Over 50% of students did not show a

rightwards shift in SRAS and 15% of students who shifted the curve correctly had one or more labels missing.

The mean score for this question was 2.06.

### **Question 25**

This question is marked using a level of response mark scheme that assesses knowledge and understanding, application and analysis. When awarding the mark, a judgement is made regarding the overall quality of the response.

Compared to the equivalent question about international competitiveness, responses to this question were stronger, with the mean score just above 5 marks and in mid-Level 2. Nearly 20% of students achieved a Level 3 mark on this question.

Many students did not develop clear, logical chains of reasoning to explain the relevant factor the MPC would consider when setting the Bank Rate. Even with extracts to inform and steer them, students struggled to fully develop their responses using economic terminology and concepts. The extracts prompted students to explain ‘demand-side and supply-side factors’ but many students used the inflation rate as a generic factor that the MPC may consider when setting the Bank Rate rather than consider the causes responsible for the inflation rate. A minority of students thought that the MPC needed to consider the interest rate, demonstrating a lack of understanding of ‘Bank Rate’.

Many Level 2 responses too did not adequately develop the analysis and/or failed to include reasonable application of economic principles or really made use of the data. Weaker responses did not really develop their response beyond a basic description of the factor.

Stronger responses started by defining the Bank Rate and inflation and then demonstrated how the factor considered by the MPC would impact inflation. Good application was demonstrated by drawing on information provided in the extracts. The best responses went on to develop analysis which blended sound economic reasoning and the given context.

It was not necessary to include a diagram to achieve full marks for this question, but students should appreciate that, where appropriate, the use of a diagram can be useful in supporting their analysis. Many did include a diagram and this gave them an opportunity to show the impact on the factor on the price level. Diagrams are an important part of an economist’s toolkit, and it is up to the student to decide when and how they might be usefully employed.

The mean score for this question was 5.33.

### **Question 26**

This question was answered rather better than question 32, with the mean score around 14 marks. There were some strong responses with around 11% of students achieving a Level 5 response. However, 16% of students still scored 10 marks or less.

Many students used the extracts in their response but some did little more than extract the data and make simple statements rather than use the data to support arguments and judgements. Many

students only used the information in the extracts to provide a counter argument to the benefit of low interest rates and did not provide any other reasons.

When students recognised the relevance of the economic climate, they could develop more sophisticated evaluation. Some students were able to contextualise their answer using recent inflation statistics and this enabled their evaluation to be more specific and focused and less generic. Many students used diagrams to support the analysis and added value through this process.

The mean score for this question was 13.94.

## **Context 2: INTERNATIONAL TRADE**

### **Question 27**

Many students were able to give either a full and precise definition or give a definition where the substantive content of the definition was correct with 41% of students achieving full marks on this question. 69% of students achieved at least 2 marks.

Some demonstrated inaccuracy or imprecision and/or did not mention economic growth or output. Students often understood what was meant by an 'economic recovery' but were not precise enough in their responses to be awarded 3 marks for a full and precise definition.

Many students successfully identified economic recovery as a phase in the economic cycle but this was worth just 1 mark.

The mean score for this question was 1.99.

### **Question 28**

Over 60% of students scored no marks for this question and 32% scored full marks. Students either extracted inaccurate information from the extract, complicating the calculation or did not know how to rearrange the formula for a trade deficit to calculate the value of imports.

The mean score for this question was 1.41.

### **Question 29**

As in previous years, students adopt a well drilled technique for this type of question with the most common response to highlight in the first feature the largest trade deficit, followed by the largest trade surplus for the second feature. Many students omitted the words 'deficit' or 'surplus' to explain the balance of trade in goods or services. The mark scheme was amended to allow 'lowest/highest balance in trade in goods and services or just lowest/highest amount with correct data (including date and units)' to be awarded 1 mark.

Many students did not accurately read numbers from a graph/chart, even with a margin of error, and were penalised accordingly.

Similarly, to question 23, many students included the largest trade deficit and largest trade surplus together as just one feature, which was awarded 2 marks for being a single feature. Some

students who adopted this approach often then struggled to include a second feature, many scoring just 2 marks overall.

Only around 15 % of students achieved full marks on this question, and the mean mark of 1.71 was over a mark lower than the equivalent question in Context 1.

The mean score for this question was 1.71.

### **Question 30**

Only around 46% of students achieved full marks on this question. Most students were able to complete a basic AD/AS diagram. 87% of students scored at least one mark for the set-up of an accurately drawn diagram. Over 41% of students did not show a rightwards shift in AD and 12% of students who shifted the curve correctly had one or more labels missing.

### **Question 31**

It is worth re-emphasising that this question and the equivalent question 25 are assessed using a level of response mark scheme. It is the overall quality of the response that determines the mark awarded.

The mean mark for this question was 5.11, a little lower than the equivalent in Context 1. However, there were some strong responses to this question and with good economic analysis, with 24% achieving a Level 3 mark.

Strong responses recognised that a fall in international competitiveness was about falling export revenue and increasing import expenditure. They could then apply this to falling economic growth through AD/AS analysis or, in some cases, through the circular flow model. Level 2 answers discussed increasing imports or falling exports but did not adequately link the analysis to a fall in economic growth. In Level 2 or higher, responses made effective, rather than anecdotal use of the extracts.

Given that the question asked about economic growth, those students who discussed the affects on the trade balance or unemployment were not well rewarded. Using an AD/AS diagram to shift the aggregate demand curve to the left and establishing a new equilibrium allowed students to develop logical chains of reasoning explaining the impact falling international competitiveness on economic growth. Stronger responses used multiplier and accelerator effects to further their analysis. Most answers were clearly rooted in the case study with discussion linked to the source material, but it was common to see students making almost no reference at all to economic concepts. Quoting extensively from the extract material without really developing the discussion was not well rewarded.

Although diagrams were a feature of most responses, some are drawn without explicit reference to them in the analysis; many were poorly drawn and often poorly labelled. Diagrams are an important part of an economist's toolkit, and it is up to the student to decide when and how they might be usefully employed.

The mean score for this question was 5.11.

**Question 32**

This question produced a wide range of responses and there were some very accomplished and thoughtful answers to this question, but only 9% of students achieved a Level 5 response. The mean score for this question was 11.95, around 2 marks lower than the equivalent question in Context 1.

The best answers started by setting the scene, highlighting the persistent trade deficit in the UK. Students then went on to analyse and evaluate how different policies would improve the UK's balance of trade in goods and services, before then reaching an overall judgement on the most effective policy or combination of policies.

Typically, students around the mean mark raised several issues from the extracts, such as firms having a role to play or the government targeting spending on education and spending but then developed this generically, without using economic terminology or analysis. The evaluation tended to be generic such as policies targeting education and training would have a long time frame and be expensive. Few students linked the evaluation to current issues in the UK economy.

Responses that identified some of the key issues in the UK were well rewarded. Judgements that considered the best policy in the context of the UK's persistent trade deficit were also well rewarded.

The mean score for this question was 11.95.



### **Mark Ranges and Award of Grades**

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