AQA

AS
ECONOMICS
7135/2

Paper 2 The National Economy in a Global Context

Mark scheme

June 2025

Version: 1.0 Final

2 5 6 A 7 1 3 5 / 2 / M S

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.

No student should be disadvantaged on the basis of their gender identity and/or how they refer to the gender identity of others in their exam responses.

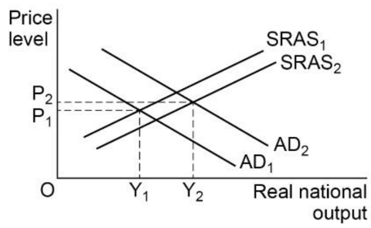
A consistent use of 'they/them' as a singular and pronouns beyond 'she/her' or 'he/him' will be credited in exam responses in line with existing mark scheme criteria.

Further copies of this mark scheme are available from aqa.org.uk

SECTION A

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

KEY LIST

1	**C** (Generating stable and sustained economic growth)	**11**	**A** (a fall in the exchange rate.)
2	**B** (national income.)	**12**	**B** (often rely on creating economic incentives.)
3	**D** (8%)	**13**	**C** (An increase in household energy bills)
4	**A** (A fall in spending on imports and a rise in productivity)	**14**	**D** (structural unemployment.)
5	**D** (Short-run growth may reduce spare capacity whereas long-run growth increases productive capacity)	**15**	**A** 
6	**A** (business uncertainty.)	**16**	**A** (A recovery in the world economy)
7	**D** (2.31)	**17**	**C** (An increase in the number of job vacancies)
8	**C** (A rise in the price of imported raw materials)	**18**	**C** (Country C)
9	**D** (There is evidence of a conflict between macroeconomic policy objectives)	**19**	**D** (investment is determined by past changes in national income.)
10	**B** (Exports, government spending, investment)	**20**	**C** (international competitiveness.)

Totals
A 5
B 3
C 6
D 6

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.

The levels of response grid below should be used when marking the 25 mark questions.

Level of response	Response	Max 25 marks
5	**Sound, focused analysis and well-supported evaluation that:** • is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response • includes well-focused analysis with clear, logical chains of reasoning • includes supported evaluation throughout the response and in a final conclusion.	**21–25 marks**
4	**Sound, focused analysis and some supported evaluation that:** • is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response • includes some well-focused analysis with clear, logical chains of reasoning • includes some reasonable, supported evaluation.	**16–20 marks**
3	**Some reasonable analysis but generally unsupported evaluation that:** • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgments but these are not well-supported by arguments and/or data.	**11–15 marks**
2	**A fairly weak response with some understanding that:** • includes some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely • includes some limited application of relevant economic principles to the given context and/or data to the question • includes some limited analysis but it may lack focus and/or become confused • includes attempted evaluation which is weak and unsupported.	**6–10 marks**
1	**A very weak response that:** • includes little relevant knowledge and understanding of economic terminology, concepts and principles • includes application to the given context which, at best, is very weak • includes attempted analysis which is weak and unsupported.	**1–5 marks**

Section B

Context 1 Population changes and the UK Economy **Total for this context: 50 marks**

2 1 Define 'national debt' **Extract B** (line 16).

[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:

- the stock of outstanding/unpaid government debt
- the sum of previous budget deficits less the sum of previous budget surpluses
- the total of all past borrowing by the government that has not been repaid.
- the total amount of money the government owes.

Examples of a definition worth 2 marks:

- an accumulation of budget deficits
- money the government owes.

Examples of a definition worth 1 mark:

- government borrowing
- government debt that may reduce when there is a budget surplus
- money the country owes.

MAXIMUM FOR QUESTION 21: 3 MARKS

2 2 *Assume that the UK population was 1.5% higher in September 2023 than in 2020.*

*Use **Extract A** and the information in **Extract B** (line 17) to calculate UK national debt per head in September 2023.*

*Give your answer to the **nearest thousand**.*

[4 marks]

Calculation: increase in population = 67.1 x 1.015 = 68.1065m

National debt per head = £2599bn /68.1065m = £38 160.82
£38 000 to nearest thousand

(Calculation if the population increase is rounded = £2599 / 0.0681 = £38 164.46 = £38 000 to the nearest thousand)

Response	Max 4 marks
For the correct answer: £38 000	**4 marks**
For the correct value not to the nearest thousand: eg £38 161 **OR** For the correct value rounded the wrong way: £39 000 **OR** For the correct value but with missing/incorrect units: eg 38 000	**3 marks**
For the correct value with missing/incorrect units not to the nearest thousand **or** rounded the wrong way: eg 38 161 or 39 000 **OR** For the correct value for the population in 2023, using the correct method for the per head calculation not calculated to the nearest thousand **or** rounded the wrong way with or without units but an incorrect answer: eg 2599/0.0681 = £3816 **OR** For the correct method for the per head calculation calculated to the nearest thousand with units but an incorrect answer: eg 2599/0.0781 = £33 000 **OR** For using the 2020 population figure calculated to the nearest thousand with units: £39 000 (must clearly state that 67.1 is used or would be 3 marks)	**2 marks**
For the correct value for the population: 68.1065m or 68 106 500 **OR** For the correct method for the per head calculation but the wrong answer and not to the nearest thousand **and/or** missing units **OR** For using the 2020 population figure calculated to the nearest thousand with units: £39 000 (must clearly state that 67.1 is used) but with missing/incorrect units	**1 mark**

MAXIMUM FOR QUESTION 22: 4 MARKS

2 3 *Use **Extract A** to identify **two** significant points of comparison between the natural change in the population and net migration into the UK over the period shown.*

[4 marks]

Award up to 2 marks for <u>each</u> significant point of comparison made.

Response	Max 4 Marks
Identifies a significant point of comparison Makes accurate use of the data to support the comparison 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 two significant points of comparison, reward the best two.

Significant points include:

- natural change in the population and net migration were both lower at the end of the period, than at the start. In 2015 natural change in the population was 174 000 whereas in 2020 it became negative, at –8000. In 2015 net migration was 329 000, whereas in 2020 it was 275 000
- natural change in the population was highest in 2016, at 178 000, whereas net migration was highest in 2015, at 329 000
- natural change in the population was lowest/became negative in 2020, at –8000, whereas net migration was lowest in 2019, at 206 000
- throughout the period, net migration was always higher than the natural change in the population, for example in 2018, net migration was 237 000 and natural change in the population was 115 000
- net migration was always positive however, natural change in the population was negative in 2020 when it was –8000, and at the same time net migration was 275 000
- the greatest difference between natural change in the population and net migration was at the end of the period in 2020, when natural change in the population was –8000 and net migration was 275 000, a difference of 283 000
- the smallest difference between natural change in the population and net migration was in 2017, when natural change in the population was 148 000 and net migration was 228 000, a difference of 80 000
- natural change in the population had a range of 186 000 people over the period shown, whereas net migration had a range of 123 000 people.

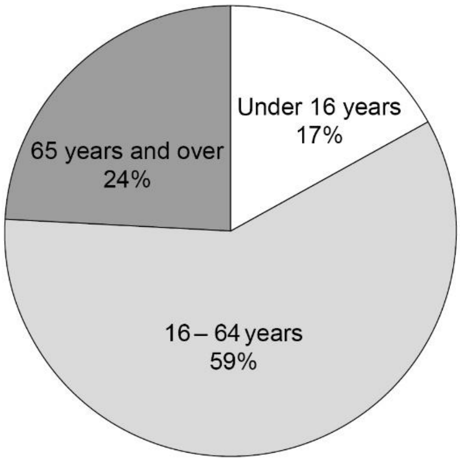
MAXIMUM FOR QUESTION 23: 4 MARKS

2 4 Use the information in **Extract B** (lines 8–12) to complete the pie chart to show the forecast age structure of the UK population in 2039.

[4 marks]

The correct diagram involves three sectors, with the correct areas and labels: under 16 years = 17%; 16–64 = 59%; 65 years and over = 24% and/or a key.
Calculations: 65 years and over = 24% figure provided; 16–64 years = 63.8% – 4.8% = 59%; under 16 years = 100% – 83% = 17%

Forecast age structure of the UK population, 2039



Response	Max 4 marks
Accurately drawn and fully labelled pie chart ie all three sectors plus a clear indication of which sector is which	**4 marks**
Accurately drawn pie chart but with missing labels/key **OR** Accurately labelled pie chart but with one sector out of tolerance	**3 marks**
Pie chart with missing labels/key **and** one sector out of tolerance **OR** Accurately labelled pie chart but with two sectors out of tolerance	**2 marks**
Pie chart with all sectors labelled/key but all sectors out of tolerance	**1 mark**

Notes:
The sectors can be in any order, with any starting point
The sectors need to be named according to the age range and/or a key added, but the figures do not need to be written on the chart
A title is not required
Allow a margin of ± 2 percentage points.

MAXIMUM FOR QUESTION 24: 4 MARKS

2 5 ***Extract B*** *(lines 6–7) states: 'A shortage of labour is one of the factors that has contributed to rising inflation, threatening macroeconomic stability.'*

Explain how a shortage of labour might contribute to rising inflation.

[10 marks]

Level of response	**An answer that:**	**Max 10 marks**
3	• is well organised and develops one or more of the key issues that are relevant to the question • 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**
2	• includes one or more issues that are relevant to the question • 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**
1	• is very brief and/or lacks coherence • 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:

- what is meant by inflation/cost-push inflation
- what is meant by 'shortage of labour'
- explanation of how shortages of labour can affect output and lead to excess demand in some markets
- explanation of how shortages of labour may lead to rising wage rates to attract more workers
- explanation of how rising wage rates affect firms' costs of production
- explanation of how rising costs of production affect SRAS
- explanation of how rising costs of production can lead to cost-push inflation
- explanation of how rising wages are likely to increase consumption and lead to demand-pull inflationary pressure.

Note:
Allow some credit for students who shift LRAS to the left.

MAXIMUM FOR QUESTION 25: 10 MARKS

2 6 **Extract C** (lines 8–9) states: 'Increased spending on education and training is likely to be essential to achieve a long-term improvement in macroeconomic performance.'

Use the extracts and your knowledge of economics to evaluate the view that increased government spending on education and training is essential to achieve a long-term improvement in UK macroeconomic performance.

[25 marks]

Areas for discussion include:

- what is meant by macroeconomic performance
- what is meant by government spending on education and training/the difference between education and training
- explanation that government spending on education and training is part of fiscal policy and also a supply-side policy

- **analysis and evaluation of arguments to support the view:**
  - benefits of education and training on the quality/quantity of labour
  - impact on the productive capacity of the economy
  - impact on productivity/efficiency of the labour force
  - impact on employment/growth/price stability
  - impact on occupational immobility
  - impact on international competitiveness

- **analysis and evaluation of arguments against the view:**
  - the importance of tax changes and welfare reform on the creation of personal incentives
  - the importance of investment in capital/corporation tax changes to create incentives to invest
  - the importance of industrial policy generally
  - affordability/attitude to government borrowing
  - opportunity cost
  - imperfect knowledge/potential for government failure

- discussion of 'essential'
- evaluation of the importance of time lags - short term versus long term
- evaluation of the importance of complementary monetary policy
- analysis and evaluation of the significance of external influences
- the use of and significance of the data in the extracts
- an overall assessment of whether increased government spending on education and training is essential to achieve a long-term improvement in UK macroeconomic performance.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student's response to the question.

Use the levels mark scheme on page 5 to award students marks for this question.

MAXIMUM FOR QUESTION 26: 25 MARKS

Context 2 Business investment in the UK economy **Total for this context: 50 marks**

2 7 *Define 'supply-side shock'* ***Extract E*** *(line 4).*

[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 unexpected event that leads to a change in aggregate supply in an economy
- when there is a sudden change in a factor that has an impact on the total amount of goods and services that firms are willing to produce.

Examples of a definition worth 2 marks:

- when there is a change in a factor that impacts aggregate supply in an economy
- an unexpected decrease/increase in aggregate supply.

Examples of a definition worth 1 mark:

- when there is a shift in the aggregate supply curve.
- example of a supply side shock eg. rise in oil prices.

MAXIMUM FOR QUESTION 27: 3 MARKS

2 8 *Use **Extract D** to calculate the index of business investment (at 2019 prices) in 2022, when 2017 is the base year.*

*Give your answer to **one** decimal place.*

[4 marks]

Calculation: 228.3/227.4 x 100 = 100.396 = 100.4 to one decimal place

Response	Max 4 marks
For the correct answer: 100.4 (allow reference to index/index points)	**4 marks**
For the correct value not rounded to one decimal place: eg 100.39 **OR** For the correct value rounded the wrong way: 100.3 **OR** For the correct value with added/incorrect units: eg 100.4%	**3 marks**
For the correct value not rounded to one decimal place **and** with added/incorrect units: eg 100.39% **OR** For the correct calculation but the wrong answer: 228.3/227.4 x 100	**2 marks**
For the correct value taking 2022 as the starting point (rounded or not): eg 99.6 or 99.61 **OR** For using the correct figures but not multiplying by 100: 228.3/227.4 **OR** For the correct method rounded to one decimal place but the wrong answer	**1 mark**

MAXIMUM FOR QUESTION 28: 4 MARKS

29 *Use **Extract D** to identify **two** significant points of comparison between the percentage change in business investment and the growth of real GDP over the period shown.*
[4 marks]

Award up to 2 marks for <u>each</u> significant point of comparison made.

Response	Max 4 Marks
Identifies a significant point of comparison Makes accurate use of the data to support the comparison 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 **and/or** the wrong date is given **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 two significant points of comparison, reward the best two.

Significant points include:

- the % changes in business investment and growth of real GDP were both higher at the end of the period than the beginning, the % change in business investment was 0.4% in 2017 and 9.6% in 2022, and the growth of real GDP was 2.7% in 2017 and 4.3% in 2022
- the highest growth in business investment was in 2022 at 9.6%, whereas the growth of real GDP was highest in 2021 at 8.7%
- the largest contraction in business investment was -10.6% in 2020, whereas the largest contraction in growth of real GDP was -10.4% in 2020
- business investment fell in two years over the period shown, the largest fall was in 2020 at -10.6%, whereas the growth of real GDP fell only once, in 2020 at -10.4%
- the largest change in the growth of business investment was between 2019 and 2020 when it changed from 2.1% to -10.6% (allow a change of 12.7% **or** 12.7 percentage points) whereas the largest change in real GDP growth was between 2020 and 2021 when it changed from -10.4% to 8.7% (allow a change of 19.1% **or** 19.1 percentage points)
- the % change in business investment had a larger range than the growth of real GDP, with a range of 20.2 percentage points, whereas the range for the growth of real GDP was 19.1 percentage points
- the % change in business investment and the growth of real GDP both experienced large fluctuations over the period shown, for example, business investment grew by 9.6% in 2022 and fell by 10.6% in 2020, whereas growth of real GDP was 8.7% in 2021, but fell by 10.4% in 2020.

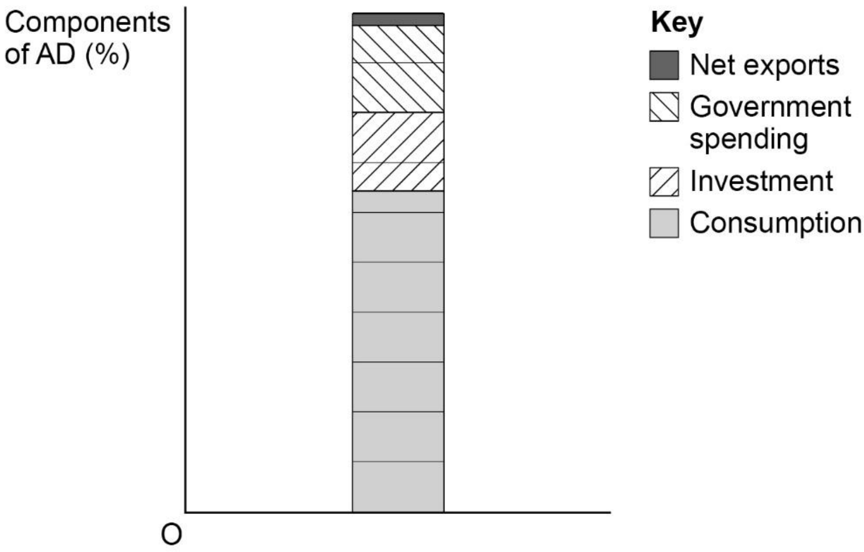
MAXIMUM FOR QUESTION 29: 4 MARKS

3 0 *Use the information in **Extract F** (lines 1 to 3) to complete the single, composite bar chart to show the shares of the components of aggregate demand in the UK in a typical year.*

[4 marks]

The correct diagram includes 4 sectors, with the correct areas and labels, and/or a key: consumption = 63%, investment = 17%, government spending = 18%, net exports = 2%

Calculations: consumption = 63% figure provided, investment = 63/3.7 = 17% (17.03), government spending = 18% figure provided, net exports = 100 – 63 – 17 – 18 = 2%



Response	Max 4 marks
Accurately drawn and fully labelled bar chart ie all four sectors correct plus a clear indication of which sector is which.	**4 marks**
Accurately drawn bar chart, but with vertical axis label missing/incorrect **OR** Accurately labelled bar chart but with one sector out or tolerance.	**3 marks**
Bar chart but with vertical axis label missing/incorrect **and** one bar out of tolerance. **OR** Accurately labelled bar chart but with two sectors out of tolerance.	**2 marks**
Bar chart with all sectors labelled/key but three or more sectors out of tolerance. **OR** Bar chart with one bar in tolerance but missing/incorrect labelling.	**1 mark**

Notes:
The sectors can be in any order.
The sectors need to be named according to the component of AD and/or a key added, but the figures do not need to be written on the chart.
A title is not required.
'%' is sufficient for vertical axis label. Alternatively, if labels on the bar chart show % sign, this is also sufficient.
Allow a margin of ± 2 percentage points.

MAXIMUM FOR QUESTION 30: 4 MARKS

3 1 ***Extract E*** *(lines 12–13) states: 'To increase revenue, the main rate of corporation tax, the tax payable on firms' profits, was increased to 25%.'*

Explain why an increase in the tax payable on firms' profits may lead to lower productivity growth.

[10 marks]

Level of response	An answer that:	Max 10 marks
3	• is well organised and develops one or more of the key issues that are relevant to the question • 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**
2	• includes one or more issues that are relevant to the question • 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**
1	• is very brief and/or lacks coherence • 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:
- what is meant by corporation tax/productivity/investment
- explanation of how increased corporation tax affects firms' retained profits
- explanation of why retained profits are an important way of financing investment in capital and R&D
- explanation of why an increase in the tax on firms' profits affects incentives to invest
- explanation of why lower investment may mean outdated/broken capital/machinery/technology is not replaced
- explanation of why outdated capital/machinery/technology may slow down the rate of productivity growth
- explanation of why increased tax on firms' profits may reduce investment in human capital/training
- explanation of how a reduction in investment in human capital may lead to lower productivity growth.

MAXIMUM FOR QUESTION 31: 10 MARKS

3	2

***Extract F** (lines 11–13) states: 'There are signs that business investment is starting to increase again, but government intervention may be needed to encourage firms to continue investing, to try to ensure the increase in investment is sustained.'*

Use the extracts and your knowledge of economics to evaluate what more, if anything, the Government should do to achieve a sustained increase in investment in the UK economy.

[25 marks]

Areas for discussion include:

- explanation of what is meant by investment, aggregate demand, objectives of government macroeconomic policy
- recent trends in investment
- analysis of ways in which governments might attempt to achieve a sustained increase in investment, including monetary, fiscal and supply-side policies

- **analysis and evaluation of arguments to support more government intervention**
  - demand-side benefits
  - supply-side benefits
  - why market forces may be ineffective in achieving an increase in investment
  - how it may help the government in achieving its macroeconomic policy objectives

- **analysis and evaluation of arguments against more government intervention**
  - supply-side policy versus supply-side improvements
  - why supply-side improvements are likely to originate from private sector enterprises without government involvement
  - the effect on government borrowing
  - the relevance of conflicting objectives
  - why and how imperfect information may mean the government shouldn't intervene
  - other reasons for government failure
  - the significance of external influences

- analysis of the short-term/long-term impacts and the importance of time lags
- assessment of the importance of investment to the economy
- assessment of the significance of the other components of aggregate demand
- the use and significance of the data in the extracts
- an overall assessment of what, if anything, the Government should do to achieve a sustained increase in investment in the UK economy.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student's response to the question.

Use the levels mark scheme on page 5 to award students marks for this question.

MAXIMUM FOR QUESTION 32: 25 MARKS