



*Rewarding Learning*

**General Certificate of Secondary Education  
2025**

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# **Economics**

Paper 2

**[G9282]**

**WEDNESDAY 28 MAY, MORNING**

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**MARK  
SCHEME**

## **General Marking Instructions**

### ***Introduction***

Mark schemes are intended to ensure that the GCSE examinations are marked consistently and fairly. The mark schemes provide markers with an indication of the nature and range of candidates' responses likely to be worthy of credit. They also set out the criteria which they should apply in allocating marks to candidates' responses.

### ***Assessment objectives***

Below are the assessment objectives for Economics.

Candidates must:

- AO1** recall, select and communicate their knowledge and understanding of concepts, issues and terminology;
- AO2** apply skills, knowledge and understanding in a variety of contexts; and
- AO3** analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions.

### ***Quality of candidates' responses***

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 16-year-old which is the age at which the majority of candidates sit their GCSE examinations.

### ***Flexibility in marking***

Mark schemes are not intended to be totally prescriptive. No mark scheme can cover all the responses which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

### ***Positive marking***

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 16-year-old GCSE candidate.

### ***Awarding zero marks***

Marks should only be awarded for valid responses and no marks should be awarded for an answer which is completely incorrect or inappropriate.

### ***Marking calculations***

In marking answers involving calculations, examiners should apply the 'own figure rule' so that candidates are not penalised more than once for a computational error.

### ***Types of mark schemes***

Mark schemes for tasks or questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication.

Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided.

### **Levels of response**

Tasks and questions requiring candidates to respond in extended writing are marked in terms of levels of response. In deciding which level of response to award, examiners should look for the 'best fit' bearing in mind that weakness in one area may be compensated for by strength in another. In deciding which mark within a particular level to award to any response, examiners are expected to use their professional judgement. The following guidance is provided to assist examiners.

- **Threshold performance:** Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.
- **Intermediate performance:** Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.
- **High performance:** Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

### **Quality of written communication**

Quality of written communication is taken into account in assessing candidates' responses to all tasks and questions that require them to respond in extended written form. These tasks and questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication.

For conciseness, quality of written communication is distinguished within levels of response as follows:

- Level 1: Quality of written communication is limited.
- Level 2: Quality of written communication is satisfactory.
- Level 3: Quality of written communication is of a high standard.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

**Level 1 (Limited):** The candidate makes only a limited selection and use of an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

**Level 2 (Satisfactory):** The candidate makes a reasonable selection and use of an appropriate form and style of writing. Relevant material is organised with some clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning clear.

**Level 3 (High Standard):** The candidate successfully selects and uses the most appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence. There is widespread and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make meaning clear.

Answer **both** questions

1 (a) *Explain two functions that money performs in the economy.*

- **Unit of Account:** Allows measuring and comparing the value of goods/ services in money terms, e.g. deciding how much to pay for a new mobile phone based on available cash.
- **Store of Value:** Allows saving money for future use, e.g. booking a summer holiday in advance and paying for it later at the same price.
- **Medium of Exchange:** Allows buying and selling goods/services with cash, e.g. purchasing any retail item.
- **Standard for Deferred Payment:** Allows borrowing and lending money with credit, e.g. using a store card to buy a mobile phone now and pay for it later.

Allow up to [2] for each clear explanation of a function of money, award [1] for a flawed or partial explanation

(2 × [2])

(AO1: [2]; AO2: [2])

[4]

(b) *The younger population (aged 16–30) are encouraged to plan for the future. Explain two relevant financial products that they may choose to plan for their future.*

- **Savings Account:** A savings account is a basic and essential financial product for young people to start saving money. It offers a safe place to store money while earning interest, which can accumulate over time. This account is suitable for short-term financial goals, such as saving for a holiday, a car, or an emergency fund. It encourages the discipline of regular saving, which is a crucial financial habit for future financial stability.
- **Pension:** Although retirement might seem far away for the younger population, starting a pension plan early can significantly impact their financial security in later life. These plans involve setting aside a portion of their income regularly, which is then invested to grow over the years until retirement. Some plans, like workplace pensions, may include contributions from employers, further enhancing the value of the pension.

Any other relevant answer will be accepted.

Allow up to [3] for each clear explanation of a relevant financial product, award [1] or [2] for a flawed or partial explanation

(2 × [3])

[6]

(c) Explain two ways individuals can best prevent financial difficulties.

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Ensure that income is greater than expenditure:

1. Given the Bank of England's recent increase in interest rates, it is crucial to exercise prudent financial management. People can use digital budgeting tools available in the UK to ensure that their outgoings never exceed their income. This careful budgeting is essential to avoid the pitfalls of costlier debt.
2. Maximise opportunities for earning income – part-time/full-time work; savings, income from hobbies: the digital revolution offers innovative avenues for generating additional income in the UK. People can look to online opportunities, such as freelance work or monetising a hobby, which can complement traditional employment. Additionally, people can put their savings in accounts that yield higher returns and maximise their financial resources.
3. Reduce outgoings/spending – keep spending to a minimum or essentials. With the convenience of mobile banking apps and online financial services, it is easier for people to keep track of their spending. This technology allows people to review and reduce non-essential expenditures, an important strategy when higher interest rates affect the cost of loans and mortgages.
4. If using credit – use the cheapest source of credit i.e. a low interest rate. People can use digital platforms to research and compare credit options. This is especially important for the younger population, who may be tempted to use credit for immediate satisfaction to understand the long-term implications of their credit choices and seek out the most economical borrowing options.

Any other relevant answer will be accepted.

Allow up to [2] for a clear explanation of one way individuals can best prevent or resolve financial difficulties, award up to [1] for a flawed or partial explanation ([4])

(AO1: [2]; AO3: [2])

[4]

(d) *The Bank of England has increased its base interest rate from 0.25% in 2022 to 5.25% in 2023. Discuss how this will affect business investment.*

Possible effects are:

- Higher interest rates increase the cost of borrowing, making it more expensive for businesses to finance their investment projects. This may reduce the profitability and feasibility of some investments, leading to lower investment spending and output. However this depends on whether the business was planning to borrow to invest in the first place. Firms with retained profits may not be affected.
- Higher interest rates increase the opportunity cost of investing, making it more attractive for businesses to save money in banks or other financial institutions instead of investing. This may reduce the availability and willingness of businesses to invest in new or existing projects. However, this depends on business confidence and expectations. If firms expect strong future growth, they may still invest despite the higher returns on saving.
- Higher interest rates reduce consumer and business spending, as borrowing becomes more expensive and disposable income may fall. This can reduce demand for goods and services, lowering expected revenues and profits from investments. However, this depends on the price elasticity of demand and the sector. Necessity goods and essential

- services may experience less declines in demand than luxury goods.
- Higher interest rates can lead to a stronger exchange rate, making exports more expensive and imports cheaper. Exporters may lose competitiveness and see lower sales, discouraging them from investing. However, this depends on whether a firm relies on export markets. Domestic-focused business may actually benefit.
- Any other relevant answer will be accepted.

**Level 0 [0]**

The candidate's response contains no content worthy of credit.

**Level 1 ([1]–[2])**

There is a basic understanding of how interest rates affect businesses, but the answer is not well-developed. The quality of written communication is limited.

**Level 2 ([3]–[5])**

There is a reasonable understanding and analysis of how interest rates affect business investment. The quality of written communication is satisfactory.

**Level 3 ([6]–[8])**

There is a clear understanding, analysis and evaluation of how interest rates affect business investment. The quality of written communication is of a high standard.

(AO1: [3]; AO2: [2]; AO3: [3])

[8]

**(e) Analyse how growing debt may affect consumers.**

- Lower unemployment as consumer spending may be supported by borrowing and/or buying on credit which creates demand in the economy.
- Benefits to consumers from being able to consume goods and services that improve their standard of living, e.g. owning their home.
- Rising rates of inflation fuelled by consumer spending made possible by borrowing.
- Some people may be unable to pay off debts which could result in losing a home and having to rely on welfare benefits.

Any other relevant answer will be accepted.

**Level 0 [0]**

The candidate's response contains no content worthy of credit.

**Level 1 ([1]–[2])**

There is a basic understanding of how growing debt may affect consumers, but the answer is not well-developed. The quality of written communication is limited.

**Level 2 ([3]–[5])**

There is a reasonable understanding and analysis of how growing debt may affect consumers. The quality of written communication is satisfactory.

**Level 3 ([6]–[8])**

There is a clear understanding and analysis of how growing debt may affect consumers. The quality of written communication is of a high standard.

(AO1: [3]; AO2: [2]; AO3: [3])

[8]

30

2 (a) Explain what is meant by globalisation.

Globalisation is the process by which the international economy has become more open, and world markets for goods, services and capital have become more integrated.

Allow [1] for a partial explanation; award [2] for a clear definition.

(AO1: [2])

[2]

(b) Explain two benefits of international trade for Apple.

- Access to a larger market and more customers can increase its sales and revenue. For example, in 2023, Apple earned \$383 billion in revenue from selling products and services worldwide.
- Access to cheaper and better inputs, such as materials, parts, and labour, which can lower its costs and improve its quality. For example, many components are sourced from countries like China.
- Access to new technology and innovation can enhance its productivity and competitiveness. For example, Apple uses advanced technology in communication and transportation to create a worldwide supply chain.
- Access to more variety and choice, which can meet the needs of different customer segments worldwide. For example, it has introduced various iPhone models with diverse features and prices for other markets.

Any other relevant answer will be accepted.

Allow up to [3] for each clear explanation of a benefit; award [1] or [2] for a flawed or partial explanation.

(AO1: [3]; AO2: [3]) (2 × 3)

[6]

(c) With reference to the pie chart in Fig. 1, if the total revenue for Apple in 2023 was \$385 billion, calculate the revenue generated for iPhones sold (in \$).

Revenue for iPhones =  $0.541 \times \$385$  billion

Revenue for iPhones = \$208.285 billion

Allow [1] for the correct formula and [1] for correct calculation.

(AO2: [2])

[2]

(d) Many countries are introducing tariffs and quotas as protective strategies against global companies such as Apple. Discuss whether countries should implement trade protection methods such as tariffs.

Trade protection methods are policies that restrict or limit the free flow of imports or exports between countries. Tariffs are taxes imposed on imported goods.

Points for:

- To protect domestic industries and jobs from foreign competition, especially in strategic or infant sectors. For example, a country may impose a tariff on imported iPhones to make them more expensive and less attractive for consumers, thus encouraging them to buy domestic smartphones instead.
- To correct a trade deficit or imbalance, which occurs when a country imports more than it exports. For example, a government may impose a tax on imported iPads to reduce its spending on foreign goods and save its foreign exchange reserves.

- To raise government revenue, which can be used to fund public goods and services or reduce budget deficits. For example, a country may impose a tariff on imported Macs to collect more tax revenue from importers and consumers.

Points against:

- To increase the price and reduce the quantity of imported goods, which can harm the welfare of consumers and producers in both the importing and exporting countries.
- Creates inefficiency and distortion in the allocation of resources, which can lead to overproduction or underproduction of goods and services. For example, a tariff on imported iPads may create an artificial supply shortage and a shadow market for smuggled goods, resulting in higher prices and lower quality.
- To invite retaliation and trade wars from other countries, which can escalate into political and diplomatic conflicts. For example, suppose a country imposes a tariff on imported Macs, the exporting country may respond by imposing a tax on its imports from the importing country, reducing the overall volume and value of trade between them.
- To hinder economic growth and development, which depend on trade liberalisation and globalisation. For example, trade protection methods may reduce the incentives for innovation and competition, lower the standards of living and welfare, and increase inequality and poverty in the world.

Any other relevant answer will be accepted.

#### **Level 0 [0]**

The candidate's response contains no content worthy of credit.

#### **Level 1 ([1]–[3])**

There is a basic understanding of how countries use trade protection methods such as tariffs, but the answer is not well developed. The quality of written communication is limited.

#### **Level 2 ([4]–[6])**

There is a reasonable understanding, analysis and evaluation of why countries might implement trade protection methods. The quality of written communication is satisfactory.

#### **Level 3 ([7]–[10])**

There is a clear understanding, analysis and evaluation of whether countries might or might not implement trade protection methods such as tariffs. The quality of written communication is of a high standard.

(AO1: [3]; AO2: [3]; AO3: [4])

[10]

(e) Discuss how business growth affects producers such as Apple.

Advantages:

- As producers such as Apple grow it can produce more at a lower cost per unit due to purchasing economies and technical economies. This can lead to higher profits.
- With higher profits, companies such as Apple can invest in Research and Development to develop new innovative products, helping it to stay ahead of competitors and maintain customer loyalty.

Disadvantages:

- Diseconomies of scale can occur as companies such as Apple may face higher costs such as managing a larger workforce and complex supply chains. This can lead to inefficiencies and lower profit margins.
- As large companies such as Apple grow, this can make it difficult to maintain high product quality, such as the iPhone.

Any other relevant answer will be accepted.

**Level 0 [0]**

The candidate's response contains no content worthy of credit.

**Level 1 ([1]–[3])**

There is a basic understanding of how business growth affects producers such as Apple, but the answer is not well developed. The quality of written communication is limited.

**Level 2 ([4]–[6])**

There is a reasonable understanding and analysis of how business growth affects producers such as Apple. The quality of written communication is satisfactory.

**Level 3 ([7]–[10])**

There is a clear understanding, analysis and evaluation of how business growth affects producers such as Apple. The quality of written communication is of a high standard.

(AO1: [3]; AO2: [3]; AO3: [4])

[10]

30

**Total**

**60**

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