CAMBRIDGE
International Education

Cambridge International AS & A Level

ECONOMICS **9708/41**

Paper 4 A Level Data Response and Essays **October/November 2025**

MARK SCHEME

Maximum Mark: 60

Published

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Social Science-Specific Marking Principles (for point-based marking)

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Assessment objectives

AO1 Knowledge and understanding
- Show knowledge of syllabus content, recalling facts, formulae and definitions.
- Demonstrate understanding of syllabus content, giving appropriate explanations and examples.
- Apply knowledge and understanding to economic information using written, numerical and diagrammatic forms.

AO2 Analysis
- Examine economic issues and relationships, using relevant economic concepts, theories and information.
- Select, interpret and organise economic information in written, numerical and diagrammatic form.
- Use economic information to recognise patterns, relationships, causes and effects.
- Explain the impacts and consequences of changes in economic variables.

AO3 Evaluation
- Recognise assumptions and limitations of economic information and models.
- Assess economic information and the strengths and weaknesses of arguments.
- Recognise that some economic decisions involve consideration of factors such as priorities and value judgements.
- Communicate reasoned judgements, conclusions and decisions, based on the arguments.

Table A: AO1 Knowledge and understanding and AO2 Analysis

Use this table to give marks for each candidate response for AO1 Knowledge and understanding and AO2 Analysis for **Questions 2**, **3**, **4** and **5**.

Level	Description	Marks
3	• A detailed knowledge and understanding of relevant economic concepts is included, using relevant explanations. Explanations are supported by examples, where appropriate. • The response clearly addresses the requirements of the question and explains economic issues, and fully develops these explanations. • Analysis is developed and detailed and makes accurate and relevant use of economic concepts and theories. Where necessary, there is accurate and relevant use of analytical tools such as diagrams and formulae, and these are fully explained. • Responses are well-organised, well-focused and presented in a logical and coherent manner.	**11–14**
2	• Knowledge and understanding of some relevant economic concepts is included, using explanations and examples that are limited, over-generalised or contain inaccuracies. • The response addresses the general theme of the question and the relevant economic issues, with limited development. • Analysis is generally accurate with some development but little detail. Uses analytical tools such as diagrams and formulae where necessary. Use of these tools is partially accurate or not fully explained. • Responses are generally logical and coherent but are sometimes lacking in focus or organisation.	**6–10**

Level	Description	Marks
1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.	**1–5**
0	No creditable response.	**0**

Table B: AO3 Evaluation

Use this table to give marks for each candidate response for AO3 Evaluation for **Questions 2**, **3**, **4** and **5**.

Level	Description	Marks
2	• Provides a justified conclusion or judgement that addresses the specific requirements of the question. • Makes developed, reasoned and well-supported evaluative comment(s).	**4–6**
1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.	**1–3**
0	No creditable response.	**0**

Section A Data response

Question	Answer	Marks
Follow the point-based marking guidance at the top of this mark scheme.		
1(a)	**Explain what is meant by absolute poverty.** Absolute poverty is when an amount of money is chosen as the poverty level **(1)** In this case it is US$ 2.15 per day (**1)** Allow for a comparison – absolute poverty is about a fixed, universal standard of survival (**1**), whereas relative poverty is defined by social comparison within a specific country or community (**1)** Credit basic needs **(1)** Do not credit minimum wage	**2**
1(b)	**Explain, with the aid of a diagram, how the migration of workers from a low-income country is likely to affect wages in the low-income country.** Labels and axes Wages/labour (**1)** Initial S and D for labour (**1)** and equilibrium point (**1)** Reduction in the supply of labour (supply curve shift) (**1)** New equilibrium wage and quantity **(1)** Maximum 3 marks if no diagram	**5**
1(c)	**The article states: 'The remittances received by those countries in 2022 was $650 billion.'** **Analyse how this is likely to benefit the migrants' home economies.** Remittances a form of invisible earning for the migrant's home country (**1)** thus the US$650 are secondary income for the home country **(1)** There BoP effect is to increase exports (X) (**1)** and to increase the (X–M) element in the aggregate demand equation (**1)**. The increase in AD will shift the AD curve to the right (**1)** and GDP will increase (**1)** Candidates can show this effect through an AD/AS diagram (**2)** NOTE: Candidates may take a wider view than the macro mark scheme and consider groups within the economies as the references in data.	**6**
1(d)	**Consider if the article contains sufficient information to support the view that migrants have only a beneficial economic impact on the host country.** **Beneficial to host country:** Higher labour force **(1),** pay taxes **(1)** allows pay-as you-go pension system **(1),** increases demand **(1),** Increased productivity and economic growth **(1)** Entrepreneurship e.g. new business startups **Max 3.** **Disadvantages**: The effects of higher demand for housing **(1),** health services **(1),** education services **(1).** cultural differences **(1)** are not mentioned, Other considerations-wage suppression in some sectors, short term unemployment effects, integration/training costs, regional disparities **Max 3.** **Justified Conclusion (1)**	**7**

Question	Answer	Marks
EITHER		
2	**Market failure is to blame for climate change and the inefficient allocation of resources. The only solution is for governments to intervene to improve resource allocation.** **Assess the extent to which you agree with this statement** **AO1 Knowledge and understanding and AO2 Analysis** • Climate change can be regarded as a form of market failure can be explained by linking this to the requirement to allocate resources to maximise consumer satisfaction. This can be supported by a diagram illustrating a level of output where AR = MC or MSB = MSC which is consistent with an outcome that achieves allocative efficiency. • Negative externalities occur when the consumption/use of a good produces a cost to society which is greater than that received by an individual producer MPB ⩾ MSB or MSC ⩾MPC. This is sometimes described as a negative 'spill-over' effect. The negative externality leads to an over production of the good carbon dioxide or other greenhouse gas. • Government intervention takes place to address the failure of market forces to allocate resources efficiently. In this case positive externalities would lead to under–consumption of a good or service. • Different types of government intervention can be used to correct the under-production of output to enable consumer satisfaction to be maximised. • Forms of government intervention might include: the use of subsidies for consumers to move to less polluting forms of consumption and also producers to change production methods, use of positive advertising; the direct provision of goods and services such as alternative transport methods. Alternatively indirect taxation might be applied to the CO_2 producing source. Nudge theory effects. • A clearly labelled, accurate diagram can be used to show the impact of a positive/negative externality on the level of output and the welfare change will be identified. • The diagram could show the market equilibrium point which does not take into account the existence of a negative consumption externality and may compare this with the allocatively efficient level of output when the negative externality is taken into account. The diagram may be amended or re-drawn to show the impact of a chosen policy(ies) and the impact on consumption or production shown. • Reference to the diagram and the outcomes it illustrates is made in the text.	**20**

Question	Answer	Marks
2	**AO3 Evaluation** • A government might introduce a subsidy to encourage producers to increase output to enable allocative efficiency, however it is difficult to measure the precise value of the subsidy. Subsidies are costly in that the funds might have been used by governments for other purposes. This means governments will have to make a value judgement when deciding whether to provide a subsidy. There are opportunity costs of the subsidy. • Also, the impact on price and output in some circumstances takes a long time to become effective. • Advertising is often costly and it is not always certain that it will have a sufficiently persuasive effect to ensure the correct level of output/ consumption is reached. • Direct provision is also costly and sometimes less efficient than that provided through market forces. • It is possible to show that government intervention can reduce the level of inefficiency caused by the existence of positive externalities but it is not clear whether the net effect of government intervention will always be positive. Some types of intervention will be more effective than others depending on the nature of the good/service under consideration. • Government failure. Concluding point which considers 'only' aspect. Accept all valid responses.	
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

Question	Answer	Marks
OR		
3	**The degree of competition a firm experiences is determined only by the barriers to entry into its market.** **With the aid of diagrams, evaluate this statement.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • A discussion of types of barriers to entry. • The impact of barriers to entry on market structures. • A detailed analysis of at least 2 forms of market structure one with no barriers (perfect competition or monopolistic competition) and one with barriers to entry (oligopoly or monopoly) to include reference to product, knowledge levels, profit levels. • Diagrams are correctly labelled and accurately drawn. • with correct labelling and relevant reference to it/them in the answer. • Max L2 if no diagram • Max L2 if only one type of structure **AO3 Evaluation** • Competition is linked to the number of firms who can access a market, so the simple answer is yes because barriers to entry prevent firms entering a market. • Perfect competition and monopolistic competition with their lack of barriers are both highly competitive. • Competition takes place in oligopoly through product differentiation and sales and marketing. • Monopolies are subject to limitations on their ability to exploit the consumer by the limitations of contestable markets. • Regulation Accept all valid responses	**20**

Question	Answer	Marks
EITHER		
4	**Evaluate the effect of a rise in the exchange rate on the achievement of the macroeconomic aims of a country.** **AO1 Knowledge and understanding and AO2 Analysis** • Explanation of the effect of a rise of the $US on the US's exports and imports OR any other currency • Analysis of exchange rate rise on the price of exports (X) and imports (M) and the consequences for their demand, links to aggregate demand (AD) through the balance of payments effect (X–M). A decrease in exports and an increase in imports, potentially worsening the trade balance • Candidates may refer to this change in terms of injections and leakages and their effect on AD. • The use of AD and AS diagram to show this effect on the level of national income and economic growth. • Alternatively, the analysis of the increased injection may be through the multiplier effect and/or the 45˚ diagram. • A clear link should be made between the effect of the rise in exchange rate and economic growth, reference to the type of economic growth: actual or potential should be made. • Ignore $US on the US's exports • Minimum of 2 aims developed for L3 **AO3 Evaluation** • Why the US$ rate rose and how that might have affected economic growth. • The nature of exports from the US to the rest of the world: oil, agricultural produce etc. and the price elasticity of demand for that produce. • Extent the effects of a rise in ER on employment and inflation. • The effect of the $US being a reserve currency. • The size of the marginal propensity to export/import on the multiplier and its affect on the change in AD • The impact of inflow of capital in terms of MNC and the effect on US output and growth. • The percentage of US GDP represented by (X–M) • Accept all valid responses	**20**
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Question	Answer	Marks
OR		
5	**Economic growth can only occur when an economy is below full employment.** **Evaluate this statement.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • Definition of **economic growth**: increase in real GDP/output over time. • Definition of **full employment**: when all resources, especially labour, are used efficiently (natural rate of unemployment remains). • **Below full employment (Keynesian range)**: Growth possible via increase in AD (e.g., higher consumption, investment). Movement from inside PPF towards PPF. Little inflationary pressure due to spare capacity. • **At full employment (Classical range)**: Growth possible only through **potential growth** – rightward shift of LRAS or outward shift of PPF. Driven by productivity, technology, education, capital formation. • **Diagrams:** AD–AS showing movement along the AS curve below full employment. LRAS shift showing potential growth.	**20**

Question	Answer	Marks
5	**AO3 Evaluation** • The statement is **too narrow** – growth can occur **both below and at full employment**. • **Context matters:** In a recession, growth typically comes from AD increases (below full employment). In the long run, growth depends on supply-side improvements (even at full employment). • **Inflationary pressures:** At/near full employment, AD-led growth may cause inflation rather than real growth. • **Judgement:** Economic growth can occur when below full employment (actual growth) and at full employment (potential growth) – so the statement is **partially correct**. • Is unemployment the principal economic problem and the opportunity costs of pursuing low unemployment rather than balance of payments equilibrium etc. • The effect of the multiplier when considering the extent of the increase in GNI. • A discussion of whether C, I or (X–M) can increase without unemployment.	
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The marker should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range (where middle marks are available).
- If the candidate's work **just** meets the level statement, award the lowest mark.

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Assessment objectives

AO1 Knowledge and understanding
- Show knowledge of syllabus content, recalling facts, formulae and definitions.
- Demonstrate understanding of syllabus content, giving appropriate explanations and examples.
- Apply knowledge and understanding to economic information using written, numerical and diagrammatic forms.

AO2 Analysis
- Examine economic issues and relationships, using relevant economic concepts, theories and information.
- Select, interpret and organise economic information in written, numerical and diagrammatic form.
- Use economic information to recognise patterns, relationships, causes and effects.
- Explain the impacts and consequences of changes in economic variables.

AO3 Evaluation
- Recognise assumptions and limitations of economic information and models.
- Assess economic information and the strengths and weaknesses of arguments.
- Recognise that some economic decisions involve consideration of factors such as priorities and value judgements.
- Communicate reasoned judgements, conclusions and decisions, based on the arguments.

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Table A: AO1 Knowledge and understanding and AO2 Analysis

Use this table to give marks for each candidate response for AO1 Knowledge and understanding and AO2 Analysis for **Questions 2**, **3**, **4** and **5**.

Level	Description	Marks
3	• A detailed knowledge and understanding of relevant economic concepts is included, using relevant explanations. Explanations are supported by examples, where appropriate. • The response clearly addresses the requirements of the question and explains economic issues, and fully develops these explanations. • Analysis is developed and detailed and makes accurate and relevant use of economic concepts and theories. Where necessary, there is accurate and relevant use of analytical tools such as diagrams and formulae, and these are fully explained. • Responses are well-organised, well-focused and presented in a logical and coherent manner.	11–14
2	• Knowledge and understanding of some relevant economic concepts is included, using explanations and examples that are limited, over-generalised or contain inaccuracies. • The response addresses the general theme of the question and the relevant economic issues, with limited development. • Analysis is generally accurate with some development but little detail. Uses analytical tools such as diagrams and formulae where necessary. Use of these tools is partially accurate or not fully explained. • Responses are generally logical and coherent but are sometimes lacking in focus or organisation.	6–10
1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.	1–5
0	No creditable response.	0

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Table B: AO3 Evaluation

Use this table to give marks for each candidate response for AO3 Evaluation for **Questions 2**, **3**, **4** and **5**.

Level	Description	Marks
2	• Provides a justified conclusion or judgement that addresses the specific requirements of the question. • Makes developed, reasoned and well-supported evaluative comment(s).	4–6
1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.	1–3
0	No creditable response.	0

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Question	Answer	Marks
1(a)	**Explain the significance of measuring GDP at constant prices.** The total output from within a country **(1)** Constant prices mean changes in prices are taken into account **(1)** which allows for the measurement of the real change in output (**1)** Easier comparisons of GDP (**1)**	**3**
1(b)	**Explain one possible benefit of horizontal integration and one possible benefit of vertical integration**. Horizontal integration definition (**1)** + Benefit (**1)** Vertical integration definition (**1)** + Benefit **(1)**	**4**
1(c)	**Describe how the market structure in which individual farmers operate is likely to differ from the market structure in which the commodity traders operate.** Farmers: **monopolistic competition (1)** many sellers **(1)**, similar product **(1)**, no barriers to entry (**1**), price maker **(1) Max 3** Traders: **oligopoly (1)** and a few sellers **(4) (1)** and barriers to entry **(1)** price maker **(1)** product differentiation **(1) Max 3** **Market structure must be correct to gain explanation marks.**	**6**
1(d)	**Use the article to evaluate the impact of the development of the agricultural and mining industries on the standard of living in Brazil.** Definition of standard of living: Monetary **(1)** and non-Monetary **(1)**. **(2) Max** **Data interpretation (4) max** **Data** for improvement SoL Increase in GDP 0.7 trn **(1)**, and US$ 1459 pc **(1)**, **Can quote the changes**, Large exporter **(1)**, **(2) Max** **Data** for reduction in SoL Agricultural/mining/oil degradation of rain forest **(1)** Environmental pollution from mining/Flooding from burst dams **(1) (2) Max** **But** no mention of non-financial aspect of SoL:**1** e.g. education, health or housing **(1) (2) Max** **Conclusion:** The data is mixed with some positive and negative points but there is need for a wider range of data to make a full judgement **(1)**	**7**

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Question	Answer	Marks
EITHER		
2	**Traffic congestion is a cause of allocative inefficiency.** **Evaluate, with the help of diagram(s) two policies that a government may introduce to reduce the problem of allocative inefficiency caused by traffic congestion.** **AO1 Knowledge and understanding and AO2 Analysis** • Market failure regarding this question would relate to allocative inefficiency. Market failure can be explained by defining allocative efficiency and linking this to the requirement to allocate resources to maximise consumer satisfaction. This can be supported by a diagram illustrating a level of output where AR = MC or MSB = MSC which is consistent with an outcome that achieves allocative efficiency. • Negative externalities occur when the consumption/use of a good produces a cost to society which is greater than that received by an individual consumer MPB > MSB. This is sometimes described as a negative 'spill-over' effect. The negative externality leads to an over production of the good. • Government intervention takes place to address the failure of market forces to allocate resources efficiently. • Different types of government intervention can be used to correct the over consumption to enable consumer satisfaction to be maximised. • Forms of government intervention might include: the use of subsidies for consumers to increase consumption of alternative forms of transport, use of positive advertising of alternatives; the direct provision of goods and services such as alternative transport methods. Indirect taxation. Nudge theory effects. • A clearly labelled, accurate diagram can be used to show the impact of a negative externality on the level of output and the welfare change will be identified. • The diagram could show the market equilibrium point which does not take into account the existence of a negative consumption externality and may compare this with the allocatively efficient level of output when the negative externality is taken into account. The diagram may be amended or re-drawn to show the impact of a chosen policy(ies) and the impact on consumption or production shown. • Reference to the diagram and the outcomes it illustrates is made in the text.	**20**

Question	Answer	Marks
2	**AO3 Evaluation** • A government might introduce a subsidy for alternative forms of transport e.g. mass rapid transport to encourage production to enable allocative efficiency, however it is difficult to measure the precise value of the subsidy. Subsidies have opportunity costs and are costly in that the funds might have been used by governments for other purposes. This means governments will have to make a value judgement when deciding whether to provide a subsidy. • Consumer demand for alternatives may be low due to the reluctance to price in-elasticity of demand for public transport/alternatives. • The impact on price and output in some circumstances takes a long time to become effective. • Advertising of alternative methods of transport is often costly and it is not always certain that it will have a sufficiently persuasive effect to ensure the correct level of consumption is reached. • Public sector provision is costly and sometimes less efficient than that provided through market forces. Accept all valid responses.	

Question	Answer	Marks
OR		
3	**The average wage of chief executives in large companies in a country is over 100 times greater than the average wage of their employees.** **Assess how economic theory can account for this variation in average wages.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • Explanation of wages determined by demand and supply of labour. • Demand for labour determined by marginal physical product (MPP) and the price (P) of the good made to give marginal revenue product (MRP) = MPP × P. • Determinants of the supply of labour; skills education, training or ability, reference to elasticity of supply. • Analysis of why wages differ depending on MRP and supply. • Use of the concepts of economic rent. • The application of the theory to the statement concerning chief executives' pay relative to that of other workers. • Difference based on labour market for chief executives and workers. • A comparison of the labour markets for CE and workers. **AO3 Evaluation** • How to measure the MPP of a factor of production is difficult. • Wages of chief executives (CE) are sometimes determined by people in a similar position and so may inflate the wage level. • Monopsony employer may underpay workers. • Prejudice and discrimination leads to low wages for workers. Accept all valid responses.	**20**

Question	Answer	Marks
EITHER		
4	**Evaluate the effect of a fall in the exchange rate on the achievement of the macroeconomic aims of a country.** **AO1 Knowledge and understanding and AO2 Analysis** • Knowledge and understanding of the effect of depreciation/devaluation on the exchange rate (ER), and economic growth. • Analysis of Ex R fall on the price of exports (X) and imports (M) and the consequences for their demand, links to aggregate demand (AD) through the balance of payments effect (X–M). • Candidates may refer to this change in terms of injections and leakages and their effect on AD. • The use of AD and AS diagram to show this effect on the level of national income and economic growth. • Alternatively, the analysis of the increased injection may be through the multiplier effect and/or the 45° diagram. • Identification of at least **two** macroeconomic aims of a country: e.g. balance of payments, economic growth, inflation, employment. • Analysis of the impact of the change in ER on at **least 2** macroeconomic aims to comment on their likely achievement. **AO3 Evaluation** • The ability of supply capacity in the country to react to the effect of the fall in the exchange rate. • The nature of exports from many countries where exports of agricultural commodities are price inelastic in supply. • The short run effect on employment (positive) and inflation (negative), reference to the Phillips curve. • Effect on a country's ability to service international debt positive if denominated in domestic currency but negative if borrowings are in a foreign currency. • The impact of the inflow of capital in terms of FDI/MNC and the effect on output, employment and growth. • The proportion of international trade in relation to GDP. Accept all valid responses.	**20**

Question	Answer	Marks
OR		
5	**Evaluate whether the presence of multinational companies (MNCs) in low-income countries is always beneficial.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • Definitions of a MNC and a low-income country (LIC). • Explanation of benefits of MNC to LIC: Development of infrastructure, employment of workers, training and development of workers, expansion of GDP/GNI, increased range of products improvement of SoL. • Analysis of presences of MNC: Impact on Actual growth This could be via AD/AS analysis of expansion of NI: • Changes in Current Balance and Capital Balance through movement of goods and capital reflected in impact on the Exchange rate through demand and supply of foreign exchange. • Impact on employment both positive and negative as demand increases and decreases in the industry(ies) being affected by MNC. Increase in structural unemployment. • Analysis of presences of MNC: Impact on Potential growth: Exploration and development of raw materials and education of workforce expanding the production possibility curve. Development of associated infrastructure: roads, rail ports and education and health services. **AO3 Evaluation** • Substitution of low cost MNC production of goods displacing local owned production. • Changes in work and cultural practices and effect on non-material standard of living. • Corruption of local officials to gain permission for development. • The use of modern manufacturing processes may lead to increases in unemployment. • externalities in production/consumption from the manufacturing/use of the goods. Raw materials exports and the problem of the 'Dutch' disease of high exchange rate and its impact on decreasing the level of existing exports leading to structural unemployment. Accept all valid responses.	**20**

CAMBRIDGE
International Education

Cambridge International AS & A Level

ECONOMICS **9708/43**

Paper 4 A Level Data Response and Essays **October/November 2025**

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles (for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)

b DO credit alternative answers/examples which are not written in the mark scheme if they are correct

c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).

d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)

e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities

f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).

g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

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4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	Correct point
	Incorrect point
	Unclear response
^	Key information missing from response
K	Indicates knowledge and understanding of the concepts and issues relating to the question.
AN	Indicates where the answer has demonstrated analysis.
APP	Indicates appropriate reference to the information provided
E	Expansion of point already made in response
EVAL	Indicates where the answer has demonstrated evaluation
EE	Indicates where the answer has demonstrated particularly strong/justified evaluation
L1	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 1 in the Mark Scheme, Table A
L2	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 2 in the Mark Scheme, Table A
L3	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 3 in the Mark Scheme, Table A
BOD	Used when the benefit of the doubt is given in order to reward a response.
NAQ	Used when the answer or parts of the answer do not answer the question asked.

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Annotation	Meaning
SEEN	Indicates that the page or content has been seen by examiner, but no credit given.
TV	Used when parts of the answer are considered to be too vague to be given credit.

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Assessment objectives

AO1 Knowledge and understanding
- Show knowledge of syllabus content, recalling facts, formulae and definitions.
- Demonstrate understanding of syllabus content, giving appropriate explanations and examples.
- Apply knowledge and understanding to economic information using written, numerical and diagrammatic forms.

AO2 Analysis
- Examine economic issues and relationships, using relevant economic concepts, theories and information.
- Select, interpret and organise economic information in written, numerical and diagrammatic form.
- Use economic information to recognise patterns, relationships, causes and effects.
- Explain the impacts and consequences of changes in economic variables.

AO3 Evaluation
- Recognise assumptions and limitations of economic information and models.
- Assess economic information and the strengths and weaknesses of arguments.
- Recognise that some economic decisions involve consideration of factors such as priorities and value judgements.
- Communicate reasoned judgements, conclusions and decisions, based on the arguments.

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Table A: AO1 Knowledge and understanding and AO2 Analysis

Use this table to give marks for each candidate response for AO1 Knowledge and understanding and AO2 Analysis for **Questions 2**, **3**, **4** and **5**.

Level	Description	Marks
3	• A detailed knowledge and understanding of relevant economic concepts is included, using relevant explanations. Explanations are supported by examples, where appropriate. • The response clearly addresses the requirements of the question and explains economic issues, and fully develops these explanations. • Analysis is developed and detailed and makes accurate and relevant use of economic concepts and theories. Where necessary, there is accurate and relevant use of analytical tools such as diagrams and formulae, and these are fully explained. • Responses are well-organised, well-focused and presented in a logical and coherent manner.	**11–14**
2	• Knowledge and understanding of some relevant economic concepts is included, using explanations and examples that are limited, over-generalised or contain inaccuracies. • The response addresses the general theme of the question and the relevant economic issues, with limited development. • Analysis is generally accurate with some development but little detail. Uses analytical tools such as diagrams and formulae where necessary. Use of these tools is partially accurate or not fully explained. • Responses are generally logical and coherent but are sometimes lacking in focus or organisation.	**6–10**
1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.	**1–5**
0	• No creditable response.	**0**

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Table B: AO3 Evaluation

Use this table to give marks for each candidate response for AO3 Evaluation for **Questions 2**, **3**, **4** and **5**.

Level	Description	Marks
2	• Provides a justified conclusion or judgement that addresses the specific requirements of the question. • Makes developed, reasoned and well-supported evaluative comment(s).	**4–6**
1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.	**1–3**
0	• No creditable response.	**0**

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Section A Data response

Question	Answer	Marks
Follow the point-based marking guidance at the top of this mark scheme		
1(a)	**The article refers to the Gini coefficient. With the help of a diagram explain the link between a Gini co-efficient and a Lorenz curve.** Accurately labelled Lorenz curve **(2)** Formula to show calculation of Gini coefficient **(1)** The Gini coefficient measures the extent to which the distribution of income, (or wealth), within a country is unequal. **(1)** Gini value of 0 = perfect equality **(1)** Gini value of 1 = perfectly unequal **(1)** **Maximum 5 marks** Explanation of meaning of Gini coefficient–value of 0 = perfectly equal distribution **(1).** The Gini coefficient measures the extent to which the distribution of income, (or wealth), within a country is different. **(1)**	**5**
1(b)(i)	**Distinguish between equity and equality** Equality generally refers to equal opportunity. **(1)** Equity refers to the need to achieve greater fair outcomes. **(1)**	**2**
1(b)(ii)	**'But, according to a newspaper, a lot of what is said about inequality is wrong.'** **Analyse whether there is a conflict between what the newspaper wrote about changes in equality and Table 1.1.** Some limited supporting evidence, **(1)** However, the text is a general overall average while the table is for a particular country. **(1)** Text suggests a fall in inequality, Gini going down **(1)** Table suggests a rise in inequality, Gini going up**. (1)** There is no conflict, regarding changes in the national income, both text and table say they have risen. **(1)**	**5**

Question	Answer	Marks
1(c)	**With reference to the article, explain the idea of globalisation and assess whether there is enough evidence to conclude that globalisation has a net benefit for everyone.** Globalisation means the growing interdependence of the world's economies, cultures, and populations, brought about by cross-border trade in goods and services, technology, and flows of investment, people, and information. **(2)** Benefits mentioned include increases in incomes, life expectancy (10 years in sub-Saharan Africa) and literacy rates. A fall in absolute poverty. A fall in inequality **(2)** Drawbacks mentioned environmental issues, exploitation of workers, domestic unemployment, increasing dependence on other countries**. (2)** The benefits have occurred while the population has increased so are probably substantial. However, there is no statistical information to compare the benefits with the drawbacks. Also it depends on what 'net benefit' means– does it mean an increase in quantity of goods, higher profits, or does it mean wider choice, better quality. It is difficult to make an overall assessment. **(2)**	**8**

Question	Answer	Marks
EITHER		
2	**With the help of a diagram, evaluate the impact on consumers and producers of an increase in market contestability.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • Market contestability should be explained by referring to how open a market might be to new competition. • Existing factors which might limit contestability can be identified, including examples of barriers to entry, particularly high sunk costs.	**20**

Question	Answer	Marks
2	• Recognition and description of the conditions that will exist when a market is not contestable. A clearly labelled, accurate diagram should be provided showing profit maximization price and output. (accept either Oligopoly or Monopoly diagram) • Analysis should examine the impact on consumers when barriers to entry are removed. A diagram could be used to indicate that consumers might benefit from lower prices and more choice • Analysis can be used to assess the impact of an increase in contestability on firms. It is likely that abnormal profits might be reduce. • Analysis could also be used to indicate why contestability might create incentives for a business to reduce their unit costs by avoiding any X-inefficiencies **AO3 Evaluation** • The removal of barriers to entry and a subsequent loss of market share might mean that a firm cannot benefit from economies of scale to the same extent. It is possible that as a result of this lower prices might not be passed on to the consumer. • The respective impact on consumers and producers will be determined by the degree of contestability introduced and how well it can be maintained. • The type of industry will also determine whether an increase in contestability will have a positive effect on consumers and producers. For example, natural monopolies by their nature, are unlikely to become more efficient when barriers to entry are removed. • Firms with high barriers to entry may lose the opportunity to make sufficient abnormal profits to ensure dynamic efficiency is maintained. This may lead to higher prices for some consumers. • A conclusion should be attempted which examines the net benefits that might be gained by introducing more contestable markets to either/or consumers/producers Accept all valid responses. **No diagram L2 Max**	
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

Question	Answer	Marks
OR		
3	**With the help of a diagram, assess the importance of the supply of labour in relation to the wage and employment levels for firms operating in perfectly competitive and monopsony labour markets.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • Characteristics of a perfectly competitive labour market should be described. • The assumptions which determine the shape of the supply of labour to a firm in a perfectly competitive labour market. • A diagram should be provided which shows how wages are determined and employment will be determined within a firm operating in a perfectly competitive labour market. • An explanation of how wages and employment might be determined in a monopsony labour market • Analysis should refer to the perfectly competitive labour market and why firms operating in this market have a perfectly elastic supply of labour and how this relates to demand for labour and employment • Analysis can be used to determined how an equilibrium wage would be determined in a monopsony labour market. The importance of an upward sloping supply of labour should be discussed. • Analysis should then be used to show why workers are likely to receive lower wages and less employment opportunities primarily due to the supply of labour being influence by a monopsony buyer of labour.	**20**

Question	Answer	Marks
3	**AO3 Evaluation** • Although the supply of labour to a firm in a perfect labour market is perfectly elastic, this does not mean the wage rate is fixed. For example, an increase in labour productivity across the market will lead to an increase in the wage paid by each firm plus an increase in employment in each firm. • It should also be recognized that a shortage of labour supply in a perfect labour market will also lead to higher wages paid by individual firms as well as an increase in unemployment. • An increase in the marginal productivity in a perfect labour market within a firm will not lead to an increase in wages paid by the firm, nevertheless it should still lead to an increase of employment of labour. • A firm in a monopsony market will employ labour up to the point where the marginal cost of employing labour is equal to the marginal revenue product of labour. This will mean that employees will receive a wage lower than that determined by the interaction of the supply of and demand for labour. • Sometimes, a government will intervene in a monopsony labour by establishing a minimum wage, this will produce a perfectly elastic supply of labour at that wage, while increasing wages and employing. Trade union intervention may achieve a similar outcome. • A conclusion should attempt to evaluate the state in the using the preceding discussion. **No diagram L2 Max** **Must refer to both markets for L3** Accept all valid responses.	
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

Question	Answer	Marks
EITHER		
4	**With the help of a diagram, evaluate the effectiveness of using monetary policy to increase the rate of economic growth in an economy.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • A clear outline of different types of monetary policy, including changes to the money supply, changes in interest rates and exchange rate policy. • A detailed explanation of what is meant by 'economic growth' and why it is important. • An accurate, clearly labelled diagram indicating the link between an increase in aggregate monetary demand and an increase in real GDP/output. • Analysis can be used to show how a government will be able to increase the money supply, which in turn might reduce interest rates, increase investment and ultimately increase aggregate demand and GDP, thus achieving economic growth. • Central banks might directly reduce interest rates which would be expected to increase borrowing and consumer expenditure and ultimately lead to an increase in real GDP. • Alternative analysis might focus upon the impact of changes in the exchange rate and how a devaluation of the currency might lead to an export led growth of income, employment and real GDP. **No diagram Max L3**	**20**

Question	Answer	Marks
4	**AO3 Evaluation** • The immediate impact of monetary policy on income, output and growth will depend upon the existing state of the economy when the policy is introduced. The policy will have a greater impact when the economy has significant spare capacity. • An increase of the money supply might be relatively ineffective due to the existence of the liquidity trap or due to a low elasticity of the MEC curve. • Negative expectations would also determine the extent to which a decrease in interest rates is likely to increase consumer expenditure, which will then reduce the impact on output. • Currency devaluation will only be effective if this results in a net increase in trade. This will be determined to some extent by the Marshall-Lerner condition. • Increase in money supply might cause high inflation. • In a situation of 'stagflation' when unemployment is high and prices are high the use of monetary policy might solve one problem at the expense of the other. A more appropriate long-term policy might be supply-side based. For example, investment in skills training/education • A conclusion should attempt to assess the relative effectiveness of each type of policy approach and consider which approach is likely to be the most effective in the short run and then compare this with possible outcomes that might be achieved in the long run. Accept all valid responses.	
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

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Question	Answer	Marks
OR		
5	**The use of tariffs is the most effective way to correct a balance of payments deficit.** **With the help of a diagram, evaluate this statement** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • Tariffs should be clearly explained as a tax on selected imports and such taxes will act as a barrier to free trade • The key elements of the balance of payments accounts should be briefly outlined • A balance of payments deficit should be explained and linked to its potential effects on a country's exchange rate. • An accurate, clearly labelled diagram should be provided which would form the basis for analysing the impact of a tariff on the balance of payments. • The focus of the analysis should be on the recognition that tariffs represent an expenditure switching policy which will rely significantly upon the response of the demand for imports in relation to a change in the price of imports. • Also, the analysis should recognize the overall impact of an increase in tariffs will be primarily upon the goods and services element of the balance of payments current account. **No diagram Max L3–Micro diagram not acceptable**	**20**

Question	Answer	Marks
5	**AO3 Evaluation** • Tariffs often produce a retaliation response by those countries which have to pay the tariff. This might significantly reduce the positive impact upon the balance of payments. • The benefits of imposing a tariff regarding a balance of payments deficit will also be determined by the nature of the balance of payments deficit. Although tariffs might be suitable for a long-term, persistent deficit, alternative policies might be more effective for short-term, more temporary situations. • Alternative methods of addressing the balance of payments deficit may be more appropriate. For example, an economy experience high inflation might use a more effective expenditure reducing policy to correct this deficit. • The net effect on the current account will also be determined by the elasticity of demand for imports. Imports which are deemed inelastic will increase, rather than reduce total expenditure on imports when the price of imports rises. • Other potential negative effects on the economy also need to be considered. For example, the loss of producer and consumer surplus. • A conclusion might attempt to form an overall judgement on the short term and long-term impact on the balance of payments. Accept all valid responses.	
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

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CAMBRIDGE
International Education

Cambridge International AS & A Level

ECONOMICS **9708/44**

Paper 4 A Level Data Response and Essays **October/November 2025**

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

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Social Science-Specific Marking Principles (for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)

b DO credit alternative answers/examples which are not written in the mark scheme if they are correct

c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).

d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)

e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities

f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).

g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

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4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	Correct point
	Incorrect point
	Unclear response
^	Key information missing from response
K	Indicates knowledge and understanding of the concepts and issues relating to the question.
AN	Indicates where the answer has demonstrated analysis.
APP	Indicates appropriate reference to the information provided
E	Expansion of point already made in response
EVAL	Indicates where the answer has demonstrated evaluation
EE	Indicates where the answer has demonstrated particularly strong/justified evaluation
L1	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 1 in the Mark Scheme, Table A
L2	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 2 in the Mark Scheme, Table A
L3	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 3 in the Mark Scheme, Table A
BOD	Used when the benefit of the doubt is given in order to reward a response.
NAQ	Used when the answer or parts of the answer do not answer the question asked.

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Annotation	Meaning
SEEN	Indicates that the page or content has been seen by examiner, but no credit given.
TV	Used when parts of the answer are considered to be too vague to be given credit.

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Guidance on using levels-based mark schemes

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The marker should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range (where middle marks are available).
- If the candidate's work **just** meets the level statement, award the lowest mark.

Social Sciences and Humanities Subject Specific Marking Principles (for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)

b DO credit alternative answers/examples which are not written in the mark scheme if they are correct

c DO credit answers where candidates give more than one correct answer in one prompt/ numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …)

d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly)

e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities, e.g. a scattergun approach to a question asking for *n* items

f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted)

g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
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3 Annotation:

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- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Assessment objectives

AO1 Knowledge and understanding

- Show knowledge of syllabus content, recalling facts, formulae and definitions
- Demonstrate understanding of syllabus content, giving appropriate explanations and examples
- Apply knowledge and understanding to economic information using written, numerical and diagrammatic forms.

AO2 Analysis

- Examine economic issues and relationships, using relevant economic concepts, theories and information
- Select, interpret and organize economic information in written, numerical and diagrammatic form
- Use economic information to recognize patterns, relationships, causes and effects
- Explain the impacts and consequences of changes in economic variables.

AO3 Evaluation

- Recognise assumptions and limitations of economic information and models.
- Assess economic information and the strengths and weaknesses of arguments.
- Recognise that some economic decisions involve consideration of factors such as priorities and value judgements.
- Communicate reasoned judgements, conclusions and decisions, based on the arguments.

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Table A: AO1 Knowledge and understanding and AO2 Analysis

Use this table to give marks for each candidate response for AO1 Knowledge and understanding and AO2 Analysis for **Questions 2**, **3**, **4** and **5**.

Level	Description	Marks
3	• A detailed knowledge and understanding of relevant economic concepts is included, using relevant explanations. Explanations are supported by examples, where appropriate. • The response clearly addresses the requirements of the question and explains economic issues, and fully develops these explanations. • Analysis is developed and detailed and makes accurate and relevant use of economic concepts and theories. Where necessary, there is accurate and relevant use of analytical tools such as diagrams and formulae, and these are fully explained. • Responses are well-organised, well-focused and presented in a logical and coherent manner.	11–14
2	• Knowledge and understanding of some relevant economic concepts is included, using explanations and examples that are limited, over-generalised or contain inaccuracies. • The response addresses the general theme of the question and the relevant economic issues, with limited development. • Analysis is generally accurate with some development but little detail. Uses analytical tools such as diagrams and formulae where necessary. Use of these tools is partially accurate or not fully explained. • Responses are generally logical and coherent but are sometimes lacking in focus or organisation.	6–10
1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.	1–5
0	No creditable response.	0

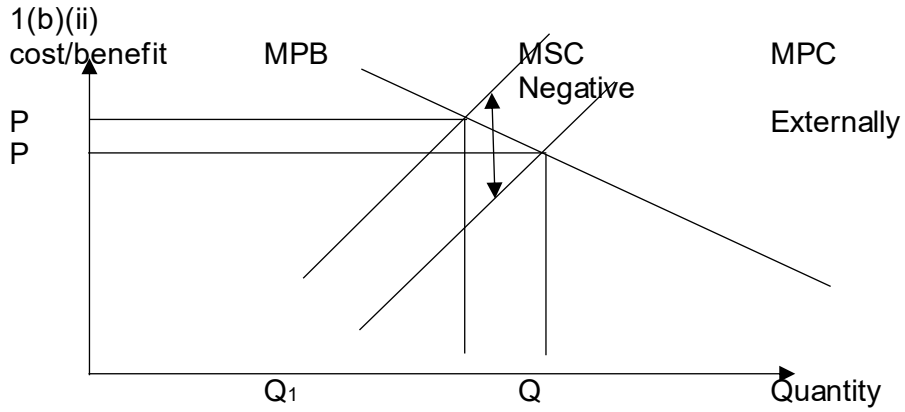
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Table B: AO3 Evaluation

Use this table to give marks for each candidate response for AO3 Evaluation for **Questions 2**, **3**, **4** and **5**.

Level	Description	Marks
2	• Provides a justified conclusion or judgement that addresses the specific requirements of the question. • Makes developed, reasoned and well-supported evaluative comment(s).	4–6
1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.	1–3
0	No creditable response.	0

Section A Data response

Question	Answer	Marks
Follow the point-based marking guidance at the top of this mark scheme.		
1(a)	**Explain the meaning of 'allocative and productive efficiency'.** Allocative efficiency is when firms produce what consumers want **(1)** MC=AR/MC =P. **(1)** Productive efficiency is producing goods and services with the least use of resources. **(1)** Production on the lowest average cost curve/ minimum average cost/AC =minimum **(1)** Producing on the PPC **1**	**4**
1(b)(i)	**Explain what is meant by a negative production externality.** A cost **1** that is born by someone other than the producer of the good/a third party **1**	**2**
1(b)(ii)	**Identify from the extract, a negative production externality resulting from steel production.** Noise, dirt or polluted air **1** **Max 1 mark**	**1**
1(b)(iii)	**Explain, with the aid of a diagram, the consequences for output and price if the steel market is required to take into consideration negative production externalities.**  Labels **1** Axes **1** and explicit indication of negative externality **1** Comment: Quantity falls from Q to Q_1 **1** and Price increases from P to P_1 **1** Welfare loss explained **1**	**5**

Question	Answer	Marks
1(c)	**Consider whether 'a monopoly always operates against the interests of the consumer'.** In favour of monopoly : • Economies of scale **1,** + explanation **1** • Investment in research and development **1,** + explanation **1** Natural monopoly e.g. railways **1,** + development **1** **Max 4** Against monopoly: Loss of productive efficiency **1** + explanation **1** Loss of allocative efficiency **1** + explanation **1** Lack of dynamic efficiency**1** + explanation Or: A diagram showing the loss of allocative and productive efficiency Axes/Labels **1** correct costs and revenues **1** loss of AE **1** loss of PE **1** **Max 4** **Max 7 for argument** Conclusion: **1**	**8**

Section B Microeconomics essay

Question	Answer	Marks
EITHER		
2	**Evaluate, with the aid of a diagram whether the diminishing marginal utility theory of demand provides an adequate explanation of the market demand curve for all goods and services.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** Assumptions of marginal utility analysis including: • rational consumers who prefer more to less, a two-good world, the goods can be substituted for each other, perfect knowledge of the market. • Definition of marginal and total utility. • Explanation of diminishing marginal utility. • The analysis of the change in the price of a good and the explanation of how much the consumer will purchase as the price changes. • The use of the equi-marginal principle to establish how consumers 'balance' their expenditure on goods as the price of one of them changes. • The horizontal addition of individuals' demand curves to achieve the market demand curve. **AO3 Evaluation** • Consumer rationality: marginal utility theory assumes that consumers act rationally. They are of a calculating mind, carrying numerous combinations of different commodities in their heads, can substitute one for the other, compare their total utilities and make a rational choice between various combinations of goods. • Marginal utility theory has no provision for income and substitution effects so does not explain inferior goods. • It is difficult to compare the concept of changing the demand for expensive goods which are purchased infrequently with goods such as consumables. which are one-off indivisible purchases and the choice is between, for example, 1 fridge and 4 weeks' food. • A consumer is faced with a much more complex world than the two-good world of the model because a consumer buys not just two but a large number of commodities to satisfy their innumerable wants. • Accept all valid responses.	**20**
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

Question	Answer	Marks
OR		
3	**Subnormal and supernormal profits are only experienced in the short run and only by firms in perfect competition.** **With the help of diagrams, evaluate this statement.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • Definition of short run, subnormal and supernormal profits. • Statement of the conditions for perfect competition. • Analysis of the applicability of the concepts of subnormal and supernormal profits in the context of perfect competition. • The resolution of subnormal and/or supernormal profits to equilibrium normal profits in perfect competition in the long run. • A relevant diagram to show the analysis. **AO3 Evaluation** • The analysis of monopolistic competition to show subnormal and supernormal profits and their resolution to normal profit. • Monopoly analysis to show that supernormal profits may exist in the long run. • Analysis of oligopoly to show that there may or not be subnormal or supernormal profits in the both the short run and the long run. Accept all valid responses.	**20**
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

Section C Macroeconomics

Question	Answer	Marks
EITHER		
4	**A country imposes a tariff of 20% on imported goods and restricts the number of immigrants entering the country.** **Evaluate, with the aid of a diagram(s), the impact of these <u>two</u> policies on the rate of inflation in that country.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • Definition of a tariff and analysis of the effect of a tariff on the price of goods and a development of this in terms of the direct effect on the price of goods bought by consumers. • The analysis may also be in terms of the cost of imported raw materials and cost push inflation. • Analysis of impact on macroeconomy in terms of leftwards shift of aggregate supply (AS) promoting cost push inflation. • A similar analysis of the effect of restricting the supply of labour and reducing any potential decrease in the general wage rate. • A relevant diagram to show either the effect of a tariff on cost/prices, the restriction of immigrants and the effect on wages **and** the impact on AS **AO3 Evaluation** • The elasticity of supply of domestically produced goods subject to the tariff. • The availability of domestic labour force prepared to do jobs. • The rate of inflation will also depend on the level of aggregate demand (AD). The restriction on immigrants will reduce the level of demand and hence demand pull inflation. • Limited migration may allow domestic workers to claim higher wages and contribute to cost push inflation. Accept all valid responses.	**20**
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

Question	Answer	Marks
OR		
5	**Evaluate whether an increase in a government's budget deficit will always lead to economic growth.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 14 marks. AO3 out of 6 marks. **AO1 Knowledge and understanding and AO2 Analysis** • Definitions of budget deficit, economic growth. • Use of AD/AS models or 45° model to analyse government budget deficit. • Use of the circular flow of income to explain the effect of an increase in government spending increases the level of aggregate demand within the economy. • Reference to the short run and long run economic growth. • Reference can be made to employment, inflation, the balance of payments • Impact of supply side expenditure of budget deficit on education/investment **AO3 Evaluation** Evaluation may be by individual measure or by comparing the measures. • Closeness of economy to full employment. • Use of Phillips' Curve to reflect inflationary impact. • Commentary on the size of marginal propensity to consume and its effects on the size of the multiplier. • The role of expectations in determining the reactions to expansionary fiscal policy • Reference to the multiplier being an analysis of the trade cycle which exists for only a short run and that the accelerator effect is needed to increase investment and an outwards shift in the production possibility curve for the long run effects. Accept all valid responses	**20**
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

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