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International Education

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ECONOMICS **9708/42**

Paper 4 A Level Data Response and Essays **February/March 2024**

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.

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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.

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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.

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)	**Identify what caused the rise in the electricity prices and explain whether it can be concluded from the article that the price rise was an example of market failure.** Natural gas supply shortage (1) breakdown of nuclear reactors (1). Market failure occurs when price mechanism fails to account for all of the costs and benefits necessary to determine price equilibrium and this results in allocative inefficiency (accept alternative definitions of market failure) (2). There is no evidence of allocative inefficiency and no market failure (accept either) (1).	**5**
1(b)	**Is there any evidence in the article that the French government's decisions will increase competition or efficiency in the energy market?** Competitors got cheaper electricity, so this maybe increases competition (1). Alternative renewable energy projects were stopped, so possibly leading to less efficiency (1). Five reactors were forced to close due to poor maintenance and becoming less efficient (1). The reactors enabled self-sufficiency so this is now less likely. Conclusion: some evidence of increasing competition, no evidence of increasing efficiency (1). Accept fall in monopoly profits might lead to a fall in dynamic efficiency (1). 4 marks maximum	**4**
1(c)(i)	**Distinguish between equality and equity.** Economic equality is the equal distribution of income, wealth in society (1) plus (1) for further development. Equity is fairness/justice particularly in regard to welfare economics (1) plus (1) for further development. 3 marks maximum	**3**

Question	Answer	Marks
1(c)(ii)	**Consider whether the actions of the French government on electricity prices might be thought to increase either equality or equity for consumers and producers.** Cannot show that changes in price are linked to any notion of fairness, in relation to producer (1). Therefore, producer equity will be unaffected (1). A tax cut might increase consumer equity (1). Explanation (1) equality possibly, consumer rescued from excessive price increase (1) but as both rich and poor consumer benefit it is not conclusive that consumer equality is improved (1). Small firms will get cheaper electricity at the expense of large firms and this suggests an increase in equality between producers might be obtained (2). However, a cut in electricity taxes might benefit the large electricity company more than its smaller rivals, therefore any conclusion on the impact of equality for producers might remain uncertain (2). 8 marks maximum	**8**

Question	Answer	Marks
EITHER		
2	**With the help of a diagram, assess the effectiveness of a government's intervention in the price mechanism to address the causes of climate change.** 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** • An explanation of the link between climate change and negative externalities. • Explanation of negative externalities • Recognition that negative externalities can be caused by production or consumption. • Use of a diagram to show the links between climate change and negative externalities • Analysis of how market forces can be used to address the consequences of climate change. L2 maximum if no accurate diagram provided.	**20**

Question	Answer	Marks
2	**AO3 Evaluation** • The link between climate change on negative externalities is very difficult to accurately establish • It is also extremely difficult to measure negative externalities • The use of taxation to influence price and output is unlikely to remove all negative externalities because it is very difficult to measure the correct amount of taxation that should be applied. • The use of minimum prices to reduce negative externalities would only be partially effective and might have significant effects on firm's profits and employment. • Alternatives to the use of the price mechanism might, in some circumstance, allow a government to achieve a more precise control of negative externalities. For example, through the use of a complete ban of consumption/production. • A conclusion should be attempted which examines the net benefits of each alternative i.e. through direct government intervention or through the use of market forces. Accept all valid responses.	
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

Question	Answer	Marks
OR		
3	**The introduction of a trade union into a perfectly competitive labour market will always lead to higher wage levels and a higher level of unemployment.** **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** • Characteristics of a perfectly competitive labour market should be described. • The role and main aims of a trade union should be outlined, emphasising the importance of their role in wage bargaining. • A diagram should be provided which shows how wages are determined in a perfectly competitive labour market and how this impacts upon the wage and level of employment within each firm. • Analysis should discuss alternative ways in which a trade union might affect wages and employment. References might be made to factors which affect both the supply of and demand for labour. • Analysis should then be used to determine the extent to which the intervention of a trade union can influence wage and employment levels in a perfectly competitive labour market. L2 maximum if no accurate diagram provided.	**20**

Question	Answer	Marks
3	**AO3 Evaluation** • In some cases, the introduction of trade unions might lead to an increase in the productivity of the workforce through the provision of better training. Although an increase in productivity might also be produced by substituting capital for labour which might lead to an increase in unemployment. • Trade unions might gain higher wages for labour but because this makes capital relatively cheaper, machines might be substituted for labour which will further reduce employment. • The impact of higher wages on employment will also depend upon how easy it is to substitute capital for labour and the existing proportion of capital to labour in the particular industry. • If trade unions manage to bargain for higher wages but the new wage is above the market equilibrium, there will be an excess supply of labour at the new wage leading to higher unemployment. The extent of this impact will be determined by the relative elasticities of supply of and demand for labour • A conclusion should attempt to address each element of the statement. The key word 'always' should be considered in the light of the preceding argument. 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, assess the effectiveness of government policies which might be used to reduce cost push inflation.** 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** **AO1 Knowledge and understanding and AO2 Analysis** • A clear outline of different causes inflation and why inflation might cause problems. • A more detailed explanation of the causes of cost push inflation, supported by an accurately labelled diagram • A description of alternative policies that a government might use to reduce cost push inflation • Analysis can be used to show how a government will be able to increase aggregate supply, in the long term, by increasing productivity through direct investment. For example, by increasing expenditure on education/infrastructure. This analysis might also be supported by a relevant diagram • In the short term, a government might focus on attempting to reduce the cost of producing goods and services by introducing widespread subsidies, reducing indirect taxation, removing tariffs on key imports or the use of incomes policies. L2 maximum if no accurate diagram provided Must refer to some supply side polices to gain L3 marks	**20**

Question	Answer	Marks
4	**AO3 Evaluation** • Increasing the use of subsidies and/or decreasing the use of indirect taxation is likely to have a negative effect on a government's budget. For example, increasing the budget deficit and subsequently increasing the need for more government borrowing. • Removing tariffs is likely to have a negative effect on the incomes and output of domestic producers and possibly lead to an increase in unemployment • The introduction of incomes policies is likely to lead to opposition from trade Unions and the possibility of industrial disruption. • Long run supply-side policies are likely to focus on attempts to increase productivity. This frequently involves significant investment in new technology which will lead to a rise in unemployment in the short run • Other policies which might be used in the long run might include immediate investment in skills training and improving the quality of the infrastructure. Skills training is expensive and hence has a high initial opportunity cost. While the immediate effect of an increase in expenditure on improving the infrastructure is likely to increase aggregate demand and add to the inflationary pressure • 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 evaluation relating to demand side policies.	
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

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Question	Answer	Marks
OR		
5	**Globalisation will help to achieve economic growth in high-income economies and this will automatically improve living standards.** **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** • Globalisation would promote free trade, free movement of capital and labour and the transfer technology. Cultural and political ties would be strengthened. • Key characteristics of high-income countries would include: high levels of productivity; high GDP per capita; significant dependence on producing and exporting secondary/tertiary goods/services. • High living standards are generally associated with: low poverty levels; advanced infrastructure; good housing, education and health; and low infant mortality rates. • Economic growth is usually measured by changes in real GDP per capita in a specific time period. • An improvement in living standards is very closely linked with an improvement in economic performance. An improvement in economic performance is measured by increases in GDP per capita. • Globalisation through trade and technology transfer should provide opportunities to create more real wealth. • Higher levels of tax revenue are likely to be received by a high-income country's government. This will enable more expenditure on health, housing and education as well as increased access to more consumer goods. These improvements are generally associated with a rise in the standard of living.	**20**

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Question	Answer	Marks
5	**AO3 Evaluation** • The links between an increase in economic growth and an increase in living standards are not clear. Economic growth is a quantitative measure not a qualitative measure • Economic growth which depends upon globalisation would increase long distance transport which would create more negative externalities. • It is not clear how any benefits of economic growth might be used in a high-income economy • Globalisation might lead to an increase in cheap imports from low-income economies which might lead to higher levels of unemployment in more advanced economies. • A conclusion might attempt to form an overall judgement on the short term and long-term benefits of globalisation in relation to the improvement of living standards in high-income countries. Also a judgement should consider whether this will **automatically** improve living standards. Accept all valid responses.	
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6