CAMBRIDGE
International Education

Cambridge International AS & A Level

ECONOMICS **9708/41**

Paper 4 Data Response and Essays **May/June 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.

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

Question	Answer	Marks
Follow the point-based marking guidance at the top of this mark scheme.		
1(a)	**Describe what is meant by the Gini coefficient and its possible range of values.** The Gini co-efficient, measures income inequality or, less commonly, wealth distribution among a population. (1) The co-efficient ranges from 0 (or 0%) to 1 (or 100%),(1) with 0 representing perfect equality and 1 representing perfect inequality. (1)	**3**
1(b)	**Distinguish between absolute poverty and relative poverty.** Absolute Poverty is used to describe a condition where an individual does not have the financial means to obtain commodities to sustain life. (1) It is sometimes expressed as being below the 'poverty line' which gives a level of income per day. (1) Accept World Bank definition of absolute poverty (1) Relative Poverty refers to the level of income compared to income levels of other groups within the same surroundings (1)	**3**
1(c)	**Consider whether Table 1.1 supports the conclusion that greater inequality of incomes is linked to poor literacy ratios of females to males <u>and</u> leads to greater poverty.** No apparent link to poor literacy ratios. (1) Better literacy ratios are in countries with greater inequality of income distribution (1) Cannot determine a cause/effect (1) Higher Gini coefficients are also in countries with a lower % below the poverty line. (1) No link to absolute poverty. (1) cannot tell about relative poverty-no information (1) Up to 2 marks for correct use of data	**6**
1(d)	**Use <u>one</u> example of a supply-side policy and <u>one</u> example of a fiscal policy to assess how a government might be able to achieve greater equality in the distribution of income.** Fiscal policy Correct example (1) development (2) Link to equality (1) Supply-side policy Correct example (1) development (2) Link to equality (1)	**8**

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Section B

Question	Answer	Marks
EITHER		
2	**The long-term equilibrium position in perfect competition is frequently used to illustrate efficient resource allocation in a free market economy.** **Explain why this is so and consider what prevents efficiency from being achieved.** 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 allocative and productive efficiency. Diagram and/or explanation of the long term equilibrium in perfect competition Efficiency may not be achieved because of • Market failure, explained by reference to possible excessive profits, the need for very large investments, the existence of externalities, merit goods and of the need for public goods. • Government intervention can help overcome this by regulation, taxation, subsides, or ownership aimed at achieving productive and allocative efficiency. **AO3 Evaluation (max 6 marks)** • The concepts of allocative and productive efficiency are mainly theoretical and rest upon fine calculations of marginal changes or precise allocations of costs. • Government intervention in the production of a good or service does not necessarily achieve productive or allocative efficiency – there may be government failure.	**20**
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

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Question	Answer	Marks
OR		
3	**With the help of an indifference curve diagram, assess the extent to which a rise in price would affect the demand for a normal good differently from the demand for a Giffen good**. 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** • Diagram showing Indifference curves, budget lines and price lines. • Changes in budget lines representing a rise in price. • Diagrams of resultant path of consumption showing differences in substitution and income effects for normal and Giffen goods. • Comment on changes in overall demand based on changes in income and substitution effects. • Up to Level 2 only if no diagram. **AO3 Evaluation (max 6 marks)** • Comment on extent of changes would vary depending on the price elasticity of demand a • It would also depend on the slope of the indifference curve and the marginal rate of substitution.	**20**
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

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Section C

Question	Answer	Marks
EITHER		
4	**In many countries increased government spending is regarded as a cause of economic growth. It is sensible, therefore, for a government to spend more to increase economic growth as it is good for its country.** **To what extent do you agree with this argument?** 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** • Comment on the meaning of economic growth and its measurement and a discussion on the effect of increased government spending. Extra government spending should increase total demand by consumers and businesses, which could allow investment, research, further production and economic growth. • Distinguish between actual and potential growth • Reference to the multiplier. • However, if there is limited spare productive capacity, extra spending might not result in further output but in rising prices, or increased imports with consequent effects on the balance of payments and long-term international competitiveness. • Also depends on the amount of capital, education and skills of work-force, size of work-force, availability of resources. The ability to combine the factors of production. Access to finance, types of business structure available FDI. Access to new technology. **AO3 Evaluation (max 6 marks)** • Some evaluation would be included in the above discussion. For the evaluation marks there should be a recognition of both sides of the argument and a final conclusion as to which is dominant. • Issues may include higher prices; potential for income inequality; environment degradation; over consumption of scarce resources.	**20**
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

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Question	Answer	Marks
OR		
5	**National income statistics are often used as a measure of the standard of living.** **Consider to what extent national income statistics can be used to compare the standard of living between low-incomes and high-income and countries.** 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 standard of living • Distinction between high/low income countries eg per capita income • The answer should provide reasons for the difficulties of comparison of different countries due to culture, climate, subsistence sector, informal economy, difficulty of data collection, distribution of income, exchange rates, purchasing power. Comment on which measures of national income should be used. **AO3 Evaluation (max 6 marks)** Assessment of the link between using national income figures and the standard of living. Alternative measures to develop the extent national income statistics can be used in relation to low/high income and countries	**20**
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

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