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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

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.

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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
	Indicates knowledge and understanding of the concepts and issues relating to the question.
	Indicates where the answer has demonstrated analysis.
	Indicates appropriate reference to the information provided
	Expansion of point already made in response
	Indicates where the answer has demonstrated evaluation
	Indicates where the answer has demonstrated particularly strong/justified evaluation
	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 1 in the Mark Scheme, Table A
	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 2 in the Mark Scheme, Table A
	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 3 in the Mark Scheme, Table A
	Used when the benefit of the doubt is given in order to reward a response.
	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.
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- 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 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.

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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 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**

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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**

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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)	**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**

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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**

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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

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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**

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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**
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

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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**

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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.	
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

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