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CAMBRIDGE
International Education

Cambridge International AS & A Level

ECONOMICS **9708/42**

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.

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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**

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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.	

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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**

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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**

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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**

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