Principal examiner reports for teachers

Principal examiner reports for teachers summarise what candidates did well and what candidates needed to improve for this examination series only.

This report is to be used in conjunction with the question paper and mark scheme.

For guidance on teaching and learning we provide resources for many of our syllabuses.

Resource	**Where to find it**
Grade descriptions – Grade descriptions describe the level of performance typically demonstrated by candidates achieving the different grades awarded for a qualification.	School support hub Select: Subject > Resource finder > Syllabus and specimen materials
Schemes of work – Schemes of work are designed to support you in your teaching and lesson planning.	School support hub Select: Subject > Resource finder > Teaching and learning
Lesson planning – Guidance on how to plan a lesson.	Lesson planning
Resource plus – There may be additional resources such as teaching packs containing lesson plans, resources and worksheets and videos for aspects of your syllabus.	School support hub Select: Subject > Resource finder > Teaching and learning
Teaching tools	Teaching Tools
Exemplar candidate responses	School support hub Select: Subject > Resource finder > Teaching and learning
Learner guide – A guide for students to help them understand what the course involves.	School support hub Select: Subject > Resource finder > Teaching and learning
Community forums – Do you have a question or something to share? Our online forums are great way to keep up to date with your subject and the global Cambridge community.	Community forum on the school support hub
Access to scripts for this series.	Access to scripts service
Results analysis is available for some syllabuses.	Results analysis
Test maker is available for some subjects.	Test maker

Other services from Cambridge International Education

- **Digital mocks service**
- **Insight assessments**
- **Professional development**
  - Focus on assessment
  - Online marking workshops

ECONOMICS

Paper 9708/12
AS Level Multiple Choice

Key messages

Candidates performed well on **Questions 1**, **3**, **4**, **5, 6**, **8**, **9**, **11**, **12, 13, 15**, **16, 17**, **18, 19**, **22, 23, 25, 26** and **30**.

Candidates performed less well on **Questions 2**, **7**, **10**, **14**, **20**, **21**, **24**, **27**, **28** and **29**.

Overall performance was very good, with most candidates answering more than 20 questions correctly. Incorrect answers most often came from misunderstanding of basic subject terminology.

Comments on specific questions

Question 2

- Option **B** was a common incorrect answer.
- This suggests candidates did not understand the need to calculate whether an option was possible on the new production possibility curve (PPC). If the worker spends 10 hours producing chairs, they would be able to produce only 20 (not 24 as shown on the new PPC).

Question 7

- Option **B** was a common incorrect answer.
- Some candidates appeared to misunderstand what is meant by complements. These are goods consumed together by the consumer. In this question, the steel is used as a component of manufacturing cars, so this is an example of derived demand.

Question 10

- Options **A** and **B** were common incorrect answers.
- This suggests that some candidates ignored the positive sign for income elasticity of demand which would cause a decrease in sales revenue if real GDP falls.

Question 14

- Option **C** was a common incorrect answer.
- One characteristic of a public good is non-rivalry. A road which becomes congested will delay the travel of all users, so there is a significant degree of rivalry.

Question 20

- Options **C** and **D** were common incorrect answers.
- This suggests some candidates are not familiar with the use of index numbers. Although prices fell in 2023, this will not have compensated for the larger increases in the previous two years. This also means that prices will have been at their lowest in 2021.

Question 21

- Option **C** was a common incorrect answer.
- This suggests that most candidates did not know the meaning of ‘public finances’. This refers to government spending and taxation, so is an example of fiscal policy rather than monetary policy.

Question 24

- Option **B** was a common incorrect answer.
- This suggests some candidates did not know the difference between regressive and progressive tax systems. If the marginal tax rate is greater than the average tax rate then, as an individual earns more income, they are paying a greater proportion of their income in tax, a progressive tax system.

Question 27

- Options **A** and **D** were common incorrect answers.
- This suggests some candidates did not consider that the formula for terms of trade compares export prices to import prices, not the quantity as in option **A**. This is also relevant to option **D** as this situation would lead to an increase in the quantity of imports, not the price.

Question 28

- Option **A** was a common incorrect answer.
- This suggests that some candidates misunderstood the impact of a quota. A quota will limit the number of imports coming into country X so that domestic producers will increase the quantity supplied to make up for this shortage in the domestic market.

Question 29

- Option **A** was a common incorrect answer.
- Some candidates did not identify the impact of a depreciation on import prices. Import prices will increase so that costs increase of both finished items and raw materials in the domestic economy, leading to increased inflationary pressures.

ECONOMICS

Paper 9708/22
AS Level Data Response and Essays

Key messages

What candidates did well

- Comprehensive responses met the requirements of each question by using precise economic terminology and presenting logical, well-structured answers. Candidates selected relevant concepts from the AS syllabus and applied them accurately to the contexts provided.
- Many responses used diagrams effectively, ensuring they were clearly labelled and integrated into the explanation rather than presented in isolation.
- Candidates who engaged fully with the data in ***Section A*** were able to extract numerical information appropriately and apply it to elasticity calculations or contextual reasoning.

What candidates needed to improve

- Candidates need to read the whole question carefully to ensure that their responses address all parts of the task and do not repeat information already provided in the extract or question stem.
- Candidates need to provide full definitions of key terms listed in the syllabus, including formulae where appropriate, to ensure clarity and accuracy.
- When questions require the use of diagrams, candidates must ensure that diagrams are drawn accurately, labelled clearly and linked directly to the written explanation.
- Candidates needed to develop evaluation more fully by explaining the reasoning behind their judgements instead of making unsupported assertions.
- Some responses would have benefited from clearer planning to maintain focus on the demands of the question.

Comments on specific questions

Section A

Question 1

(a) (i) Comprehensive responses

- Many candidates stated the correct formula for income elasticity of demand and identified both percentage-change components clearly.
- Responses showed accurate understanding that the measure relates to changes in income rather than price.

Limited responses

- Some candidates gave a general description of elasticity without referring to income.
- A few responses used the price elasticity formula or omitted the formula entirely.

(ii) Comprehensive responses

- Many candidates used the data accurately to calculate a positive income elasticity value.
- Responses correctly classified fast food as a normal good and linked this classification to the calculated figure.

Limited responses

- Some candidates used the percentage change in price instead of income, leading to incorrect values.
- Some responses stated incorrect classifications.

(b) **Comprehensive responses**

- Many candidates defined a demerit good clearly and explained the role of imperfect information in over-consumption.
- Responses used details from the extract, such as health risks and consumer behaviour, to consider whether fast food fits this definition.

Limited responses

- Some candidates repeated information from the extract without linking it to the importance of information failure.
- A few responses focused only on wider external effects and did not address either information failure or consider whether all fast food was detrimental to the individual.

(c) **Comprehensive responses**

- Many candidates explained how an indirect tax increases production costs, raises prices and reduces quantity demanded (thereby reducing consumption).
- Responses considered wider effects such as government revenue and how this could be used to improve the quality and accessibility of information, consumer income levels and the availability of substitutes.

Limited responses

- Some candidates described some advantages and disadvantages of indirect taxation without linking them to changes in consumption or were unable to consider the advantages and/or disadvantages and simply asserted that an alternative method would be better.
- A few responses made evaluative assertions without supporting explanation.

(d) **Comprehensive responses**

- Many candidates gave a full assessment of the extent of how reduced fast food consumption may affect employment in the sector.
- Responses considered offsetting effects such as labour mobility or employment opportunities arising from changes in demand for substitute products.

Limited responses

- Some candidates assumed unemployment would always rise without considering wider economic adjustments.
- A few responses repeated extract information without applying economic reasoning.

Section B

Question 2

(a) **Comprehensive responses**

- Many candidates drew a fully labelled diagram showing the maximum price set below equilibrium and the resulting excess demand.
- Responses explained how the shortage arises because quantity demanded exceeds quantity supplied at the controlled price.
- Candidates identified that some consumers benefit from lower prices while others face reduced availability.
- Many responses linked the shortage to non-price rationing methods such as queues or waiting lists.

Limited responses

- Some diagrams placed the maximum price above equilibrium or omitted labels for equilibrium and controlled price.
- A few responses described the diagram without explaining the impact on consumers.
- Some candidates stated that all consumers benefit without considering reduced availability.
- A few responses repeated the definition of a maximum price without applying it to the diagram.

(b) **Comprehensive responses**

- Many candidates compared the two policies using clear reasoning about income distribution.
- Responses recognised that minimum wages affect labour markets directly, while transfer payments target households.

- Candidates considered incentive effects such as labour supply responses or dependency risks.
- Several responses provided balanced conclusions based on the context of reducing inequality.

Limited responses
- Some candidates listed advantages and disadvantages without linking them to income inequality.
- Some candidates described minimum wages without referring to labour market effects.
- A few responses did not distinguish between earned income and government-provided income.

Question 3

(a) **Comprehensive responses**
- Many candidates drew clear diagrams showing consumer and producer surplus at equilibrium.
- Responses recognised that the impact on producer surplus would depend on whether the fall in price was the result of a shift to the left of the demand curve or a rightwards shift in the supply curve.
- Several candidates recognised the relevance of elasticities when explaining the change in surplus. Many responses linked the diagram directly to the written explanation.

Limited responses
- Some candidates confused surplus with profit and/or gave imprecise definitions of both concepts.
- Several diagrams omitted one of the surpluses or labelled them incorrectly.
- Some responses stated that producer surplus always falls without considering supply conditions.
- A few candidates described the diagram without explaining the effect of the price change.

(b) **Comprehensive responses**
- Many candidates identified potential benefits such as coordinated resource allocation and reduced inequality.
- Responses mainly recognised that central planning could prioritise essential goods and services.
- Several candidates noted that planned systems may reduce waste from duplicated production.
- Many responses acknowledged limitations while identifying contexts where planning may be beneficial.

Limited responses
- Some candidates described planned economies without evaluating them.
- Several responses focused only on disadvantages, missing the requirement to consider benefits.
- Some candidates repeated definitions rather than applying them to the question.
- A few responses did not refer to resource allocation at all.

Section C

Question 4

(a) **Comprehensive responses**
- Many candidates drew accurate diagrams showing cost-push inflation from a leftward shift of AS and demand-pull inflation from a rightward shift of AD.
- Responses explained the different causes clearly, such as rising production costs or increased spending.
- Many candidates also considered when inflation may be less concerning, such as when it is low and stable.
- Many responses linked inflation to government objectives such as maintaining price stability.

Limited responses
- Some candidates confused the two types of inflation or used the wrong diagram.
- Several responses stated that inflation is always harmful without explanation.

- Some diagrams lacked labels for curves or equilibrium points.
- A few responses repeated the definition of inflation without applying it to the diagrams.

(b) Comprehensive responses
- Many candidates explained how lower interest rates can increase consumption and investment.
- Responses linked increased spending to higher aggregate demand and rising price levels.
- Several candidates recognised limitations such as interest-rate floors or weak confidence.
- Many responses considered alternative policies and compared their effectiveness.

Limited responses
- Some candidates described monetary policy without linking it to deflation.
- Several responses stated that lower interest rates always work without considering conditions.
- Some candidates repeated the definition of monetary policy without applying it.
- A few responses did not mention aggregate demand at all.

Question 5

(a) Comprehensive responses
- Many candidates used diagrams to show appreciation caused by increased demand for the currency or reduced supply.
- Responses identified causes such as higher interest rates or increased foreign demand for exports and successfully applied this using accurate diagrams.
- Several candidates considered both positive and negative effects on real output.
- Many responses linked appreciation to changes in import and export competitiveness.

Limited responses
- Some candidates gave inaccurate diagrams with some omitting them completely.
- Several responses assumed output must fall without considering cheaper imports.
- A few responses repeated the definition of appreciation without applying it.

(b) Comprehensive responses
- Many candidates compared tariffs and quotas using clear economic reasoning.
- Responses considered certainty of protection, revenue implications and administrative complexity.
- Several candidates recognised that quotas limit quantity directly while tariffs raise prices.
- Many responses considered the risk of retaliation and effects on consumers.

Limited responses
- Some candidates described the tools without evaluating them.
- Several responses repeated the same point for both policies.
- Some candidates did not distinguish between price and quantity effects.
- A few responses did not link the discussion to unfair competition.

ECONOMICS

Paper 9708/32
A Level Multiple Choice

Key messages

Candidates performed well on **Questions 1**, **2**, **3, 5**, **9**, **10**, **11, 12, 14**, **17**, **18, 20**, **21, 22, 23, 24, 25, 28, 29** and **30**.

Candidates performed less well on **Questions 4**, **6**, **7**, **8**, **13**, **15**, **16**, **19**, **26** and **27**.

Overall performance was very good, with most candidates answering more than 20 questions correctly. Incorrect answers most often came from misunderstanding of subject terminology.

Comments on specific questions

Question 4

- Options **B, C** and **D** were equally popular incorrect answers.
- This suggests that many candidates did not understand that a key characteristic of an oligopolistic market is the lack of price competition which negates each of these three options.

Question 6

- Option **C** was a common incorrect answer.
- Some candidates appeared to be unaware that, under free market conditions, only private costs and benefits will be considered. Option **C** incorporates social costs and benefits so would only occur with the help of government interference which is not possible in a free market.

Question 7

- Option **B** was a common incorrect answer.
- This suggests that some candidates were unfamiliar with the workings of a cartel. The higher the proportion of firms who are members of the cartel, the easier it would be for them to the fix the price.

Question 8

- Option **B** was a common incorrect answer.
- Option **B** only includes the extra cost of employing two extra staff. This ignores the extra $2 the firm would also need to pay each of the original five staff which is part of the marginal cost.

Question 13

- Option **C** was a common incorrect answer.
- This suggests some candidates did not appreciate that the higher wage would lead to an increase from Q_1 to Q_3 in the number of workers employed.

Question 15

- Option **B** was the most common incorrect answer.
- This suggests that most candidates were not familiar with the concept of the consumption function. Due to the marginal propensity to consume being less than 1 (in this case, 0.8), as income increases, consumption will increase by a smaller proportion. This means that the average propensity to consume will decrease as income increases.

Question 16

- Options **B** and **D** were common incorrect answers.
- This suggests that most candidates were unfamiliar with the terms 'autonomous' and 'induced'. Induced investment is made in response to changes in income. In the accelerator, investment is driven by changes in output or economic growth. On the other hand, the initial investment in the multiplier is autonomous.

Question 19

- Options **A**, **C** and **D** were equally popular incorrect answers.
- This suggests that most candidates were unfamiliar with the technical definition of a recession. This requires two consecutive quarters of negative growth. This happens on three occasions in the diagram.

Question 26

- Option **B** was a common incorrect answer.
- This suggests that some candidates were unaware of what was included in the measurement of the Human Development Index. The measure does include gross national income per capita but not infant mortality rates (it is life expectancy at birth which is included).

Question 27

- Option **A** was a common incorrect answer.
- This suggests some candidates confused the workings of the International Monetary Fund (IMF) and the World Bank. The IMF's focus is the improvement of the world economy via monetary cooperation, exchange rate stability, and helping with balance of payments difficulties. It does not provide loans or finance to governments.

ECONOMICS

Paper 9708/42
A Level Data Response and Essays

Key messages

What candidates did well
- Candidates frequently provided relevant, accurately labelled diagrams.

What candidates needed to improve
- Candidates' responses did not focus on answering the specific question.
- In-depth comment was often substituted by generalised comment.

Comments on specific questions

Section A

Question 1

(a) (i) Comprehensive responses
- Candidates were required to use the bar chart provided to identify the fiscal responses of Japan and Ghana. Most candidates correctly identified both Japan's and Ghana's fiscal response.

Limited responses
- Most candidates were unable to correctly identify Ghana's fiscal response. In both cases, candidates were required to use a bar chart to identify the fiscal response.

(ii) Comprehensive responses
- Comprehensive responses identified two valid reasons why Japan's response was greater than that of Ghana.

Limited responses
- Many candidates were unable to recognise that Japan had more access to credit markets.

(b) Comprehensive responses
- Comprehensive responses included a relevant diagram, which correctly labelled both axes, the aggregate supply and aggregate demand curves, and a correct shift of the aggregate demand (AD) curve. Also, at least one two stage link was provided to explain the direction of the shift in the aggregate demand curve.

Limited responses
- Limited responses were unable to identify the shift of the aggregate demand curve.

(c) Comprehensive responses
- Comprehensive responses identified two factors affecting employment in the digital sector and two factors affecting the hospitality, retail, and personal sectors, and provided a relevant conclusion.

Limited responses
- Limited responses focused upon one sector only or did not develop factors identified to a sufficient extent to establish a clear distinction between the two sectors.

(d) **Comprehensive responses**

- Comprehensive responses identified two specific policies from the text and proceeded to provide a balanced assessment of the advantages and disadvantages associated with these policies. Policies identified needed to be those specifically identified in the text, not general fiscal or monetary policies.

Limited responses

- Some candidates did not identify specific policy tools referred to in the text. This frequently led to less focused responses and/or vague, undeveloped statements.

Section B

Question 2

Comprehensive responses

- 'Consider' was the key command word in this question. This meant candidates were required to consider the extent to which training fees should be paid for only by workers. Comprehensive responses recognised this and, after correctly linking training to the development of improved skill and greater productivity, this would subsequently lead to an increase in the demand for workers and higher levels of pay. These responses also discussed whether it was in the interest of alternative stakeholders, for example, firm and/or governments to pay for training fees for workers. Appropriate evaluative comment would also be provided to consider the extent of the involvement of these alternative stakeholders.

Limited responses

- Limited responses did not consider possible alternative providers of training such as firms or government. These responses also did not establish any clear links between the development of skills and their impact on productivity, pay and profitability. No attempt was made to establish the extent to which training fees should be paid for only by workers.

Question 3

Comprehensive responses

- It was very important for candidates to recognise the importance of the word 'equitable' in the stem of the question. Comprehensive responses recognised that the reference to an 'equitable solution' meant that the focus of the response needed to be upon achieving a 'fair' outcome when dealing with market failure rather than simply concentrating upon an 'efficient solution'.
- Detailed coverage required analysis directly explaining market failure and the consequences for efficient outcomes and then an ability to link efficient outcomes to an equitable outcome. For example, the impact of imposing an indirect tax to solve market failure needed to be considered from both an efficiency perspective and how this subsequently impacted any desired equitable outcome. Comprehensive answers were able to establish and comment upon this link.

Limited responses

- Limited responses frequently provided detailed analysis of efficiency outcomes; these responses did not sufficiently extend the discussion to consider the ultimate impact on equity. This major omission resulted in generally insufficient evaluative commentary, limiting candidates' ability to reach a relevant conclusion.

Question 4

Comprehensive responses

- The question referred to the 'target rate of inflation', 'not the rate of inflation'. Comprehensive responses recognised this key distinction and focused throughout upon potential outcomes associated with a central bank's decision to set a target rate of inflation of 0%.
- Clear explanations of why central banks set target rates and the process through which target rates might impact upon the economy were provided.
- Key elements of these responses consisted of attempts to consider the potential negative effects of choosing a 0% target. In particular, responses identified both potential costs, such as deflationary effects, and benefits, including reductions in menu and shoe leather costs.
- Relevant evaluative comment discussed the key role of expectations when assessing the overall impact on the economy.

Limited responses

- Limited responses made very little reference to the 'target rate of inflation'. These responses primarily explained different types/causes of inflation and how they might affect key economic indicators.
- Some candidates did refer to 0% inflation and not 0% target inflation. Hence, a significant proportion of their response remained non-relevant.

Question 5

Comprehensive responses

- This question required candidates to consider how trade and aid can contribute to a country's economic development. Comprehensive responses provided detailed accounts of each of the terms referred to in the stem of the question.
- Both trade and aid were given equal 'weight' in relation to the supporting analysis and discussion.
- Supporting diagrams were provided which were relevant and accurately labelled.
- Evaluative comment was fully developed, and both the benefits and costs of trade and aid were considered.

Limited responses

- Limited responses were overly descriptive, and this descriptive comment was not supported by any in-depth analysis.
- Responses did not contain a suitable balance relating to the importance of trade and aid. Many responses provided a very brief explanation of different types of aid. Candidates need to develop points raised by evaluating the impact of aid on a country's economic development.
- Conclusions that were provided tended to summarise previous comments already made in the main body of the answer. Hence, attempts to form a judgement regarding the relative importance of each of trade and aid was not forthcoming.