Cambridge International AS & A Level

Cambridge International AS & A Level

ECONOMICS **9708/44**

Paper 4 A Level Data Response and Essay **May/June 2026**

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: • the specific **content** defined in the mark scheme • the specific **skills** defined in the mark scheme or in the level descriptions • the **standard of response** required as exemplified by the standardisation scripts.
2	Examiners must award **whole marks** (not half marks, or other fractions).
3	Examiners must award marks **positively**. This means that: • marks are not deducted for errors or omissions • marks are awarded for correct/valid answers as defined in the mark scheme and also for **other valid answers** which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate • the quality of spelling, punctuation and grammar are judged **only** when the mark scheme indicates that these features are **specifically assessed** in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must **consistently** apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the **full range of marks** defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and **must not** award marks with grade thresholds or grade descriptions in mind.

Social Sciences-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.

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.

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
K	Indicates knowledge and understanding of the concepts and issues relating to the question.
AN	Indicates where the answer has demonstrated analysis.
APP	Indicates appropriate reference to the information provided
E	Expansion of point already made in response
EVAL	Indicates where the answer has demonstrated evaluation
EE	Indicates where the answer has demonstrated particularly strong/justified evaluation
L1	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 1 in the Mark Scheme, Table A
L2	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 2 in the Mark Scheme, Table A
L3	For use on **questions 2**, **3**, **4** and **5**. Indicates where the response has reached Level 3 in the Mark Scheme, Table A
BOD	Used when the benefit of the doubt is given in order to reward a response.
NAQ	Used when the answer or parts of the answer do not answer the question asked.

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.

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.

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(b)**, **3(b)**, **4(b)** and **5(b)**.

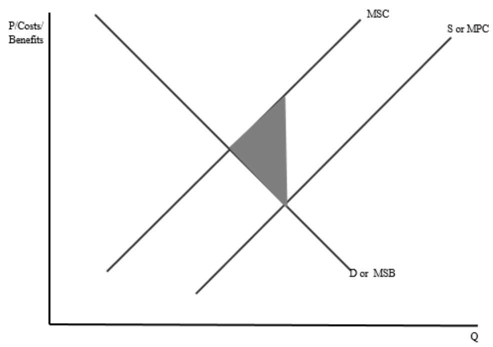
Level	Description	Marks
3	• A detailed knowledge and understanding of relevant economic concepts is included, using relevant explanations. Explanations are supported by examples, where appropriate. • The response clearly addresses the requirements of the question and explains economic issues, and fully 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**

Table B: AO3 Evaluation

Use this table to give marks for each candidate response for AO3 Evaluation for **Questions 2(b)**, **3(b)**, **4(b)** and **5(b)**.

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**

Section A

Question	Answer	Marks
Follow the point-based marking guidance at the top of this mark scheme.		
1(a)	**Using information from Table 1.1, identify the relationship between the standard of living and greenhouse gas emissions in Czechia.** • GDP/capita (indicating standard of living) is rising (over time) (1) • Greenhouse gas emissions (per capita) are falling (over time) (1) • Negative/inverse relationship/correlation (1)	2
1(b)(i)	• **Goods can be classified as either normal or inferior.** • **Explain how public transport would be classified in Czechia.** • Use of bus and rail travel appears to be declining as incomes rise (1) • They are not normal goods/they are inferior goods (1)	2
1(b)(ii)	**Explain how private cars would be classified in Czechia.** • Use of private cars appears to be increasing as incomes rise (1) • They are normal goods/they are not inferior goods (1)	2
1(c)	**Consider, with the help of a diagram, whether electricity generation in Czechia creates a deadweight welfare loss.** • Diagram, with axes (1) and curves correctly labelled (1) • Diagram, with DWL appropriately indicated/identification DWL in the text (1)  **Diagram is worth (3) marks in total** • Electricity generation has negative production externalities/external costs (1) • Marginal social cost is greater than/above marginal private cost/supply curve (1) • MSC does not equal MSB at the (market) outcome (1) • Market outcome is too high/overallocation of production (1) • There is market failure (1) **Discussion is worth (3) marks in total**	6

Question	Answer	Marks
1(d)	**Using the information and your economics knowledge, assess whether there is a conflict between economic growth and sustainability in Czechia.** Reasons why there is **not** a conflict between economic growth and sustainability **(Maximum of 4)** • Government policies (aiming for net zero by 2050) and environmental projects using fiscal policy/budget **(1),** which will also cause growth by increasing AD and AS **(1)** will cause spending on measures to limit/adapt to climate change (sustainability **(1)**) • Emissions of GHG per capita/(relative) and use of fossil fuels are falling as the economy grows **(1)** due to more education/technology **(1)** therefore sustainable **(1)** • Training of labour/increasing R&D will encourage both growth **(1)** (by shifting AS and LRAS to the right with increased productivity) **(1)** and more clean technology **(1)** • Setting energy efficiency regulations/standards will lead to more investment, which will add to growth (through increases in AD and AS) **(1)** • Increasing investment in public transport will add to AD and LRAS **(1)** and improve sustainability • Measures to encourage use of electric vehicles will add to AD **(1)** • Sustainability **HAS** to be mentioned for the 4th mark. Reasons why there **is** a conflict between economic growth and sustainability **(Maximum of 4)** • Share of energy generated from renewables is too low (18%) therefore significant negative externalities will remain **(1)** • Structure of industry/heating systems/energy inefficient systems add to negative externalities **(1)** • Changing to renewables etc. causes the price of energy to rise, which will raise firms' costs and may impede growth by shifting AS leftwards/upwards **(1)** • As incomes rise with growth, use of cars (in preference to public transport) rises **(1)** • Reducing the use of coal/oil/gas causes unemployment in certain areas, lowering growth **(1)** • Higher taxes on emitters (such as cars and electricity) may hamper growth **(1)** • Lack of sustainability **HAS** to be mentioned for 3rd/4th mark **Max 3 marks for a well-developed point** **Maximum of 7** Conclusion (which should not just be a summary of earlier points made) **(1)**	**8**

Section B

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td colspan="3">EITHER</td></tr>
<tr><td rowspan="3">2</td><td>Assess the extent to which marginal utility theory explains the downward sloping market demand curve for a 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
• Definition of marginal utility/total utility and their relationship.
• Explanation of diminishing marginal utility.
• Analysis of the equi-marginal principle to show how change in price affects the quantity demanded for an individual's demand curve.
• Explanation and analysis to show a market demand curve stating/showing the horizontal summation of the individuals demand curves.

AO3 Evaluation
• Not possible to measure utility.
• Assumes that consumers are rational, but there may be cases where expensive goods are consumed in order for the consumer to be conspicuous.
• There may be Giffen goods.
• Assumes perfect knowledge of prices for substitutes.
• Many choices between two goods occur when they are not easily substitutable for each other.
• Consumer preferences change over time.
• The use of indifference curves to analyse demand may be more effective.
• Collection of sets might mean utility increases as the sets near completion.

Accept all valid responses.</td><td>20</td></tr>
<tr><td>AO1 Knowledge and understanding and AO2 Analysis</td><td>14</td></tr>
<tr><td>AO3 Evaluation</td><td>6</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td colspan="3">OR</td></tr>
<tr><td rowspan="3">3</td><td>Although firms in an oligopolistic market may be in competition with each other, they will find it advantageous to collude.

With the help of a diagram or a pay-off matrix, 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
• Explanation of an oligopolistic market, with reference to the concentration ratio.
• An explanation of different types of collusion, such as tacit collusion, price- leadership, cartels.
• An explanation of how the firms are interdependent/consider other firms' possible reactions when making pricing or output or other decisions.
• Explanation of how the kinked demand price set by price leadership
• Analysis of the kinked demand curve diagram and/or the payoff matrix.
• Payoff matrix analysis used to explain why collusion takes place.
• An explanation of how price 'wars' might occur.
• Analysis of a 'monopoly' diagram for the joint output and price when firms collude.
• Analysis of non-price/price competition.

AO3 Evaluation
• Collusive agreements are likely to break down, when firms act to maximize their own profits.
• Collusive agreements may infringe government regulations which are aimed at increasing competition.
• Cartels would need to be approved by a government agency.
• Both the kinked demand curve model and the pay-off matrix depend upon a particular set of assumptions about firms' behavior, which may not occur in the real world.

Accept all valid responses.</td><td>20</td></tr>
<tr><td>AO1 Knowledge and understanding and AO2 Analysis</td><td>14</td></tr>
<tr><td>AO3 Evaluation</td><td>6</td></tr>
</table>

Section C

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td colspan="3">EITHER</td></tr>
<tr><td rowspan="3">4</td><td>Knowledge of both the multiplier and the accelerator enable a government to implement effective fiscal policies to close a deflationary gap.

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

AO1 Knowledge and understanding and AO2 Analysis
Responses may include:
• Explanation of a deflationary gap in terms of the full employment level of income and the equilibrium level of income.
• Explanation of multiplier, accelerator and fiscal policies
• Formula for the multiplier and accelerator.
• Explanation of the multiplier mechanism after an increase in government spending and/or a decrease in taxation.
• Explanation of the accelerator mechanism after an increase in real gross domestic product leading to an increase in induced investment.
• Analysis of the effects of expansionary fiscal policy on equilibrium level of national income and the level of real output, the price level and employment. Use of AD/AS diagram, showing a deflationary gap, with shifts in AD/AS (and LRAS).

AO3 Evaluation
• Effectiveness depends on accurate calculations of marginal propensity to consume, the potential level (full employment level) of national income, and the present level of national income.
• Government failure can occur if variables change/forecasts are wrong.
• Time lags in implementation.
• Other influences on consumption and investment, such as confidence and interest rates.
• Supply shocks will change planned outcomes
• Effectiveness of an expansionary fiscal policy may be reduced if government needs to borrow funds to finance a budget deficit.
• Marginal propensity to consume may change in the long run.

Accept all valid responses.</td><td>20</td></tr>
<tr><td>AO1 Knowledge and understanding and AO2 Analysis</td><td>14</td></tr>
<tr><td>AO3 Evaluation</td><td>6</td></tr>
</table>

Question	Answer	Marks
OR		
5	**Discuss whether expenditure-reducing policies are preferable to expenditure-switching policies in order to correct a persistent deficit on the current account of the balance of payments.** 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 how a persistent deficit on the current account of the balance of payments may occur, with reference to its components. • Explanation and analysis of how a contractionary fiscal/monetary policy ‘reduces expenditure’ by reducing aggregate demand/incomes and therefore imports. • An AD/AS diagram may be analysed. • An exchange rate diagram, to explain how a fixed/managed exchange rate can be devalued. • Explanation and analysis of how a devaluation of an exchange rate ‘switches expenditure’ from imports to exports. • Explanation and analysis of how protectionist policies e.g. tariffs, subsidies on exports, productivity increasing supply-side policy ‘switch expenditure’ from imports to domestically produced goods. **AO3 Evaluation** • Expenditure-reducing policies will reduce real GDP and may cause a rise in unemployment. • Demand for imports may continue to be high if they are essential as inputs for manufacturing or necessities, • An analysis of how the deficit might widen after a devaluation if the Marshall-Lerner condition is not fulfilled. ‘J’ curve analysis. • Other economies may also devalue their exchange rates. • Effect of devaluation on the price of imports may raise costs of production and consumer prices, which may also lead to lower exports. • Protectionist policies e.g. tariffs may lead to retaliation/cause a trade war/ be against World Trade Organisation rules/Net welfare loss. • In the long run, supply side policies to improve exports may be preferable to both expenditure-switching and expenditure-reducing policies. Accept all valid responses.	**20**
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6