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International Education

Cambridge International AS & A Level

ECONOMICS **9708/42**

Paper 4 A Level Data Response and Essays **February/March 2026**

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 February/March 2026 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

This document consists of **17** printed pages.

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.

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.

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)**.

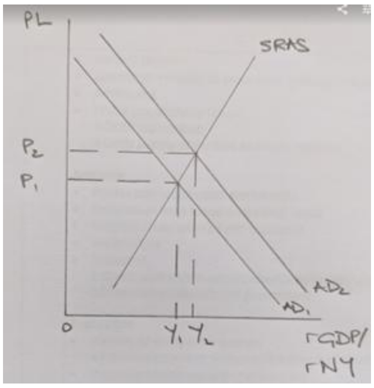
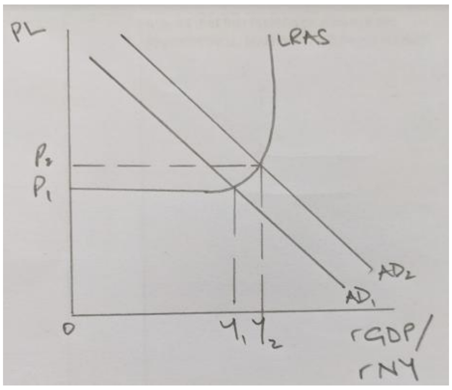
Level	Description	Marks
3	• A detailed knowledge and understanding of relevant economic concepts is included, using relevant explanations. Explanations are supported by examples, where appropriate. • The response clearly addresses the requirements of the question and explains economic issues, and fully 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)(i)	**Compare the additional government spending in Japan and Ghana in response to the COVID-19 pandemic.** Japan's government's fiscal response was 45% GDP. (1) Ghana's government's fiscal response was 2% GDP. (1) Japan's response was approximately 20+ times the size of Ghana's response. (1) **Max 2 marks**	2
1(a)(ii)	**Explain one possible reason for the difference between their responses.** Japan will have had greater ability to access to credit markets to increase its debt levels. (1) Therefore, Japan may have been more willing to spend on COVID-19 responses. (1) Ghana's government may not have had the ability to spend on COVID-19 responses. (1) This might be due to Ghana's being a relatively low-income country. (1) **Max 2 marks for one developed point.** Accept any valid alternative response.	2
1(b)	**With the help of an aggregate demand and aggregate supply diagram, explain the impact of an increase in 'direct income support' on real output and the price level.**  Correct labelling of axes and correct labelling of curves (1) Changes in co-ordinates correctly labelled and correct identification of shift in AD curve (1) **(Max 2 marks)** An increase in government spending will shift AD to the right because G is a component of AD. (1) This will cause an increase in real GDP/ real income/output. (1) Price level is likely to increase (1) The effect on the price level will depend upon initial the equilibrium position. (1) **(Max 2 marks)**	4

Question	Answer	Marks
1(c)	**Consider why lockdowns affected those working in the 'digital sector' differently from those working in the 'hospitality, retail, and personal service sectors'.** **Those working in hospitality, retail and personal services sectors:** • work on-site and therefore cannot work from home (1) • low level of skills required and tend to have low incomes (1) • During lockdown public unable to leave their homes and enjoy the night-time economy/retail shopping → lack of demand for workers. (1) • Firms unable to pay rent → declining revenue for commercial property owners. (1) • Reduced wages leading to less discretionary income, increased unemployment, leading to a fall in standard of living. (1) **(Max 2 marks) Accept any valid point for 1 mark.** **Those working in digital sector:** • Digital sector shows significant growth during the period. (1) • Those working in digital sector tend to be better educated/higher earners/male. (1) • Opportunity to work from home, therefore limited disruption to wages. (1) • Access to internet leading to an increase in demand for digital services. (1) • increase in revenue **(Max 2 marks) Accept any valid point for 1 mark.** Relevant conclusion **1 mark.**	**5**

Question	Answer	Marks
1(d)	**Using the information regarding government policy tools, assess the advantages and disadvantages of <u>two</u> policies used by governments during the COVID-19 pandemic to protect their economies**. **The policies:** Direct income support (grants, 'furlough' money) Debt write-offs (lender forgives all/some outstanding debt) Asset purchases (quantitative easing) **(Max 1 mark for identifying at least 2 policies)** **Advantages** • Government provides support for any fall in income and allows families to survive drop in income. • Reduces costs to allow firms to avoid bankruptcy helps to maintain employment. • Reduce interest rates so that families/firms can reduce size of debt obligations • Reduces costs of government borrowing • Promotes the growth of the circular flow of income. **up to 2 marks for each developed point – Max 3 marks** **Disadvantages)** • Income support is a significant cost to the government and, in the long run, the taxpayer. • Will have a significant long-term negative impact on government debt. • Potential for exploitation/fraud regarding the use of government financial support • Debt write-offs might have a negative impact on the government's borrowing requirement, in the long run. • Quantitative Easing might have a potentially negative effect on the rate of inflation in the long run **up to 2 marks for each developed point – Max 3 marks**	**7**

Section B

Question	Answer	Marks
EITHER		
2	**Training workers improves their human capital and increases productivity. This benefits the workers, their employers and government.** **Consider the extent to which training fees should be paid for only by workers.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses 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** • Differences between education and training might be explained. • Trained workers are likely to have higher productivity and this will increase the demand for this labour • For workers, higher demand for skilled labour is likely to lead to higher wages. • MRP theory might be used in conjunction with a supply of and demand for labour diagram, to illustrate the impact on wages of an increase in productivity • For workers, highly skilled labour is more likely to produce an inelastic supply and therefore increase wages. • Employers might pay fees because they are likely to benefit through an increase in profits. • Government's might contribute towards fees because they are likely to benefit in the long run due to an increase in real GDP **AO3 Evaluation** • Wealthier families can afford to pay. • Fear of significant debt for lower paid individuals. • Government funding might lead to less well-off workers subsiding those benefiting from government financial support • low paid workers may not be able to cover self-financing their fees. • Workers may be subsequently employed by other firms who do not bear the initial costs. • Government funding of fees for some groups at the expense of others may be politically unpopular. Accept all valid responses.	20
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

<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>The fashion industry employs around 75 million workers, many of whom earn very low wages and work up to 16 hours a day. The industry contributes to 20% of global wastewater and 8% of all carbon emissions. 60% of clothes are made from plastics, 83 million tonnes of the 100 billion garments produced are sent to landfill, and only 20% are collected for recycling.

Consider to what extent an equitable solution can be found for market failures in the fashion industry.

Use Table A: AO1 Knowledge and Understanding, AO2 Analysis, and Table B: AO3 Evaluation, to mark candidate responses to this question
AO1 and AO2 are out of 14 marks. AO3 is out of 6 marks.

Indicative Content
Responses may include:

AO1 Knowledge and Understanding and AO2 Analysis
• definition of market failure/allocative inefficiency
• explanation and example of a negative externality of production
• might draw a diagram to illustrate the link between negative externality of production and market failure
• the use of indirect taxation could be used to reduce the output of fashion clothes/the subsequent cost of the tax would be shared between consumers and producers
• use of advertising and education to raise public awareness of the negative impact of the production of fashion clothes upon society
• the provision of subsidies to those producers who use less plastic
• increase the cost of using landfill sites

AO3 Evaluation
• the use of indirect taxation might lead to unemployment in the fashion industry
• the use of indirect taxation might have a negative effect upon the export of fashion goods
• subsidies are costly and will lead to a re-distribution of income within the economy
• the rising cost of using landfill sites might lead to illegal dumping of waste products

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

Question	Answer	Marks
EITHER		
4	**The Bank of China has a target inflation rate of around 3%, the Bank of India has a target inflation rate of 4%, the Federal Reserve, the European Central Bank and the Bank of England all have a 2% target inflation rate.** **Consider whether central banks should have a target inflation rate of 0%?** Use Table A: AO1 Knowledge and Understanding, AO2 Analysis, and Table B: AO3 Evaluation, to mark candidate responses to this question AO1 and AO2 are out of 14 marks. AO3 is out of 6 marks. **Indicative Content** Responses may include: **AO1 Knowledge and Understanding and AO2 Analysis** • definition of a target inflation rate • explanation of the process by which a central bank attempts to meet a target inflation rate – including changes in central bank lending rate/open market operations/quantitative easing • explanation why central banks state target inflation rates – main reasons would include the aim to achieve price stability and to support sustainable growth • a 0% inflation target might help businesses and household to make long term spending plans • very low rates of inflation will allow real wages to adjust without cutting nominal wages • very low rates of inflation will help a government to reduce its expenditure on debt repayment/help to reduce a public sector fiscal deficit • a very low target rate of inflation might eventually lead to a reduction in menu/shoe leather costs. **AO3 Evaluation** • if the inflation target set i.e. 0% is too low, consumer spending might fall due to expectations of further price falls • a very low inflation target will reduce profit expectations and a subsequent fall in the level of investment is likely • a 0% inflationary target based on low interest rates, might result in an outflow of short-term capital and a negative effect on the overall balance of payments • 0% inflationary targets will remove the ability of a central bank to use interest cuts to stimulate the economy/ liquidity trap • due to index linking, a very low inflationary target is likely to lead to a re-distribution of income from savers to borrowers	**20**

Question	Answer	Marks
4	• a 0% inflationary target might trigger falling prices and cause a deflationary outcome/ ultimately linked to lower economic growth and higher levels of unemployment • a conclusion should be attempted based on the statement in the question Accept all valid responses.	
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6

Question	Answer	Marks
OR		
5	**Consider the extent to which aid <u>and</u> trade can contribute to a country's economic development.** Use Table A: AO1 Knowledge and Understanding, AO2 Analysis, and Table B: AO3 Evaluation, to mark candidate responses to this question AO1 and A)2 is out of 14 marks and AO3 is out of 6 marks **Indicative Content** Responses may include: **AO1 Knowledge and Understanding and AO2 Analysis** • aid can be defined as any assistance given to a country that would not be provided through normal market forces • development aid would include: long term loans; tied aid; bilateral aid and multilateral aid • aid can focus upon investment and new technology is likely to increase productivity, output, income and employment levels • aid can increase real wealth and higher levels of tax revenue will enable more expenditure on health, housing and education • international trade is the exchange of goods, services and capital across international borders • firms can benefit through comparative advantage • international trade enables firms to benefit from economies of scale and increased profits • consumers can benefit from a wider variety of choice • consumers can benefit from lower prices and a higher standard of living, Income, employment and training **AO3 Evaluation** • the links between an increase in aid and economic development are not clear, sometimes aid only reaches a relatively small section of the population • tied aid might mean that low-income countries receiving such aid might have to purchase expensive goods from the donor country • long term dependency upon aid might reduce levels of innovation in low-income countries • international trade can lead to structural unemployment in the home country • trade can lead to some firms being more vulnerable to supply side shocks • international trade may lead to degradation of natural resources • foreign firms might sell their products below cost (dumping) which would damage domestic industries Accept all valid responses	**20**
	AO1 Knowledge and understanding and AO2 Analysis	14
	AO3 Evaluation	6