ECONOMICS

Paper 9708/11
AS Level Multiple Choice

Question Number	Key	Question Number	Key	Question Number	Key
1	B	11	C	21	B
2	B	12	C	22	D
3	C	13	D	23	C
4	C	14	A	24	B
5	A	15	B	25	D
6	B	16	A	26	A
7	B	17	A	27	A
8	C	18	D	28	D
9	A	19	C	29	B
10	D	20	B	30	A

General comments

2104 candidates took this examination paper, and the mean mark was 16.75, which was almost identical to that recorded for the equivalent paper in November 2022. Overall, performance across individual questions varied significantly. Candidates answered microeconomic questions more effectively than macroeconomic questions.

Comments on specific questions

Question 1 was answered successfully by 95% of candidates.

Only 7% of candidates were able to answer **Question 3** correctly. Candidates were required to determine what type of good would relate to the provision of health care funded entirely by a government and provided free at the point of use. A large number of candidates (81%) chose option **D**, which suggested this would constitute a public good. This was incorrect because this good would neither be non-rival or non-excludable.

Question 20 was answered correctly by 21% of candidates. The question was based on the use of production possibility curves to establish differing opportunity costs in two different countries. Once the opportunity costs were determined, the question required candidates to determine possible terms of trade acceptable to both countries. Option **B** was correct because the numerical value lay between 1M = 1N and IM = O.75 N. A significant number of candidates (41%) chose option **A** which was incorrect because country Y could already exchange IM for 0.75 N without trade.

30% of candidates were able to correctly answer **Question 24** (option **B**). 33% chose option **C**. The key to successfully answering this question related to recognising the condition for national equilibrium using the

injections/withdrawals model. The condition represented by – Savings + Tax + Imports = Investment + Govt expenditure + Exports. From this, it was possible to decide which changes in these variables would be most likely to lead to a disequilibrium outcome in the short run. Option **B** was correct because, in this case, there was a rise in injections (investment) and a fall in withdrawals (savings). Hence this would lead to the greatest departure from an initial equilibrium position.

Candidates also found **Question 26** difficult. Only 25% chose the correct option **A**. The question required candidates to understand the impact of an overseas worker sending remittances i.e. wages back to his home country. Candidates had a choice of options to decide how this might impact on the balance of payments of either country. The majority of responses (39%) chose option **D**, which stated that this would 'increase the primary income of Kenya'. The key point to note was that the Kenyan worker 'lives and works in India'. Thus, he is a resident of India. Therefore, this remittance would simply reduce secondary income in India, which is consistent with option **A**.

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Paper 9708/12
AS Level Multiple Choice

Question Number	Key	Question Number	Key	Question Number	Key
1	D	11	D	21	A
2	D	12	B	22	B
3	C	13	B	23	A
4	B	14	C	24	A
5	B	15	D	25	B
6	D	16	D	26	A
7	B	17	D	27	A
8	B	18	B	28	C
9	B	19	B	29	A
10	B	20	B	30	B

General comments

8018 candidates took this examination paper, and the mean mark was 18.86. The mean mark was marginally higher than that recorded for the equivalent paper in November 2022. Overall, performance across individual questions varied significantly. Candidates dealt with both macroeconomic and microeconomic questions equally well. 9 questions out of 30 were answered successfully by more than 70% of candidates. **Questions 2**, **7**, **19**, and **24**, were answered most successfully (84% or above).

Comments on specific questions

Question 2 was answered correctly by 95% of candidates. This question required basic knowledge recall. In this case, the majority of candidates understood that a key requirement of entrepreneurship involved risk taking.

Only 8% of candidates were able to answer **Question 3** correctly. This question was answered least effectively on this paper. Basic knowledge recall relating to understanding the type of good described by a new road was required. 84% of candidates chose option **D** which stated that a new road that was free to use could be described as a public good. This was incorrect because this good would neither be non-rival or non-excludable. Option **C** i.e. a private good was correct because scarce resources would have been needed to build the road.

Question 13 was answered correctly by 36% of candidates who chose option **B**. The question was based on the changing price of famous paintings by dead artists and why their price might continually rise. A significant number of candidates (59%) chose option **C**, which explained that the continually rising price was due to a very inelastic supply. This was incorrect because it ignored the demand side of the explanation. Option **B**

was correct because the option included an explanation of why demand might be rising as well as deducing that supply would be inelastic.

39% of candidates were able to correctly answer **Question 17** (option **D**). 49% chose option B. The question required candidates to use knowledge recall to determine what would cause a fall in the real value of a domestic currency. Domestic was the key word in the stem, which many candidates failed to recognise. Hence 49% chose option **B** which referred to a depreciation. This was incorrect because a depreciation relates to a decline in the value of a domestic currency in relation to the value of a foreign currency. Whereas an increase in inflation will automatically devalue the domestic currency.

Candidates also found **Question 21** difficult, with 33% of candidates choosing the correct option **A**. The question required candidates to use a table indicating the direction of average real wages and average nominal wages while the rate of inflation was zero. Option **A** was clearly the only scenario which would be consistent with a zero rate of inflation, that is when both average real wages and average nominal wages were falling.

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Paper 9708/13
AS Level Multiple Choice

Question Number	Key	Question Number	Key	Question Number	Key
1	D	11	B	21	D
2	C	12	C	22	D
3	D	13	D	23	A
4	D	14	C	24	C
5	B	15	B	25	D
6	A	16	B	26	C
7	B	17	D	27	D
8	B	18	B	28	A
9	C	19	A	29	D
10	A	20	C	30	D

General comments

409 candidates took this examination paper, and the mean mark was 20.07. The mean mark was marginally higher than that recorded for the equivalent paper in November 2022. Overall, performance across individual questions varied significantly. Candidates answered microeconomic questions more effectively than their macroeconomic counterparts. **Questions 2**, **9**, and **15**, were answered most successfully (85% or above success for each response).

Comments on specific questions

Question 21 was answered correctly by 37% of candidates who chose option **D**. This was a basic knowledge recall question where candidates were required to identify from a table, which of the three balance of payments components listed would be classified as a primary income. Although the majority of candidates chose the correct option, a high percentage of candidates chose option **A** (22%) which included 'trade in goods'.

Question 28 required candidates to understand the impact of supply side policies measures in relation to a given the initial national equilibrium level of output. This question needed careful thought. Candidates might have used a brief outline sketch of the possible scenarios to help them before choosing their option. Also, it was imperative to recognise that the question was expecting candidates to identify the least effective policy. Least was highlighted in bold to guide candidates. 48% of candidates correctly identified option **A**. While a relatively significant proportion (29%) chose option **D**. A decision to reduce income tax when an economy is already operating at full employment could still stimulate output by increasing labour productivity, therefore it might be considered to be effective to some extent.

31% of candidates answering **Question 29** correctly identified option **D**. This question required candidates to identify which key macroeconomic variables might be impacted the most by an increase in a government's borrowing requirement. Option **D** was correct because it referred to an increase in interest rates. This was correct because a government would have to sell more bonds, an increase in supply of bonds would reduce their price and this would be consistent with a rise in interest rates. 50% of candidates chose option **C,** which suggested that this increase in borrowing would lead to an increase in the balance of payments deficit on current account. It was not possible, given the information, to conclude that this negative impact would occur.

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Paper 9708/21
AS Level Data Response and Essays
21

Key messages

- Candidates need to ensure they focus on the particular 'command' or 'directive' word that is being used in a question, such as '**calculate**', '**state**', '**consider**', '**explain**' or **'assess**'.
- It is important candidates understand that in some questions, a certain number of marks can be awarded for '**evaluation**'. These were **Questions 1(b)**, **1(d)**, **1(e)** and all questions in ***Sections B*** and ***C***. There is often a clue in the question to guide candidates towards this, such as in **Question 1(b)** which required candidates to consider which of two internal causes of economic growth for Taiwan in 2021 was **more likely** to generate long-term economic growth or in **Question 3(a)** which required candidates to explain why a government might decide to increase its direct provision of essential goods and services and consider whether such a policy was **always likely** to be successful or in **Question 5(b)** which required candidates to assess whether the theories of absolute and comparative advantage were **substantially undermined** by their various limitations.
- Candidates need to ensure that diagrams are correctly drawn and clearly labelled. There were a number of examples of poor labelling and, in some cases, no labelling at all. Diagrams were required in **Question 2(a)**, but there were other questions where diagrams could have been used to good effect to support an answer, such as **Question 3(b)**.
- It is important that candidates read the questions carefully to avoid making an error in their answer. For example, in **Question 1(b)**, some candidates stated and considered two external, rather than internal, causes of economic growth for Taiwan in 2021, while in **Question 2(b)**, some candidates wrote about cross elasticity of demand (XED) despite the fact that there was no reference to cross elasticity of demand in the question. In **Question 3(b)**, some candidates wrote about minimum, rather than maximum, prices.

General comments

A diagram was explicitly required in **Question 2(a),** but despite this instruction, some candidates did not include one.

It is also important that candidates focus on whether there is any additional guidance provided in a question, such as in **Question 4(b)**, where candidates were required to assess whether a government should **always** aim to balance its budget rather than have a budget surplus or a budget deficit.

Comments on specific questions

Section A

Question 1

(a) Many candidates were able to correctly calculate, using the data in Table 1.1., the expected growth in Taiwan's real GDP in 2021, based on the latest forecast in February 2021. The answer was 3.3% and this answer was arrived at by subtracting the CPI increase (1.3%) from nominal GDP growth (4.6%).

(b) A number of candidates were able to state two internal causes of economic growth for Taiwan in 2021, including capital investment and the growth in consumption expenditure, and then consider which of these would be more likely to generate long-term economic growth, arguing in favour of the former as capital investment would lead to an increase in productive capacity in Taiwan. A few

candidates wrote about external, rather than internal, causes of economic growth for Taiwan. Also, many candidates did not make relevant use of the data provided in the source material.

(c) Many candidates were able to explain why the Taiwan dollar appreciated in 2020, in terms of an increase in the demand for exports or an increase in the trade surplus, but relatively few went on to develop the explanation in terms of the need to possess Taiwan dollars in order to buy exports from Taiwan.

(d) A number of candidates wrote generally about the possible effects of the appreciation of the Taiwan dollar without focusing specifically on the terms of trade. Some of the candidates who referred to the terms of trade did not fully understand the meaning of the term, writing about trade in general rather than about changes in the relative prices of exports and imports. Some candidates did not attempt to offer any evaluation of whether the effects of the appreciation of the Taiwan dollar on the terms of trade would benefit all industries in Taiwan. It is important that candidates realise when they are required to offer some evaluation; this is why a careful reading of the question is so important.

(e) A number of candidates made good attempts to assess the possible consequences of a higher rate of economic growth for an economy such as Taiwan, although some candidates wrote about only potentially positive or potentially negative consequences. This then made it difficult to offer any evaluation as the answer was so unbalanced, making it impossible to judge whether the possible positive consequences outweighed the possible negative consequences, although a small number of candidates did point out that the overall impact would depend, to a large extent, on the pace of economic growth. Candidates need to understand that when the command word used in a question is 'assess', some evaluation is required.

Section B

Question 2

(a) In this part of the question, candidates were required to explain, with the help of a diagram, what could cause an increase in demand for a product. The diagram needed to show a shift of the demand curve to the right, but many candidates drew a diagram that showed a movement along a demand curve rather than a shift. Some candidates drew a diagram showing demand but not supply, while others drew an AD/AS diagram rather than D/S. Similarly, in the analysis, many candidates wrote about the significance of a change in the price of a product rather than a change in any of the factors affecting demand, such as a rise in income or a change in the tastes and preferences of consumers. Relatively few candidates attempted to offer any meaningful evaluation of whether the impact of an increase in demand on the price of the product would be the same in the short run and the long run.

(b) In the second part of the question, candidates were required to assess whether price elasticity of demand (PED) or income elasticity of demand (YED) was likely to be of greater importance to a firm producing cars. They needed to demonstrate a knowledge and understanding of both PED and YED and then to analyse each of them in the specific context of a firm producing cars. Most candidates had a reasonably clear understanding of PED, but there was often an element of confusion over the meaning of YED. Many of the answers were rather general with no, or very little, application to the particular context. In terms of evaluation, candidates needed to assess which was likely to be of greater importance, but many of the answers were rather descriptive, making little attempt to offer a judgement as to why one might be of greater importance than the other. It should be remembered that although eight marks are allocated to 'knowledge and understanding' (AO1) and 'analysis' (AO2) in the **part (b)** questions, four marks are allocated to 'evaluation' (AO3).

Question 3

(a) In this part of the question, candidates were required to explain why a government might decide to increase its direct provision of essential goods and services. There were some reasonably good answers to this part of the question, with candidates writing about such merit goods as education or health care, but the evaluation of whether such a policy was always likely to be successful was rather limited. However, some candidates did offer some form of evaluation, such as in terms of the availability of sufficient funds to finance such a policy or in relation to the concept of opportunity cost.

(b) In the second part of the question, candidates were required to assess whether the use of a maximum price was always advantageous. There were some good well-balanced answers, with candidates writing about both the potential advantages, such as making the price of many products more affordable, and the potential disadvantages, such as excess demand and the likelihood of a shortage arising leading to queuing, rationing and the possible creation of an illegal market. Some candidates did make an attempt to offer an evaluation in terms of the possible impact of a maximum price on both producers and consumers. However, a number of candidates simply offered a summary of points already made and it is important it is understood that an evaluation requires some form of judgement and assessment and not a summary. A few candidates misread the question and wrote about a minimum, rather than a maximum, price.

Section C

Question 4

(a) In this part of the question, candidates were required to explain the reasons why governments impose taxes. Most candidates demonstrated sound knowledge and understanding of the different possible reasons for taxation and then went on to clearly distinguish between a direct tax, such as income tax, and an indirect tax, such as a sales tax. Many candidates did make reference to the concept of fairness and some of them did make an attempt to make a judgement as to whether an increase in income tax might be regarded as fairer than an increase in a sales tax. However, there was often some confusion over the distinction between a progressive tax and a regressive tax.

(b) In the second part of the question, candidates were required to assess whether a government should always aim to balance its budget rather than have a budget surplus or a budget deficit. Most candidates understood what was meant by a budget surplus or a budget deficit, but they didn't always relate these to expansionary or contractionary fiscal policy in attempting to achieve various objectives, such as a reduction in the rate of inflation or an increase in the rate of economic growth. A number of candidates also confused a budget deficit or surplus with a deficit or surplus in the current account of the balance of payments. Relatively few candidates made any attempt to offer any evaluation of why one policy approach might be preferable to the other in terms of the wider economic context.

Question 5

(a) In this part of the question, candidates were required to explain the difference between an import tariff and an import quota and most demonstrated a sound awareness of the key differences. A number of candidates were able to offer an analysis of the various advantages and disadvantages of each and there were some reasonable attempts at evaluation in relation to why a government would choose one rather than the other as a tool of protection in international trade.

(b) In the second part of the question, candidates were required to assess whether the theories of absolute advantage and comparative advantage were substantially undermined by their various limitations. Many candidates did not seem to have very much of an understanding of such limitations and so decided to write all they knew on the two theories. However, some candidates did demonstrate an understanding of possible limitations and were able to analyse these, such as the fact that the theories were based on only two countries and that it was assumed that there were no transport costs. These candidates were able to offer some appropriate evaluation in terms of the unrealistic assumptions that underpinned the theories to reach a judgement as to the extent to which such assumptions undermined the theories.

ECONOMICS

Paper 9708/22

AS Level Data Response and Essays
22

Key messages

- For **Question 1**, data response, one important change within the new syllabus is that 4– and 6-mark questions will contain a requirement for explained analysis and evaluation. Similarly, knowledge and understanding marks will only be awarded if they are relevant to the question and, where possible, within the context of the data itself.
- **Part (a)** of essay questions is now split on a 3, 3, 2 basis. AO1 gains up to 3 marks, AO2 up to 3 marks and AO3 up to 2 marks. Candidates need to organise their answers based on this split and must be encouraged to apply all knowledge and understanding to the question that is set. Furthermore, all analysis should be relevant and fully explained to gain credit. Answers that simply state facts without any explanation are very unlikely to gain credit. Finally, evaluation must compare and contrast the preceding analysis and make a judgement to answer the question to be awarded marks.
- In **part (b)** of essay questions, answers which examine one side of the question only will be highly unlikely to gain more than mid-Level 2 analysis and will not be awarded evaluation marks as they are unlikely to fully answer the question.
- Candidates therefore need to be fully prepared by centres to follow this approach to maximise their marks.
- Centres are further reminded that questions may be drawn from any part of the syllabus and therefore full coverage of the syllabus is essential.

General comments

- Overall, a full range of marks was awarded and there were many high marks within the whole cohort.
- Equally, there was a significant minority of candidates who achieved very low marks despite writing long answers.
- Rubric errors were rare, and most candidates answered the correct number of questions from the correct sections of the paper.
- For most candidates, time did not appear to be a problem and most appeared to finish with enough time. However, there is still a tendency to spend too much time on the 2-mark questions, and also on detailed discussions of information that is not relevant to the question.
- Although most scripts were legible, there was still a significant minority where handwriting was indistinct. Every candidate will want their hard work to be credited but need to take more care to ensure that it can be clearly read by Examiners.

Comments on specific questions

Section A

Question 1

(a) A simple calculation of a percentage change was all that was required for 2 marks. Most candidates gained full marks and those who did not, did so by either simply subtracting the two figures and producing an absolute rather than percentage figure OR by failing to show that the price had fallen. A minority of candidates were unable to calculate any meaningful figure.

(b) As the extract made quite clear, demand for oil had fallen due to the pandemic and demand for electric cars had increased. Most candidates were able to identify one reason for 1 mark. However, the second mark was missed by many candidates. Answers were often unable to establish a valid

link between the fall in demand and the fall in price. For example, the need to reduce the price to reduce the resultant surplus. It is insufficient to state that this is due to a fall in demand. Simply drawing a demand and supply diagram with a shift to the left of the demand curve without any explanation is also insufficient. A mark of 1 was the most common score.

(c) The supply problem referred to in the extract is the shortage of lithium – not the shortage of oil or electric cars, although the latter may be a consequence. The best candidates were able to draw an accurate diagram showing the impact of a fall in supply of lithium **or** an increase in demand for lithium not matched by an equivalent increase in supply, leading to an increase in its price. Lithium was then recognised as a cost of production and the resultant increase in the cost would then lead to an increase in the price of electric cars. The solution to the problem lay in increasing the supply of lithium or an alternative and any plausible policy was rewarded, if correctly explained. lthough many candidates gained 3 – 4 marks, most did not. The main reason for this was a lack of recognition that a shortage of lithium was the supply problem causing an increase in the price of electric cars and simply asserting a shift to the left in the supply of electric cars would cause the price to rise. Such answers rarely gained more than one mark as the solution was rarely grasped. Candidates need to be encouraged to fully explain the different stages in their analysis.

(d) This question was quite poorly answered by most candidates. The main error was in confusing unemployment caused by a fall in AD. Further weaknesses in responses lay in answers that simply explained the possible causes of each type and not the damaging effects of each, which is what the question had asked for. These damaging effects then needed to be evaluated by comparing them in terms of their seriousness to a petrostate and then a conclusion needed to be made. Again, such an evaluation was rare. Given the extent of the importance of the oil and gas industry to a petrostate, it would be expected that structural unemployment because of diversification would be most damaging.

(e) There was a great deal of stimulus material in the extract to answer this question which led to better answers than **Question (d)**. However, although the question specifically asked whether diversification was likely to be more successful in Saudi Arabia or Venezuela, many candidates simply described the benefits of diversification in general or policies to bring it about which gained 0 marks. Evaluation tended to be easier for this question, providing the previous analysis was sound as it simply required a conclusion. Nevertheless, full marks were rare as candidates need to explain the points they are making and not simply copy out text – e.g., why does the relative wealth of both countries make it easier/more difficult to diversify? Consequently, marks of 1 + 1 + 1 were quite common as answers frequently lacked sufficient depth of explanation. Candidates do need to spend a little time explaining points rather than simply stating/asserting them.

Section B

Question 2

(a) Apart from a few exceptions, the first two knowledge and understanding marks were generally given. For example, these two marks were given for an accurate formula and an understanding of the concept of PED. When faced with questions of this type though, candidates must explain elasticity values clearly and accurately. This requires explaining elasticity in terms of the **percentage change** in quantity demanded of a product because of a **percentage change** in the price of a product. It is equally acceptable to demonstrate this with a worked example, although unexplained diagrams would not be acceptable. Vague comments such as a small change causes a bigger change, or an increase in price leads to no change or a big change, will not be credited. Likewise, there is no need to explain all measures of elasticity unless the question asks for this and normally, all that is needed is to explain relatively elastic and inelastic. The lack of a third knowledge and understanding mark and analysis marks was usually because of a lack of precise explanation. Candidates also need to be further reminded that all **part (a)** questions have 2 marks for evaluation with 1 mark reserved for a conclusion. Many did refer to problems of accuracy and the ease of calculation, but this was not often explained and merely asserted, which is not creditworthy.

(b) The focus of most answers was simply to define and explain the measures of price elasticity of supply and cross elasticity of demand, often involving detailed explanations of different elasticity values. Such an approach to **part (b)** questions is rarely likely to gain much credit as the focus of these questions will tend to be the use businesses make of such concepts rather than explaining in detail the measures themselves. In this instance, the question demanded an analysis of their

usefulness to a business wanting to increase its sales when the economy is growing. Because of the tendency to simply define the concepts rather than focus on the question, marks tended to be quite low, and candidates need to be reminded of the need to focus answers on the question. As analysis tended to be weak, evaluation that directly compared the usefulness of both measures when an economy was growing was often missing or simply a summation of what had been said previously. Statements about the weaknesses of both measures is not evaluation and is credited simply as analysis unless a direct comparison is made. There was also an opportunity here to discuss an alternative measure, for example, YED, which may be more appropriate when an economy is growing, but few candidates took this approach.

Question 3

(a) Marks for knowledge and understanding were generally sound. However, there is still some confusion at times in differentiating between and explaining the meaning of non-excludable and non-rivalry. Also, the choice of examples of public goods was occasionally incorrect. For example, roads, healthcare, parks, and education are not public goods. Analysis of why public goods can never be provided in a market economy was not as well done at times. Although most candidates recognised the free rider problem, this was often not well explained in the context of the two characteristics and was occasionally asserted as a problem. This resulted in many candidates not gaining marks for this section or a maximum of 1 mark. Once again, candidates need to be aware of the 2 marks being available for evaluation on **part (a)** questions and without any valid analysis, these final 2 marks are unlikely to be awarded as the evaluation cannot be considered as being justified.

(b) Most candidates were able to distinguish between merit and demerit goods and explain their under and overconsumption respectively due to imperfect information. However, relatively few were able to differentiate between these goods and other private goods which was an important part of the analysis and kept many answers within Level 2. Likewise, the distinction between the two different types of economy was often given limited attention. As a result, marks of mid-Level 2 analysis and low Level 1 evaluation were common. Candidates do need to be encouraged to read the question carefully and ensure that answers focus on the assessment rather than the descriptive part of it in order to achieve higher level marks.

Section B

Question 4

(a) This was clearly the least popular question on the paper and reflects candidate uncertainty about applying the difference between terms of trade and the balance of trade. Common errors included the fact that despite knowing the formula for terms of trade, candidates still often confuse the concept with balance of payments by then discussing the revenue and expenditure in relation to exports and imports as if they are the same measurement. For the balance of trade, this was often described as the difference between exports and imports which is too imprecise. It needed to be explained in terms of the difference between export revenue and import expenditure on goods. Consequently, appropriate analysis of the impact of changes in both measures and an evaluation of which measure would be of most concern was rarely in evidence. This remains an important part of the syllabus which requires more attention from candidates in revision.

(b) Unfortunately, due to confusion about what is measured by terms of trade, candidates rarely gained many marks for this question, despite showing correct formulae. For candidates who were able to discuss the impact of changing prices of exports and imports on macroeconomic performance, many did not gain more than Level 2 marks because points were often asserted rather than explained. For example, the impact of changes in prices in exports and imports are influenced by price elasticity of demand, terms of trade values can rise or fall, and the dependency on international trade will affect macroeconomic performance. Explained reference to all these factors was needed to fully answer the question and access Level 3 for analysis and evaluation.

Question 5

(a) Candidates need to be reminded that a simple rewording of economic concepts are not in themselves definitions. For example, it is not enough to define aggregate demand as simply total demand in economy or aggregate supply as simply total supply or output in an economy. This

should be developed, for instance, with reference to a given price level or in the case of AD, an understanding of its components. Likewise, diagrams need to be precisely drawn and labelled and must refer to price **level** and real GDP/national output and also clearly show **AD** and **AS** and not simply S and D. However, many candidates did gain at least 2 KU marks. Here, an imprecise understanding of AS often meant failure to gain the 3rd mark. Analysis of the reasons for increases in AS and AD was generally sound. Occasionally, incomplete labelling of the diagram meant that all 3 marks were not awarded. Many candidates recognised that the shape of the AS curve and/or the relative degree of shifts in both would affect inflationary pressure and were able to gain evaluation marks.

(b) This question was also often answered to a good standard, although candidates still find it difficult to evaluate whether one effect is more serious and often resort to summative statements and very simple conclusions. The effect of this is potentially to reduce the overall mark by 30 per cent even though KU and analysis of the individual effects may be sound. Where judgements are asked for, as in **parts a)** and **b)** of essays and in the relevant parts of **Question 1**, these must be given and more importantly, justified to access the full range of marks. However, overall analysis was good, and many candidates were able to distinguish between the internal and external negative effects. Some candidates were able to satisfactorily analyse the possible positive effects and these candidates were then able to go on to assess which effects were more serious. However, this depth of evaluation, as previously suggested, was relatively uncommon.

ECONOMICS

Paper 9708/23
Data Responses and Essays

Key messages

- For **Question 1**, data response, one important change within the new syllabus is that 4- and 6-mark questions will contain a requirement for explained analysis and evaluation. Similarly, knowledge and understanding marks will only be awarded if they are relevant to the question and, where possible, within the context of the data itself.
- **Part (a)** of essay questions is now split on a 3, 3, 2 basis. AO1 gains up to 3 marks, AO2 up to 3 marks and AO3 up to 2 marks. Candidates need to organise their answers based on this split and must be encouraged to apply all knowledge and understanding to the question that is set. Furthermore, all analysis should be relevant and fully explained to gain credit. Answers that simply state facts without any explanation are very unlikely to gain credit. Finally, evaluation must compare and contrast the preceding analysis and make a judgement to answer the question to be awarded marks.
- In **part (b)** of essay questions, answers which examine one side of the question only will be highly unlikely to gain more than mid-level 2 analysis and will not be awarded evaluation marks as they are unlikely to fully answer the question.
- Candidates therefore need to be fully prepared by centres to follow this approach to maximise their marks.
- Centres are further reminded that questions may be drawn from any part of the syllabus and therefore full coverage of the syllabus is essential.

General comments

- Overall, a full range of marks was in evidence and there was a number of high marks within the whole cohort.
- Equally, there was a significant minority of candidates who achieved very low marks despite, in some circumstances, writing long answers.
- Rubric errors were rare, and most candidates answered the correct number of questions from the correct sections of the paper.
- For most candidates, time did not appear to be a problem and most appeared to finish with enough time. However, there is still a tendency to spend too much time on the 2-mark questions and also on detailed discussions within essays of information that is not relevant to the question.
- Although most scripts were legible, there was still a significant minority where handwriting was indistinct. Every candidate will want their hard work to be credited but need to take more care in certain instances, to ensure that it can be clearly read by examiners.

Comments on specific questions

Section A Data Response

Question 1

(a) This question was quite straightforward, and most candidates gained full marks. The most common errors and omissions were simply to repeat the term used in the question and/or to fail to refer to an official measure e.g., GDP.

(b) Again, a fairly straightforward question and many candidates gained both marks. However, although the first mark was fairly obviously for the UK, a significant minority were unable to gain the second mark as they were unable to make a reasoned justification for it having the most severe

recession in comparison to other countries. Where the command word is 'justify', candidates need to be reminded to follow this instruction.

(c) This question awarded 2 marks for identifying two plausible reasons, both of which were identified in the text. Nevertheless, it was clear that some candidates had not read the source material carefully and were unable to identify two reasonable explanations. Another concern was the common lack of a reasoned judgement about which one may have generated the greater rate of growth. As such, evaluation marks were rare. Candidates must be aware that reasoned judgements need to be explained.

(d) Whilst most candidates were able to explain the links between economic recovery, AD and therefore employment levels, few were able to further develop this AD/AS analysis into an assessment of the impact on price stability. This was often ignored or given little attention. Whether this was a result of a failure to read the question fully or an inability to accurately analyse both parts of the question is difficult to say. Candidates are reminded of the need to answer all of the question that is set. Evaluation was rare, possibly because of both sides not being covered. Consequently, marks were rarely above 2 out of a possible 6.

(e) A number of candidates were able to convincingly explain both the instruments of monetary policy and how it may be used to produce an economic recovery. This was often analysed through the instrument of interest rates and more specifically, a reduction in them. Better answers analysed both the impact on domestic AD and also exchange rates as a result of money outflows. Much time was often spent on the way in which monetary policy could be used but less on the drawbacks, which led to a lack of balance at times. Candidates need to recognise that only 2 marks are generally awarded for analysis of only one side and in this case the drawbacks of monetary policy needed to be examined to gain the additional 2 analysis marks and access the final 2 evaluation marks. Nevertheless, **part (e)** often gained higher marks than **part (d)** because a drawback was often analysed, normally time lags, and evaluation was often accessed via reference to alternative policies being more appropriate, for example, fiscal policy. Marks of 4 were therefore common, although one sided answers could not gain more than 2.

Section B Essays

Question 2

(a) The knowledge and understanding in terms of a formula was generally sound. Candidates often however need to be more precise in their understanding of what is meant by elasticity. It measures the degree of responsiveness of a change (in this case supply) to a change in another variable (in this case price) It is not enough to say a change in price will lead to a big change in supply, rather a percentage increase in price will lead to a larger percentage increase in supply. When describing an elastic PES, application that explained the reasons why the PES value might move from inelastic in the short run to elastic in the long run was mixed and some candidates clearly confused PES and PED. Evaluation that assessed why the impact on consumers and producers of these estimates may differ was rarely well covered and is a skill that candidates need to develop. Nevertheless, there were some examples of very good answers from candidates.

(b) Candidates need to be reminded that knowledge and understanding should be used to provide the foundation to analysis and should not be offered as an answer in itself. Many candidates wrote extensively about what PED and XED mean and the various elasticities, but did not address their usefulness to a producer of smartphones. As this is the question, such a display of knowledge could not gain more than level 1 and certainly no evaluation marks. Even the stronger answers were often unable to offer more than a generalised discussion. This type of question is common, where candidates must give an assessment of the usefulness of various elasticity measures. For this reason, it is important that candidates are confident analysing different elasticities.

Question 3

(a) Once again this is a popular type of question that is often not answered well. This is because of a lack of precision in separating and defining the terms rivalry/non-rivalry and excludability/non-excludability. As the non-excludability and non-rivalry characteristics lead to the free rider issue and hence the reason why it is only public goods that are unlikely to be produced by the private sector. Vague and imprecise definitions of these terms are unlikely to attract many marks. Clearly for this question, bus and local rail services are not public goods although many candidates confused them

with merit goods and tried to argue they were or should be. Because they have the characteristic of rivalry and because it is possible to exclude consumers from using them by charging a price, they are private goods. However, the conclusion should be that this does not mean that they can only be offered by the private sector and will depend on the objectives of the public sector. Although this will differ from country to country, in terms of economics, this has to be the approach taken by candidates.

(b) Most candidates were able to access at least level 2 analysis for this question. There is clearly a good understanding of the use of subsidies to increase the consumption of what may be considered subsidies, although many answers were unduly descriptive rather than analytical. Better answers clearly focused on the benefits including labour mobility and reduced use of cars, compared to the opportunity costs and promotion of alternative means of transport, including bicycles. However, strong evaluation was rare and tended to include only summative statements repeating points already made. Candidates need to remember that evaluation should consist of a full appraisal of the advantages and disadvantages of subsidies and a weighing up of the analysis of both to reach a conclusion. Summaries are unlikely to gain more than level 1, 1 mark.

Section C

Question 4

(a) This was the most popular question in ***Section C***. Few candidates offered an overall definition of unemployment which was a key word in the question. Many candidates were also unable to clearly distinguish between cyclical, seasonal and structural unemployment with significant overlaps in explanation of the three types. Similarly, candidates also tended to focus on generalised and subjective reasons (often generous welfare payments) rather than one of the four key economic causes. However, there was some strong analysis at times and most candidates were able to reference an appropriate country. Again, rewardable evaluation was rare and when offered, it tended to be assertive or summative only. As ever this is unlikely to gain many marks.

(b) There were a number of strong responses confirming that many candidates are clearly able to analyse supply side policies effectively. The advantages and disadvantages of such policies were also discussed reasonably well. However, there was often a lack of focus on long-term unemployment and distinctions were not always clearly made between the long term and the short term. As such, this led to a degree of confusion in separating and assessing the possible effects on AD and AS in relation to reducing long term unemployment. Clearly the main advice is to focus on the question that is set and avoid writing everything the candidate knows about a topic in general terms. As is the case with **part (b)** questions, evaluation tended to be imprecise and summative rather than focused on answering the question.

Question 5

(a) Most candidates were able to define what a tariff is and analyse its impact on the price and consumption of imports. Less successful was knowledge and understanding of the meaning of the current account and an imbalance. For example, some candidates stated that it was simply the difference between exports and imports when what was needed was a recognition of the components and the fact that an imbalance was the result of total incomings exceeding total outgoings or vice versa. Evaluation continues to be weak for **part (a)** and **part (b)** answers and candidates should be reminded of the need to form judgements based on analysis and not simply assert points or offer summative, often repeated comments. Answers which worked well referred to e.g., PED of imports or possible retaliation of trading partners that make the final outcome uncertain, but such answers were uncommon.

(b) This question was often answered quite poorly, mainly because many candidates were unable to clearly distinguish between the domestic and external economy. Likewise, only the negative consequences tended to be considered. Consequently, level 2 analysis marks tended to be the maximum given with many responses failing to get beyond level 1. Rewardable evaluation was very rare. Candidates need to ensure they fully understand how the domestic economy is affected and how this differs to the external economy i.e., trading patterns and exchange rates etc.

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Paper 9708/31
A Level Multiple Choice 31

Question Number	Key	Question Number	Key	Question Number	Key
1	C	11	C	21	B
2	B	12	A	22	C
3	D	13	D	23	A
4	D	14	D	24	D
5	C	15	A	25	A
6	A	16	D	26	A
7	A	17	D	27	D
8	B	18	A	28	B
9	D	19	D	29	B
10	B	20	B	30	D

General comments

1055 candidates sat this paper. The mean mark was 16.4 which is lower than the mean of 18.2 last year but almost identical to the mean of 16.1 in the previous year.

The questions for which most candidates selected the correct answer were **2**, **9**, **11**, **13** and **28**. These questions were answered correctly by 70% or more of the candidates. They covered different parts of the syllabus and were set to test different skills.

The questions for which the fewest candidates selected the correct answer were **4**, **6** and **27**. These questions were answered correctly by fewer than 35% of the candidates. The rest of the questions gave results which were well within the levels expected.

Comments on specific questions

Question 4 was answered correctly by 25% of the candidates, who chose option **D**. 26% chose option **A**, 27% chose option **B** and 22% chose option **C**. This distribution of responses might indicate that the candidates were guessing the answer. It might also reflect that some candidates omitted to note that the question asked which statement was **not** correct. Candidates were asked to compare two outputs, output L and the higher output M. Option **A** is true; average fixed costs fall as output increases. Option **B** is true; the LRAC is falling. Option **C** is true; the law of diminishing returns relates to a rising short-run cost curve. This occurs on $SRAC_1$. Option **D** is not true, making this the correct answer.

Question 6 was answered correctly by 32% of the candidates, who chose option **A**, 44% chose option **B**, 15% chose option **C** and 9% chose option **D**. Although differences in price elasticity of demand for different

consumers are a feature of the analysis of price discrimination, it does not follow that any product with a price inelasticity (option **B**) can necessarily be used by a producer to practise effective price discrimination.

Question 27 was answered correctly by 31% of the candidates, who chose option **D**, 13% chose option **A**, 21% chose option **B** and 35% chose option **C**. To achieve a Measure of Economic Welfare, an attempt is made to adjust GDP to consider other aspects of economic well-being. These additional elements include the three that are mentioned in the table in the question; environmental costs and benefits, for example, negative externalities associated with pollution; the value of leisure activities and the value of household services, for example, cleaning or child-care, that are unpaid.

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Paper 9708/32
A Level Multiple Choice 32

Question Number	Key	Question Number	Key	Question Number	Key
1	C	11	C	21	C
2	C	12	D	22	C
3	D	13	B	23	A
4	B	14	B	24	B
5	D	15	A	25	A
6	D	16	B	26	B
7	D	17	B	27	B
8	A	18	C	28	C
9	A	19	B	29	C
10	B	20	A	30	C

General comments

4118 candidates sat this paper. The mean mark was 16.6 which was lower than the mean of 18.4 but higher than the mean of 15.5 from the year before.

The questions for which most candidates selected the correct answer were **7**, **3**, **26**, **28** and **29**. These questions were answered correctly by 70% or more of the candidates. They covered different parts of the syllabus and were set to test different skills.

The questions for which the fewest candidates selected the correct answer were **1**, **4** and **12**. These questions were answered correctly by fewer than 40% of the candidates. The rest of the questions gave results which were well within the levels expected.

Comments on specific questions

Question 1 was answered correctly by 37% of the candidates, who chose option **C**. 17% chose option **A**, 11% chose option **B** and 35% chose option **D**. Those candidates who chose option **D** probably misunderstood the curves on the diagram. The curves are not marginal utility curves, they are total utility curves. At 4 bars of chocolate the difference between the curves is 30, (option **D**), but this is total utility, not marginal utility. For the fourth bar of chocolate, the marginal utility for consumer Y was an increase of 5, the marginal utility for consumer Z was a decrease of 5.

Question 4 was also answered correctly by 37% of the candidates, who chose option **B**. 25% chose option **A**, 14% chose option **C** and 24% chose option **D**. The original market structure consisted of two large

firms that controlled 80% of the market. It was, thus, oligopolistic. The firms merged and, thus, created a monopoly. There was no change in the structure of the remaining 20% of the market.

Question 12 was again answered correctly by 37% of the candidates, who chose option **D**. 5% chose option **A**, 45% chose option **B** and 12% chose option **C**. Those who selected option **B** chose an answer stating that by giving a universal basic income (UBI), it would not reduce the incentive to work. A UBI is paid to individuals at regular intervals. There is no means testing or requirements that have to be met. Everyone receives it, regardless of how much they earn or regardless of whether they work or not. It would, therefore, reduce the incentive to work.

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Paper 9708/33
A Level Multiple Choice 33

Question Number	Key	Question Number	Key	Question Number	Key
1	D	11	C	21	B
2	B	12	D	22	C
3	C	13	D	23	A
4	A	14	D	24	B
5	A	15	D	25	D
6	C	16	C	26	A
7	B	17	C	27	B
8	B	18	C	28	C
9	A	19	A	29	B
10	C	20	D	30	C

General comments

171 candidates took this paper this year. The mean mark was 22.7 which was higher than the mean last year of 21.9.

The questions that the candidates found most challenging were **12**, **20**, **25** and **28**.

Comments on specific questions

Question 12 was answered correctly by 54% of the candidates, who chose option **D**. 1% chose option **A**, 1% chose option **B** and 44% chose option **C**. Improving education would be likely to increase the potential skills of the labour force and subsequently increase the productivity of labour. Giving a tax allowance for capital goods is likely to encourage investment in capital goods and this would also be likely to improve the productivity of labour.

Question 20 was answered correctly by 51% of the candidates, who chose option **D**. 18% chose option **A**, 14% chose option **B** and 17% chose option **C**. A reduction in defence expenditure would decrease government spending and this would have a negative effect on the level of national income. Options **A** and **C** are likely to result in an increase in expenditure and, therefore, an increase in the level of national income. Imports (option **B**) are regarded as a 'leakage', so reducing the leakage is likely to have the effect of increasing the level of national income.

Question 25 was answered correctly by 53% of the candidates, who chose option **D**. 38% chose option **A**, 1% chose option **B** and 8% chose option **C**. The question asked about the principal aims of government policy. The majority of the candidates noticed that the choice was between option **A** and option **D**. The aims

would be to increase GDP, (option **D** is preferred for this); reduce the rate of inflation, (option **D** is preferred for this); reduce unemployment, (option **A** is preferred for this); and have a positive balance of payments, (option **D** is preferred for this). Of the four aims, option **D** comes closer to achieving the aims than option **A**.

Question 28 was answered correctly by 43% of the candidates who chose option **C**. 3% chose option **A**, 12% chose option **B** and 42% chose option **D**. An almost identical number of candidates chose options **C** and **D**. The question asks about the role of the International Monetary Fund (IMF). For an IMF loan a government has to agree to adjust its economic policies to overcome the problems that led it to seek financial assistance. In making the adjustment to the policies there are a number of criteria to follow. The emphasis throughout is upon accepting trade liberalisation policies, privatisation policies, reduced social expenditure and reduced government expenditure to try and ensure balanced budgets. Option **C** fits these criteria.

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Paper 9708/41
A Level Data Response and Essays 41

Key messages

- ***Section A*** is a data response type of question and candidates must refer to the evidence presented when indicated by the question.
- Where a supporting diagram is requested, candidates must produce a relevant, labelled diagram. Even a very well written response with no diagram in this instance will not gain marks beyond Level 2.
- Even when an essay question does not request an evaluative comment, this still needs to be provided. There are up to 6 marks available for evaluative development.

General comments

There were some good answers to this paper and those candidates are to be congratulated on achieving good marks. These candidates presented well-balanced and clearly structured answers, accurately related to the question and enhanced by relevant examples and applications where appropriate. The key weakness in some of the answers was that some candidates did not direct their response precisely to the question asked. This was particularly evident in **Question 2** where candidates discussed health care broadly without making the links between a merit good, positive externalities and allocative efficiency. Similarly for **Question 3**, a number of candidates failed to identify the type of merger as an example of horizontal integration. Where the use of supporting diagrams is not stated in the question, candidates should be prepared to develop a diagram if it is relevant to the question. Diagrams can help achieve strong analysis marks and support evaluative comment. There were opportunities to use positive externality diagrams for **Question 2** and AD/AS diagrams for **Question 4**.

Comments on specific questions

Section A

Question 1

(a) Two marks were available for this question and for full marks candidates were expected to refer to Table 1.1 stating that the National Debt (per cent of GDP) was more than twice the size of GDP.

(b) This was reasonably well answered by most candidates although a number of candidates, having identified the cause of a trade deficit, failed to explain this further. Listing four causes alone only gained 2 marks. The question required a brief explanation.

(c) A number of candidates failed to consider the evidence provided, for example, IMF figures, 2020 lockdown, and sales tax**.** Few candidates commented upon the sufficiency of the evidence provided as a cause of Japan's economic decline in 2020. Some failed to recognise this as part of a much longer-term decline. Referring to the data, candidates could have made this argument by highlighting the two decades of decline prior to 2011 due to deflation and economic stagnation.

(d) Most candidates were able to explain that low interest rates would boost the economy by encouraging consumers and investors to take greater risk when borrowing. Some candidates used AD/AS diagrams to support their comments. This was awarded up to 4 marks. To attain full marks, candidates were required to make evaluative comments with reference to the data provided. This was not done well.

Section B

Question 2

This was a popular choice of question. Better answers explained the distinction between private and public ownership and identified health care as a merit good. References to positive externalities and allocative efficiency were also evident. Weaker responses tended to address the question in general terms without reference to economic concepts and terms. Fewer candidates made developed, reasoned and supported evaluative comments at Level 2.

Question 3

This was not a popular question. Candidates who were able to identify this merger as a horizontal form of integration that is likely to lead to a monopoly market structure tended to gain higher knowledge, understanding and analysis marks. Those who were able to provide a monopoly diagram also scored well. A number of candidates failed to provide a relevant diagram or provide a correctly labelled diagram. Better responses argued the case for and against the increase in size and provided a conclusion.

Question 4

This was a popular question. There were some good responses which demonstrated a knowledge of various forms of monetary instruments, including the use of interest rate changes, money supply changes and changes in exchange rates. It was expected that reference be made to the different types of unemployment. The effectiveness of monetary policy was less well developed although better responses linked monetary policy as effective in dealing with cyclical unemployment. Alternative fiscal or supply side policies were less frequently mentioned, although some candidates gained evaluative credit by making an overall comparison in their conclusion.

Question 5

This was not a popular question choice. Candidates attempting this question were able to link globalisation to the promotion of free trade. Fewer candidates outlined the characteristics of low/high income countries, simply referring to one characteristic. A balanced conclusion stating that there is a potential role for globalisation to benefit both high and low-income countries was expected and that this would depend on a number of factors. Again, better responses attempted to address the question command ‘to what extent do you agree’.

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Paper 9708/42
A Level Data Response and Essays 42

Key messages

- Candidates generally demonstrated that they understood the relevant theory and the best candidates were able to articulate the analytical aspects within the context of the question. Others failed to fully develop the analytical aspects of the question or to apply it to the context of the question.
- Many questions contained the command word 'Evaluate'. This term requires a candidate to judge or calculate the quality, importance, amount, or value of the information or theory that was used in the answer. Whilst many produced a limited evaluation, few developed the evaluative point sufficiently to be credited with level 2 evaluation.
- Candidates are reminded that careful reading of the question is necessary in order to understand the full meaning of the question. This is especially true now that the questions are without sub-divisions.

General comments

- The level of English shown by candidates was of its usual high standard. Many answers were again of a high standard in response to the questions.
- The common faults were as in previous examinations, but they are worth repetition.
- Some candidates produced poorly drawn, or inaccurately labelled diagrams. Some candidates produced perfectly presented diagrams but failed to refer to them in their essays. Other candidates used pre-learned answers that did not match the question which had been set. Although the standard of response on this paper was strong, candidates should be reminded to avoid these errors.
- Some candidates wrote very long answers. In many examples these responses were poorly directed towards the question set. Candidates who can produce a relevant, concise and well-directed answer will always be rewarded.

Section A

Question 1

The paper is titled Data Response and Essays and perhaps this paper relied on the data response article more than others. This meant that candidates who read the article closely and applied relevant points from the article scored high marks.

(a) Overall, this question did not gain high marks. Some 50 per cent did not know the definition of equity in terms of fairness. When the concept came to be applied, many ignored the crucial element that it was the poorer workers who suffered from the ban.

(b) Most candidates scored well on this part of **Question 1**. A definition of negative externality was clearly stated, together with a correctly drawn and labelled diagram and completed by identifying two examples from the article.

(c) Again, this was answered well. Candidates used evidence from the article to support their view of which of the alternatives was more effective. This was a question where candidates who suggested that both alternatives had merits failed to score the final mark.

(d) Some candidates knew the two factors which determined what was a public good but were unable to apply these in the context of the provision of transport systems. Other candidates were able to apply the principles of non-rivalry and non-excludability to public transport. They then concluded correctly that public transport was not a public good.

Section B

Question 2

This question produced some well-written answers which were supported by clearly drawn and labelled diagrams. The diagrams and explanations clearly identified and differentiated between the two concepts of the income effect and the substitution effect. The analysis was explicitly extended to developing the analysis of the demand curve.

For candidates who sit the winter examination series this was the first session when six marks have been explicitly awarded for evaluation. The stronger answers approached this very well. They clearly identified evaluative elements, for example concerning the relevance of the assumptions of indifference curve analysis or the rational consumer and put forward arguments to support them. Weaker answers merely identified evaluative points or ignored the requirement.

Some candidates wrote most of their answer based on the marginal utility theory of demand, despite the question requiring indifference curve analysis. This restricted the level of attainment they could gain to Level 1.

Question 3

The best answers identified the model of perfect competition and analysed its disequilibrium and resolved that to equilibrium. Definitions and explanations of productive and allocative efficiency were applied to the different stages in the perfectly competitive process. For these candidates, the diagram(s) were clearly drawn and labelled with relevant reference to the diagram(s) made in the essay.

Evaluative comments were developed through the comparison of a non-perfectly competitive form of market structure and the ability of it to achieve productive and/or allocative efficiency. A few stronger candidates mentioned the ability of firms in an oligopoly or monopoly to gain dynamic efficiency.

Weaker responses missed parts of the analysis. Some did not consider non-equilibrium positions, others did not refer to types of efficiency which was reflected in the level and mark awarded. The weakest answers made no attempt to evaluate the analysis.

Section C

Question 4

This question had the highest response rate.

A good response began with definitions of a MNC, a low-income country and economic growth. It went on to analyse the impact of the MNC on aggregate demand (actual economic growth) through either the AS/AD framework or a Keynesian and/or economic capacity (potential economic growth) by an education, health or resource development approach.

Good evaluation was made in terms of the MNC's exploitative behaviour and how this might inhibit economic growth.

As with previous questions, it was omissions from this approach which limited some responses. Some candidates wrote an answer in terms of the standard of living both in the analysis and evaluative comments. In general, evaluative comments were good in candidates' answers.

Question 5

This question had the lowest response rate.

Candidates who provided an explanation of the meaning of the standard of living and then analysed and evaluated how the two measures of GNI and MPI best fitted the concept of the standard of living scored well. However, candidates chose to answer the question in different ways. Some paid little attention to the standard of living aspect of the question. Others wrote about the gross national product (GDP) alone and some ignored the MPI. In a world where the reliance on the GDP as a measure of the standard of living is increasingly being questioned, it is appropriate that candidates can address concerns regarding alternative measures of national economic life.

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Paper 9708/43
A Level Data Response and Essays 43

General comments

It is important to note at the outset of this report that the November 2023 paper 9708/43 was, for the first time, based on the new GCE A Level Economics syllabus. Thus, the structure of this examination paper and its accompanying mark scheme has changed significantly.

Although the structure and mark scheme for the Data Response part **Question 1** has remained the same, the essay paper and associated mark scheme has undergone some key changes. Candidates now have to choose one essay from two microeconomic essays in **Section B** and one essay from two macroeconomic essays in **Section C**. Before 2023, candidates could choose any two questions from a total of six essays. This may have had some impact on the performance of candidates in this examination.

In addition, the transition has been made from a standard 'levels' mark scheme, to a scheme which uses generic marking plus a given number of marks available for evaluative comment. Essays are now marked out of 20, instead of being marked out of 25. Generic marked levels cover 0 to 14 marks and 6 marks are available for evaluation.

Responses to this paper were slightly lower compared with recent years. Many candidates were able to provide sufficiently well-structured analysis to enable them to gain a Level 3 grade on the generic part of the mark scheme.

Some candidates were not able to use their analysis effectively to form a judgement. Omitting to provide sufficient, developed evaluative comment relating to specific essays, frequently led to a Level 1 response for evaluation.

Overall, there did not appear to be any clear distinction between performance regarding the Data Response section of this paper and the ***Section B*** and ***Section C*** essay questions.

Comments on specific questions

Section A

Question 1

(a) This question part required candidates to distinguish between economic equality and the concept of equity. This section of the syllabus has been covered on past exam papers and candidates appeared to be well prepared to answer this type of question. The overwhelming majority gained at least 2 out of the 3 marks available.

(b) There were two parts to this question. Part one required candidates to define what is meant by actual growth and in part two, proceed to analyse the relationship between growth and unemployment as illustrated by Figs 1.1 and 1.2. While the majority of candidates gained both marks for explaining that actual growth would be an increase in real GDP over a specific time period, a large number did not gain the full 3 marks for the second part of the question. A notable omission related to the respective long-term trends in both growth rates and the rate of unemployment. Many candidates simply resorted to reading respective values at specific time periods without using these values to **analyse** the relationship between the two variables.

(c) This question part was answered least effectively on this section of the paper. The key command word was assess**.** This meant candidates were expected to use the article to search for evidence to

determine the significance of the state-owned electricity monopoly in relation to the decline of the South African economy. Many recognised the significance of power cuts but did not fully develop why it was significant. The strongest responses recognised the importance of 'general uncertainty' and its contribution to South Africa's poor growth performance. Candidates are advised to provide a conclusion based on the preceding evidence to gain an additional mark. This was missing in a significant number of responses.

(d) There were 7 marks available for this question and, overall, candidates answered this question successfully. There were many opportunities to use the evidence provided to evaluate the most effective of the alternative ways of improving the prospects for South Africa's economy. Candidates' focus needed to be on the respective roles of attracting investment and managing uncertainty. Thus, candidates needed to construct an argument as to how effectively these goals might be achieved and, most importantly, produce a judgement based on the preceding evidence. In particular, it was expected that candidates would consider future prospects for the South African economy. Some distinction between the short term and the long term was expected plus some reference to the need to overcome skills shortages and perhaps encourage more foreign direct investment. Stronger responses identified these factors.

Section B

Question 2

This was a very popular question. It was clear that many candidates were well prepared to answer a question relating to negative externalities. This was quite evident when considering the depth of the analysis provided. A diagram was essential to provide a base for subsequent analysis. Candidates were able to use either a negative externality in production diagram or a negative externality in consumption diagram. The nature of the question allowed either approach, provided diagrams were accurately labelled and used effectively to underpin some relevant analysis. Stronger responses focused upon the extent to which government policy should rely upon market forces, by identifying relevant policies and then proceeding to discuss their potential impact in relation to dealing with market failure associated with allocative inefficiency. Many candidates were able to identify a range of policies, examine their respective strengths and weaknesses and use this analysis to form a judgement which addressed this specific question. Stronger responses were able to make developed, reasoned and well-supported evaluative comments. Weaker responses tended to provide a brief evaluative statement or a very limited attempt to construct a conclusion based on the preceding discussion. It is important to note that it was possible for candidates to gain at least 4/6 marks for a fully developed conclusion.

Question 3

Fewer candidates attempted this question. Those who did were generally able to identify the key characteristics of both a monopolistically competitive market structure and also a monopoly market structure. This understanding, combined with an ability to distinguish between the short and long run profit maximising output in each case would have ensured a lower Level 2 mark. Further development and analysis which considered relative efficiencies and prices in both the short and long run would have then moved a candidate into the Level 3 band. The key directive word in this question was '<u>always</u>'. This was an attempt to guide responses to the requirement to question the extent to which the view might apply in all situations. Stronger responses recognised this and discussed possible situations where a monopoly might be able to charge lower prices than a monopolistically competitive firm. For example, by benefiting from economies of scale or, alternatively, examining the positive benefits of dynamic efficiency. The highest marks were gained by candidates who considered both elements of the statement i.e. price levels and efficiency. This evaluation would form the basis of a judgement which would be the key part of any subsequent conclusion. Up to 6 marks were available for a well-structured, well-thought-out conclusion, based on the preceding analysis.

Section C

Question 4

Approximately 50% of learners chose to answer this question. This was a more technical question which required learners to have a clear grasp of what is meant by fiscal policy and, perhaps more importantly, what is meant by a negative output gap. Instead of referring to a deflationary gap, the reference in the question to a negative output gap may have influenced some candidates regarding whether to attempt to answer this question. A high proportion of those who felt confident enough to answer this gained a high mark for the knowledge, understanding and analysis part of the paper. The analysis, in particular, was well done. Many

strong responses were able to provide clear links between the use of fiscal policies and how they might be used effectively to close a negative output gap. A relevant diagram was essential and the majority were able to provide an accurate, clearly labelled diagram which provided a solid base to construct some detailed analysis. The strongest responses included extended analysis to include the multiplier effect of a government's decision to inject more demand into the economy through the use of a budget deficit. There were many opportunities to gain further marks for evaluative comment. Many responses referred to problems associated with 'crowding out' and difficulties providing accurate forecasts of the negative output gap. In addition, further marks were available for recognising that alternative policies, such as supply side policies, might have a more beneficial impact in the long run.

Question 5

This question partially related to a section of the syllabus which has not been tested frequently. Key characteristics of low-income were generally recognised and this was also accompanied by accurate understanding of the relationship between low-income and the standard of living. Different types of international aid were far less well understood. Few responses progressed beyond describing aid in general terms, rather than moving towards some consideration of how different types of aid might have a fundamentally different impact on improving living standards in low-income countries. This frequently confined answers to a Level 2 grade, primarily because of the lack of analytical content. It was expected that evaluative comment would discuss why different types of aid might produce significantly different outcomes in relation to the standard of living. However, this could have only been achieved if sufficient chains of reasoning linking aid to living standards had already been established. This was often not achieved. Hence a combination of too much descriptive comment and superficial evaluation produced a low average mark for many of those who attempted this question.