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Mock Paper Set 1

Paper 1 · Paper 2 (AS Level) · Paper 3 · Paper 4 (A Level)

Written to the format of the Cambridge International AS & A Level Economics 9708 syllabus for examinations in 2026, 2027 and 2028

What is inside this set

Paper	Type	Time	Marks	What it tests
Paper 1	AS Level Multiple Choice	1 hour	30	30 questions on the AS Level content (topics 1–6)
Paper 2	AS Level Data Response and Essays	2 hours	60	Section A: data response (20). Sections B and C: one essay from two in each, mainly micro then mainly macro (20 each), with parts (a) and (b)
Paper 3	A Level Multiple Choice	1 hour 15 minutes	30	30 questions on the A Level content (topics 7–11); AS Level knowledge is assumed
Paper 4	A Level Data Response and Essays	2 hours	60	Section A: data response (20). Sections B and C: one essay from two in each, mainly micro then mainly macro (20 each), with no parts

Then: **worked solutions and mark schemes** for every question, including all the optional essays, a **topic map** (each question → syllabus reference → our notes chapter), an **"If you lost marks on…"** table and a percentage self-check.

How to use this set

1. Sit each paper in one go, **timed**, with no notes. You may use a calculator. AS Level students sit Papers 1 and 2; A Level students sit all four.
2. Papers 1 and 3: write your letter in the answer grid. Papers 2 and 4: write on your own lined paper (the real paper uses an answer booklet).
3. Mark with the mark scheme: each green badge is one mark. For essays marked by levels, choose the level and then the mark within it, once for AO1 + AO2 and once for AO3.
4. Read the worked solution for each question you lost marks on, then use the topic map to revise from the notes chapter.

Timing guide

Paper 1: about 2 minutes per question. Paper 3: about 2.5 minutes per question. Papers 2 and 4: about 40 minutes per question; in Paper 2 spend about 15 minutes on essay part (a) and 25 minutes on part (b).

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ECONOMICS 9708 · Mock Set 1

2 hours

Paper 2 AS Level Data Response and Essays

You will need: your own lined paper (the real paper uses an answer booklet) and a calculator.

INSTRUCTIONS

- Answer three questions in total. Section A: answer Question 1. Section B: answer one question. Section C: answer one question.
- You may use a calculator.
- You may answer with reference to any economy you have studied where relevant to the question.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

Section A

Answer all parts of Question 1.

Question 1

Will fast trains empty the skies over Corvania?

For decades the quickest way to travel between Marrick, the capital of Corvania, and the port city of Dunmere was to fly. The old railway took almost seven hours to cover the 540 km. In January 2023 the state-owned company Corvanian Rail opened a high-speed line that cuts the journey to two hours and twenty minutes.

The line cost £9 billion, equal to 1.5% of Corvania's annual GDP of £600 billion. The Government borrowed all of the money, at a time when national debt stood at 62% of GDP and unemployment at 7.4%. Construction provided work for 18 000 people over five years, many of them in regions where steelworks had closed.

At the start of 2024 Corvanian Rail cut its average fare, helped by a Government subsidy of £8 per passenger. Airlines left their fares unchanged. Other things that affect travel changed very little during the year.

Table 1.1 The Marrick to Dunmere route

year	average rail fare / £	rail passengers / million	average air fare / £	air passengers / million
2023	40	3.0	60	4.0
2024	36	3.6	60	3.4

On this route a passenger who flies causes about 110 kg of carbon dioxide emissions, compared with about 12 kg for one who takes the train. People who live near Marrick airport also complain about aircraft noise. Environmental groups want a tax of £12 per passenger on all domestic flights, which would raise about £40.8 million on this route at 2024 passenger numbers. Airlines reply that it would hurt travellers from remote towns that have no rail link at all.

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The subsidy cost £28.8 million in 2024. Peak-time trains are now full, and new carriages would take two years to arrive. Some politicians believe the subsidy should be spent instead on rural clinics.

(a) (i) Using Table 1.1, calculate the cross elasticity of demand for air travel with respect to the rail fare between 2023 and 2024. [1]

(ii) State what the sign of your answer suggests about the relationship between rail travel and air travel. [1]

(b) Using a demand and supply diagram, show the effect of the proposed tax on the market for domestic flights. [2]

(c) Consider whether the data in Table 1.1 show that cutting the fare was the right decision for Corvanian Rail. [4]

(d) Assess whether a tax on domestic flights would be a better way than a subsidy for rail travel to reduce the external costs of travel in Corvania. [6]

(e) Assess whether borrowing to build the high-speed line is likely to benefit the Corvanian economy as a whole. [6]

[Total: 20]

Section B

Answer one question.

EITHER

Question 2

(a) Explain, with the help of a diagram, why the price elasticity of supply of a farm crop is likely to differ between the short run and the long run, and consider whether this difference matters to the consumers of the crop. [8]

(b) Assess whether a mixed economy is likely to allocate resources better than a market economy. [12]

[Total: 20]

OR

Question 3

(a) Explain, with the help of a diagram, how a minimum price set above the equilibrium price affects the market for a crop, and consider who is likely to gain the most from it. [8]

(b) Assess whether state provision of essential goods and services is likely to reduce inequality more effectively than progressive taxes on income and wealth. [12]

[Total: 20]

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Worked solutions and mark scheme

Paper 1 AS Level Multiple Choice: answer key

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

Paper 1: worked explanations

1 C. Opportunity cost is the next best alternative forgone, so only the second-ranked project counts. D adds the third choice, but the council could not have had both. A is the money cost, not the alternative.

2 A. "Ought to" is a value judgement and cannot be tested against facts. B, C and D can all be checked with data, even if one of them turned out to be false, so they are positive.

3 D. The entrepreneur organises land, labour and capital and takes the risk of loss, in return for profit. A is labour (wage). B is a supply of finance, rewarded by interest. C is a payment of rent.

4 B. Rice falls by 170 − 130 = 40 tonnes for 10 thousand extra panels, so each thousand costs 40 ÷ 10 = 4 tonnes. 40 tonnes (D) is the cost of all 10 thousand. 2 and 6 are the neighbouring steps; the rising cost shows a bowed-out PPC.

5 A. The wall is non-rival (one more house costs nothing to protect) and non-excludable (a non-payer cannot be stopped from benefiting), so free riders make it unprofitable. In B a firm could exclude non-payers and so could charge for the service.

6 C. Cheaper bicycles raise the quantity of bicycles bought and so raise the demand for helmets at every price: the curve shifts right, and the price and quantity rise. A would be right for substitutes. B confuses a shift with a movement along the curve.

7 D. Oat milk price: +15%. Soya milk quantity: +25%. XED = 25 ÷ 15 = +1.67; the positive sign shows substitutes. C inverts the formula (15 ÷ 25 = 0.60). A and B have the wrong sign.

8 C. Expenditure at the five prices is 200, 320, 360, 320, 200. It is highest (£360) at £6, the midpoint of the line, where PED = −1. Above the midpoint demand is elastic, so a price cut raises spending; below the midpoint it is inelastic, so a price cut lowers spending.

9 A. Stocks and spare capacity let firms raise output quickly when the price rises. B, C and D all make it harder to respond, so they make supply less elastic.

10 D. More sheep means more wool whatever the price of wool, so the supply curve of wool shifts right and its price falls. A and B shift supply the wrong way. C treats wool as a substitute for lamb.

11 B. From the diagram, D meets £8 at 240 units and £6 at 280 units. Consumer surplus rises from ½ × 240 × 12 = £1 440 to ½ × 280 × 14 = £1 960, a gain of £520. A is only the rectangle 240 × 2 = £480; the triangle for new buyers adds £40. D is the new total, not the change.

12 D. Consumers pay £5.30 − £5.00 = £0.30 of the tax, so producers bear £1.50 − £0.30 = £1.20 per unit. On 8 000 units: £9 600. A is the consumers' share. Tax is paid only on units sold after the tax, not on 10 000 units.

13 A. At £4, quantity demanded is 800 and quantity supplied is 500: shortage = 300 kg. 500 is what is actually sold. The maximum price matters only because it is below the equilibrium price of £5.

14 C. Buying adds to demand and lifts the price back towards the floor. Selling (A) is used when the price is above the ceiling. B and D do not support a price that is too low.

15 A. The Gini coefficient measures inequality: 0 is perfect equality and 1 is complete inequality. A rise means less equal incomes. It says nothing about the average level of income (B) or about absolute poverty (C).

16 B. GNI = 500 − 20 = 480. NNI = 480 − 45 = 435. Taxes and subsidies are needed only for basic prices (A = 385). C ignores income from abroad; D adds the negative figure wrongly.

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Paper 2 AS Level Data Response and Essays: worked solutions and mark scheme

Each green badge = one mark. ";" separates marking points. Credit any correct point not listed, even if worded differently. allow = also accept. The paper total is 60: Question 1 (20), one of Questions 2 and 3 (20), one of Questions 4 and 5 (20). Solutions for all the optional questions are given.

How the Paper 2 essays are marked

Part (a), 8 marks: point marking. AO1 Knowledge and understanding can earn 3 marks at most, AO2 Analysis 3 and AO3 Evaluation 2, with one AO3 mark kept for a reasoned judgement.

Part (b), 12 marks: levels. Choose a level and a mark from Table A (out of 8) and separately from Table B (out of 4), then add them. These mark ranges are those in the published 9708 mark schemes; the descriptions are in our own words.

Table A: AO1 (Knowledge and understanding) + AO2 (Analysis)

Level	What the answer does	Marks
3	Accurate, detailed theory, explained and supported by examples. Keeps to the exact question; every link in the reasoning is developed; diagrams are correct and used in the argument; well organised.	6–8
2	Some relevant theory, but explanations are thin, too general or partly wrong. Addresses the theme of the question; analysis is mostly accurate but short of detail; diagrams partly accurate or not fully used.	3–5
1	A few relevant facts with serious errors or gaps. Little link to the question; description in place of analysis; diagrams wrong or missing; poorly organised.	1–2
0	Nothing worth credit.	0

Table B: AO3 Evaluation

Level	What the answer does	Marks
2	Reaches a supported judgement on the precise question; the evaluative comments are developed and reasoned.	3–4
1	The conclusion is general or vague; evaluative comments are simple and undeveloped, with little support.	1–2
0	Nothing worth credit.	0

Section A

Question 1(a)(i)

Rail fare: (36 − 40) ÷ 40 = −10%. Air passengers: (3.4 − 4.0) ÷ 4.0 = −15%. XED = −15 ÷ −10 = +1.5.

Mark scheme 1 +1.5 allow 1.5 without the plus sign

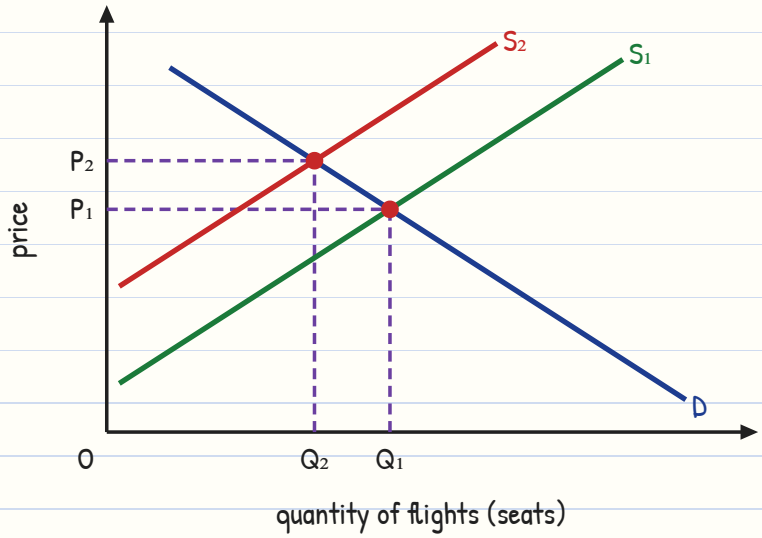
Question 1(a)(ii)

The sign of XED shows the type of relationship; the size shows how strong it is.

Mark scheme 1 positive sign: they are substitutes allow own figure from (a)(i)

Question 1(b)

The tax is a cost to the airlines for each passenger, so supply shifts to the left, by the amount of the tax. The price rises and the quantity falls.



> **Mark scheme** 1 correctly labelled diagram with supply shifted to the left; 1 higher price and lower quantity shown a rightward shift of demand scores 0

Question 1(c)

Rail passengers rose 20% after a 10% cut in the fare, so PED = 2.0 in absolute value: demand is elastic. Fare revenue rose from 40 × 3.0 = £120m to 36 × 3.6 = £129.6m, a gain of £9.6m. On the other hand, the table gives revenue and not profit. The extra 0.6 million passengers carry costs, and the subsidy makes the fare cut possible at all. The total on the route stayed at 7.0 million in both years, so the new rail passengers all came from the airlines, not from new travel.

> **Mark scheme** 1 uses data to show demand is price elastic (PED = 2.0) or that fare revenue rose (£120m to £129.6m); 1 so an elastic demand means a fare cut raises revenue; 1 but revenue is not profit: the costs and the subsidy are not shown, or peak trains are now full; 1 evaluation: a reasoned view, e.g. good for revenue, but the table alone cannot prove that it was right

Question 1(d)

Tax on flights. It makes flying dearer (internalises part of the external cost), so fewer people fly; a passenger switching to rail saves about 110 − 12 = 98 kg of carbon dioxide; it raises revenue (£40.8m on this route) that could pay for clean transport. But £12 may be set wrongly, because the marginal external cost is hard to value. Demand may be inelastic on routes with no train, and remote towns would pay the tax with no alternative.

Subsidy for rail. It lowers fares and draws passengers from the air: in 2024 about 0.6 million passengers moved, avoiding about 58 800 tonnes of carbon dioxide. It helps low-income travellers. But it costs the Government £28.8m, which has an opportunity cost such as rural clinics, and it has no effect where there is no line. With peak trains already full, a further fare cut cannot attract many more passengers.

Judgement. The tax targets the source of the external cost and raises money, while the subsidy works only on the routes with a train; but the tax works best where a good alternative exists. Combining them on the Marrick to Dunmere route, with the tax revenue paying for carriages, may beat either one alone.