Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/42**

Paper 4 A Level Data Response and Essays **February/March 2025**

2 hours

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You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS
- Answer **three** questions in total:
  - Section A: answer Question 1.
  - Section B: answer **one** question.
  - Section C: answer **one** question.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.
- 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 [ ].

This document has **4** pages. Any blank pages are indicated.

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Section A

Answer all parts of Question 1.

1 **China's population trend**

China's economic miracle has been built on a seemingly endless supply of affordable labour from a population of 1.4 billion.

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Fig. 1.1 Annual population change in China, 1970 to 2050

Sources: Didi Tang, The Times, 29 April 2021 and 12 January 2023
US Census International Database, 15 February 2023

(a) Explain what is meant by an optimum population. [2]

(b) Explain how China's population structure changed between 1970 and 2020 **and** consider whether the statement 'its population is decreasing' is supported by Fig. 1.1. [5]

(c) Identify **two** observations economists have made about changes in China's population **and** analyse how these changes would affect GDP. [6]

(d) China's government has a different view from what it says are the alarming statements made by economists. Consider the effects on the economy of the population policies suggested by China's government. [7]

Section B

Answer **one** question.

EITHER

2 Oligopolies are able to avoid price competition while maintaining supernormal profits in the long run.

Evaluate this statement. [20]

OR

3 With the help of a diagram, evaluate the consequences of imposing an effective minimum wage on the employment level and the wage level in a monopsony labour market. [20]

Section C

Answer **one** question.

EITHER

4 With the help of a diagram, assess the effectiveness of government policies that might be used to reduce demand-pull inflation. [20]

OR

5 With the help of a diagram, evaluate the effectiveness of the use of expenditure-switching policies to reduce a current account deficit on the balance of payments. [20]

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