Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/42**

Paper 4 A Level Data Response and Essays **May/June 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.

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Section A

Answer all parts of Question 1.

1 **Global carbon emissions**

A key message of the 2021 World Climate Summit was that the use of coal must be phased out for the good of the planet.

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Instead, a mixture of renewable energies will be required to achieve zero-carbon

Sources: The Sunday Times, *17 October 2021*
The Times, *26 October and 24 November 2021*
nsenergybusiness.com, 4 November 2021

(a) Define economic sustainability and give **one** example from the information of a change that can be used to illustrate it. [2]

(b) Use the information to comment on the possible effects on the economies of the countries that refused to sign the carbon policy agreement. [4]

(c) Discuss why the article says that 'China is a country of contradictions'. [4]

(d) With the help of a marginal social cost and benefit diagram discuss whether the continued use of coal to produce electricity makes the achievement of allocative efficiency less likely. [10]

Section B

Answer **one** question.

EITHER

2 Monopolies restrict output to raise prices to exploit consumers.

With the help of a diagram, assess the extent to which a government should intervene in monopoly markets. [20]

OR

3 With the help of a diagram, assess whether the impact of an increase in labour productivity on the wages and employment of a firm is likely to be greater in a perfectly competitive labour market than in an imperfectly competitive labour market. [20]

Section C

Answer **one** question.

EITHER

4 With the help of an injections and withdrawals graph, assess the impact of a decrease in interest rates on the level of employment in an economy. [20]

OR

5 Globalisation will have an equally beneficial effect on the standard of living in both high-income and low-income countries.

Evaluate this statement. [20]

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