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

7414777531

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.

© UCLES 2025

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.

Content removed due to copyright restrictions.

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

© UCLES 2025

(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]

© UCLES 2025

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge Assessment International Education is part of Cambridge Assessment. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which is a department of the University of Cambridge.

© UCLES 2025