Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/41**

Paper 4 A Level Data Response and Essays **May/June 2025**

2 hours

1584179791

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 The influence of governments

People often talk as if governments can easily control economic outcomes.

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High-income countries decided to focus on economic growth realising that it was essential to generate revenues and taxes needed to pay for costly investments, for example, the storage of renewable energy, required to reduce the use of fossil fuels.

Sources: Irwin Stelzer, The Sunday Times, *29 January 2023*
Ray Bourne, The Times, *9 February 2023*

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(a) The article refers to structural unemployment. Explain what this means and whether it is the same as the natural rate of unemployment. [3]

(b) To keep unemployment low, one government used fiscal policy. Analyse how this policy can affect unemployment rates. [6]

(c) Explain how the policies of high-income economies towards 'green energy' changed between 2015 and 2022. [3]

(d) Assess whether the article provides sufficient evidence to justify its conclusion that the intervention of governments has little effect on economic outcomes. [8]

Section B

Answer **one** question.

EITHER

2 With the help of a diagram, evaluate the use of indifference curve analysis to explain the relationship between a change in the price of a product and the change in an individual consumer's demand for this product. [20]

OR

3 The growth of a firm using a takeover is desirable because it enables consumers to benefit from lower prices and the firm to gain additional profits.

Evaluate this statement. [20]

Section C

Answer **one** question.

EITHER

4 A country is experiencing stagflation, when there is a high rate of inflation at the same time as a negative output gap.

With the help of a diagram, evaluate the effectiveness of using fiscal policy to solve this problem. [20]

OR

5 A free trade area gains all the benefits associated with being a member of a customs union while avoiding all the costs associated with being a member of a customs union.

Evaluate this statement. [20]

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