Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/44**

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

2 hours

3919006972

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 Economic development in Bangladesh

Since 1971 Bangladesh has experienced significant economic development, moving from the low-income to the lower-middle-income country classification. Gross National Income (GNI) per capita at constant 2017 prices in United States dollars ($) rose from $2342 to $5823 between 2000 and 2020. Over the same period, the country's Human Development Index (HDI) rose from 0.49 to 0.66.

During this period, Bangladesh underwent changes in employment as it moved from the agricultural sector to the manufacturing and services sectors.

First, in agriculture, output increased by more than 100% whilst employment fell from 65% to 38% of the working population. This change was helped by innovation in crop irrigation, land preparation and harvesting, aided by the development of local industries to provide the capital equipment needed.

A second source of economic development was the growth in the clothing industry producing ready-made garments (RMG) that contributed about 11% of Bangladesh's Gross Domestic Product (GDP) and employed 4.4 million workers of which 2.5 million were women (2020). The industry uses significant division of labour with production split into 10 or more processes, for example, cutting, sewing zips, assembly and packaging.

The value of raw materials imported for the RMG industry was about half of the value of the industry's exports. Net exports from this sector stood at $23 billion. This enabled Bangladesh to both import a wider range of goods and services and reduce the deficit on its balance of trade in goods.

In 2020, there were more than 4000 RMG manufacturers in Bangladesh, differentiated by the quality of their products and the speed of their delivery. The RMG industry supplied more than 100 major US and European retailers.

However, the RMG industry has critics who point to air and water pollution from the chemicals used in cotton growing and manufacturing clothes. The industry is also accused of employing child labour and of having poorly constructed factories.

Sources: Bangladesh overview: World Bank, 11 April 2024 and Quarterly Review on Readymade Garments, Bangladesh Bank Research Department, 14 February 2023

(a) Identify what is included in the HDI. [3]

(b) The passage states that the RMG industry 'uses significant division of labour'. Explain how this is likely to affect the average costs of firms in Bangladesh's RMG industry. [3]

(c) Identify the probable market structure of the RMG industry in Bangladesh and with the help of a diagram, consider the likely effect on the level of long-run profits of firms in this industry. [6]

(d) With reference to the article, assess whether there is enough evidence to conclude that living standards in Bangladesh have improved since 1971. [8]

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Section B

Answer **one** question.

EITHER

2 With the help of a diagram, consider whether economic efficiency can be achieved without government intervention in a market economy. [20]

OR

3 Evaluate whether the marginal revenue product theory (MRP) always explains the differences in wages. [20]

Section C

Answer **one** question.

EITHER

4 A country with an open economy has falling demand for exports.

Consider the view that monetary policy alone will solve this problem. [20]

OR

5 Evaluate how a country might increase its potential economic growth. [20]

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