GradeMax

Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/41**

Paper 4 A Level Data Response and Essays **October/November 2025**

2 hours

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.

DC (PQ) 351815/3
© UCLES 2025

[Turn over

GradeMax

Section A

Answer all parts of Question 1.

1 **Working overseas**

Many low-income countries have large proportions of the population below the World Bank's absolute poverty level of $2.15 per day (United States dollars, 2022). One way in which these countries try to reduce their poverty is by the migration of workers to richer countries. The migrants send a portion of their incomes, known as remittances, back home to support their families.

These overseas workers are a link between migration and development. The flow of remittance money is greater than the foreign direct investment and official development aid received by middle-income and low-income countries. Total remittances received by those countries in 2022 was $650 billion, of which 45% ($293 billion) was received by only five countries.

About 50% of migrants from low-income countries went to high-income countries.

Migrants can find their incomes increase significantly. A nurse may make seven times more in Australia than in the Philippines, adjusted for purchasing power parity (PPP).

Unlike official aid, remittances flow directly to their receivers and are a stable source of income. They can buy extra food and they may provide savings for the receiver. They may reduce child labour in disadvantaged families and allow for higher spending on education through higher enrolments and more years of completed schooling.

Migration can reduce unemployment and raise wages in home countries. Migration may lead to larger benefits for the home country by increasing the rates of return on human capital caused by the creation of better, more productive, and higher paying jobs.

When the flow of migrants goes to a host country whose population is ageing, it may reduce the average age of the population. This can lead to an increase in the size of the labour force, reduce the age dependency ratio and make a positive tax contribution. The migrants increase the demand for host country output and may utilise housing in less popular areas. Those with a high level of education make an even more significant contribution to economic output.

Sources: The Guardian*, 23 August 2023*
asia.nikkei.com, 3 March 2023
imf.org, March 2020

(a) Explain what is meant by absolute poverty. [2]

(b) Explain, with the aid of a diagram, how the migration of workers from a low-income country is likely to affect wages in the low-income country. [5]

(c) The article states: 'Total remittances received by those countries in 2022 was $650 billion.'

Analyse how this is likely to benefit the migrants' home economies. [6]

(d) Consider if the article contains sufficient information to support the view that migrants have only a beneficial economic impact on the host country. [7]

© UCLES 2025

GradeMax

Section B

Answer **one** question.

EITHER

2 Market failure is to blame for climate change and the inefficient allocation of resources. The only solution is for governments to intervene to improve resource allocation.

Assess the extent to which you agree with this statement. [20]

OR

3 The degree of competition that a firm experiences is determined only by the barriers to entry into its market.

With the help of a diagram(s), evaluate this statement. [20]

Section C

Answer **one** question.

EITHER

4 Evaluate the effect of a rise in the exchange rate on the achievement of the macroeconomic aims of a country. [20]

OR

5 Economic growth can only occur when an economy is below full employment.

Evaluate this statement. [20]

© UCLES 2025

GradeMax

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