GradeMax

CAMBRIDGE
International Education

Cambridge International AS & A Level

ECONOMICS **9708/22**

Paper 2 AS Level Data Response and Essays **May/June 2026**

2 hours

7387004547

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 [ ].

PapaCambridge

This document has 4 pages.

DC (DE) 358647/1
© Cambridge University Press & Assessment 2026

[Turn over

GradeMax

Section A

Answer all parts of Question 1.

1 Should Australia support the production of nickel?

Nickel is an extremely important raw material that is used in many products.

Content removed due to copyright restrictions.

© Cambridge University Press & Assessment 2026

GradeMax

Content removed due to copyright restrictions.

The question, however, is whether this is affordable and whether the Australian government should instead focus all of this spending in other areas and so allow Indonesia to make full use of its comparative advantage.

Source: adapted from; Melanie Burton, Australia lists nickel as 'critical mineral' to unlock billions in support, reuters.com, 16 February 2024

(a) Using the data in Table 1.1, calculate the price elasticity of demand (PED) for nickel between 2022 and the forecast for 2024. [2]

(b) State what this estimate suggests about the PED for nickel and why this estimate might be considered 'highly unusual'. [2]

(c) With the help of a demand and supply diagram, explain the effect of a subsidy on the production of nickel in Australia **and** consider whether the impact will always be as expected. [4]

(d) 'The Australian government plans a large increase in its spending.'

Assess the possible effects of a large increase in government spending by the government on the Australian economy. [6]

(e) Assess whether the principle of comparative advantage should be the only factor to consider when the Australian government decides whether to support the production of nickel. [6]

© Cambridge University Press & Assessment 2026

GradeMax

Section B

Answer **one** question.

Either

2 **(a)** Explain, using examples, the difference between a public good and a merit good **and** consider the extent to which an increase in the provision of information on the benefits of a merit good is the best way to increase its consumption. [8]

(b) Assess the extent to which the nature of public goods means that they can only ever be provided in a mixed economy. [12]

Or

3 **(a)** Explain, with the help of a diagram, what is meant by market equilibrium **and** consider the extent to which changes in the level of consumer income will change the market price for a product. [8]

(b) Assess the extent to which government intervention to control prices in a market can cause changes in **both** the amount of quantity demanded and quantity supplied of a product in that market. [12]

Section C

Answer **one** question.

Either

4 **(a)** Explain why economic growth is usually measured using real GDP rather than nominal GDP **and** consider the extent to which an economy can only achieve economic growth by an increase in the quantity of its resources. [8]

(b) Assess the extent to which the benefits of economic growth will always outweigh the costs for **all** economies. [12]

Or

5 **(a)** With the help of a diagram, explain the circular flow of income in an open economy with government intervention **and** consider the extent to which the level of income in this economy may change following its transition to a closed economy. [8]

(b) Assess the extent to which a government can use fiscal policy to influence leakages from and injections into the circular flow of income to achieve any **two** of its macroeconomic objectives. [12]

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 (Cambridge University Press & Assessment) 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 our 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 International Education is the name of our awarding body and a part of Cambridge University Press & Assessment, which is a department of the University of Cambridge.

© Cambridge University Press & Assessment 2026 9708/22/M/J/26