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CAMBRIDGE
International Education

Cambridge International AS & A Level

ECONOMICS **9708/44**

Paper 4 A Level Data Response and Essays **May/June 2026**

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.

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Section A

Answer all parts of Question 1.

1 **Environmental policies in Czechia**

Czechia, a country in the European Union, is experiencing strong growth of its gross domestic product (GDP). Climate change, however, is affecting its agriculture and forestry sectors and people's health. According to Table 1.1, Czechia currently generates 50% of its electricity using fossil fuels (coal, oil, and gas), which emit greenhouse gases (GHG) and other air pollutants. Nuclear power plants generate 32% and renewable sources generate 18%. Czechia also has coal-fuelled heating systems, and industry that emits a lot of GHG, particularly in car production. Despite an increase in the use of renewables and energy efficiency measures, Czechia remains highly dependent on fossil fuels. If Czechia is to reach net zero carbon emissions by 2050, further measures are needed.

Table 1.1 Selected indicators for Czechia, 2000–2020

year	2000	2004	2008	2012	2016	2020
Real GDP per capita (US$)	12312	14070	17047	16607	18247	19048
Emissions of GHG per capita (tonnes)	12.2	12.1	11.4	10.2	9.7	8.3
Research and development expenditure (% of GDP)	1.11	1.14	1.23	1.77	1.67	1.99
% of electricity generated by fossil fuels	90.0	83.7	81.4	77.2	77.7	50.0

Source: World Bank Open Data, April 2024

Czechia's relatively low research and development (R&D) spending in the private sector is shown in Table 1.1. Combined with inadequate digital and transport infrastructure, this restricts innovation. However, energy efficiency regulations, such as setting energy efficiency standards for buildings, will incentivise private investment. Increased government spending on renewable energy projects and energy efficiency measures, such as modernising electricity grids, would act as a fiscal injection. There is not enough skilled labour at present to install new technologies in the renewable energy sector, but education and training can be improved.

The government needs to ensure that energy prices do not rise too much, which would add to firms' costs. If Czechia fulfils its commitment to phase out the use of coal to generate electricity by 2033, the high levels of unemployment and poverty in Czechia's coal-producing region could increase.

Since 2000, transport's use of energy has increased by 64%. As incomes have grown, the use of public transport, such as rail and buses, has decreased from 37% to 18% of all passenger kilometres travelled, while the use of private cars has increased from 63% to 82%. Therefore, policies to improve the quality and availability of public transport are needed. Increasing investment in public transport would also promote worker mobility and productivity growth.

Higher taxes on cars and electricity would raise revenues that could partly finance environmental projects. The structure of vehicle taxes in Czechia encourages the use of hybrid and electric

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cars, for example electric-car owners are exempt from road tax and can park for free in cities. But further measures to facilitate the use of electric vehicles, such as providing charging infrastructure, are necessary.

Sources: International Monetary Fund : *Enhancing the green transition in Czechia*
Odysee Mure: European Union: *Czechia : Energy profile, March 2024*

(a) Using information from Table 1.1, identify the relationship between the standard of living and greenhouse gas (GHG) emissions in Czechia. [2]

(b) Goods can be classified as either normal or inferior.

(i) Explain how public transport would be classified in Czechia. [2]

(ii) Explain how private cars would be classified in Czechia. [2]

(c) Consider, with the help of a diagram, whether electricity generation in Czechia creates a deadweight welfare loss. [6]

(d) Using the information and your economics knowledge, assess whether there is a conflict between economic growth and sustainability in Czechia. [8]

Section B

Answer **one** question.

Either

2 Assess the extent to which marginal utility theory explains the downward sloping market demand curve for a good. [20]

Or

3 Although firms in an oligopolistic market may be in competition with each other, they will find it advantageous to collude.

With the help of a diagram or a pay-off matrix, evaluate this statement. [20]

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Section C

Answer **one** question.

Either

4 Knowledge of both the multiplier and the accelerator enable a government to implement effective fiscal policies to close a deflationary gap.

Evaluate this statement. [20]

Or

5 Discuss whether expenditure-reducing policies are preferable to expenditure-switching policies in order to correct a persistent deficit on the current account of the balance of payments. [20]

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