



# **Cambridge International AS & A Level**

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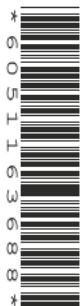
**ECONOMICS**

**9708/22**

Paper 2 AS Level Data Response and Essays

**October/November 2025**

**2 hours**



You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

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## **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 [ ].

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This document has 4 pages.

**Section A**

Answer all parts of Question 1.

- 1 **How do we make sure cocoa bean farmers get paid a living wage?**

Chocolate is very big business.

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Perhaps the long-term solution is to reduce the country's dependence on cocoa bean exports and diversify into other products that can offer more and better paid job opportunities.

*Source: Adapted from Reuters, 4 April 2023*

- (a) (i) Identify **one** possible reason for the value of price elasticity of demand (PED) for chocolate. [1]
- (ii) Calculate the percentage change in the value of global sales of chocolate between 2017 and 2026, as shown in Table 1.1. [1]
- (b) With the help of a demand and supply diagram, demonstrate why cocoa bean prices continued to fall in 2023. [2]
- (c) Consider whether a buffer stock system controlled by the government of Ivory Coast would be likely to prevent fluctuations in the price of cocoa beans. [4]
- (d) Assess the extent to which the use of a minimum pricing policy would be the best way to ensure cocoa bean farmers get paid a living wage. [6]
- (e) Assess the advantages and disadvantages of Ivory Coast continuing to specialise in the production and export of cocoa beans. [6]

### Section B

Answer **one** question.

**EITHER**

- 2 (a) With the help of a diagram, explain the difference between producer surplus and consumer surplus **and** consider the extent to which producers always gain when the price of a product increases due to higher costs of production. [8]
- (b) Assess the view that a business should be more concerned about the income elasticity of demand for its product than its cross elasticity of demand when incomes are falling. [12]

**OR**

- 3 (a) With the help of a diagram, explain the difference between a movement along a production possibility curve (PPC) and a shift of this curve **and** consider whether a decision to produce more of one product will always incur an equal opportunity cost. [8]
- (b) Assess the extent to which it is always necessary to increase the size of the labour factor of production in order to cause an outward shift of the production possibility curve. [12]

**Section C**

Answer **one** question.

**EITHER**

- 4 (a) Explain **three** components of the current account of the balance of payments **and** consider the extent to which a depreciation in the exchange rate will always lead to a surplus on the current account. [8]
- (b) Assess the extent to which the use of supply-side policy would be the best way to reduce a deficit on the current account of the balance of payments. [12]

**OR**

- 5 (a) With the help of an aggregate demand and aggregate supply (AD/AS) diagram, explain why **two** components of AD may increase **and** consider the extent to which an increase in AD will always lead to inflation. [8]
- (b) Assess the view that the effects of a high rate of inflation are always more damaging for consumers than for firms. [12]

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