



Cambridge International AS & A Level

ECONOMICS

9708/22

Paper 2 Data Response and Essay

May/June 2022

1 hour 30 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **two** questions in total:
 - Section A: answer Question 1.
 - Section B: 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 40.
- The number of marks for each question or part question is shown in brackets [].

This document has **4** pages.



Section A

Answer this question.

1 Economic growth in Russia has slowed to well below the global average

In 2019, Russia set an aim to quicken its economic expansion – to grow faster than the world as a whole. So far, the plan is off to an uncertain start.

Content removed due to copyright restrictions.

This has also led to a fall in the value of the exchange rate for the Russian currency, the rouble.

Source: Andrew E. Kramer, The New York Times 18 February 2020

Table 1.1: Russia: Government budget balance as % of national output

2015	2016	2017	2018	2019
-2.4	-3.4	-1.5	2.9	1.8

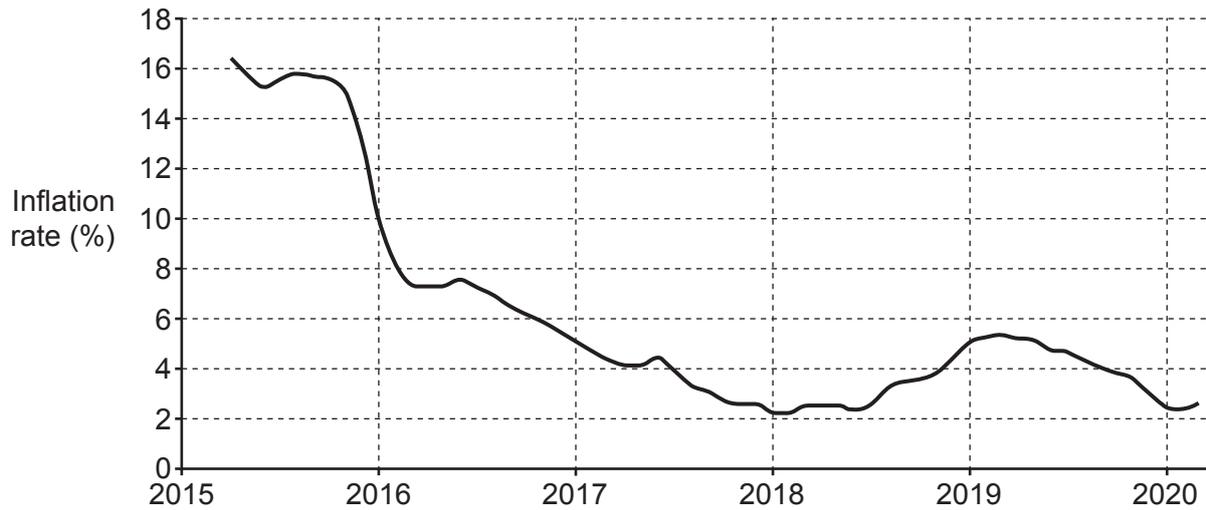


Fig. 1.1: Russia's annual inflation rate, March 2015 to March 2020

Source: Trading Economics/Ministry of Finance of the Russian Federation

(a) Using Fig. 1.1

(i) Compare the rate of inflation in Russia in March 2015 with that in March 2020. [1]

(ii) What has happened to the price level over this period? [1]

(iii) Explain what could have caused real wages in Russia to decline between 2016 and 2018. [2]

(b) Explain whether school lunches provided free-of-charge by the Russian government would be classified as private goods or public goods. [4]

(c) Assess, using aggregate demand and aggregate supply analysis, the likely impact of the changes shown in Table 1.1 upon the rate of inflation in Russia. [6]

(d) Discuss whether the 'huge decrease in the price of oil' and the fall in the value of the rouble might bring more opportunities than threats to the Russian economy. [6]

Section B

Answer **one** question.

- 2 (a) With the help of a production possibility curve diagram(s) compare growth in the productive capacity of an economy and growth that results from a reduction in the quantity of unused resources in an economy. Explain **one** reason that might cause each to occur. [8]
- (b) Discuss the disadvantages of a planned economy and consider whether the transition to an economy in which many resources are allocated by market forces is likely to be of overall benefit. [12]
- 3 (a) With the help of diagrams, use the concept of income elasticity of demand to explain the impact of a fall in incomes on the equilibrium price and equilibrium quantity of a normal good and an inferior good. [8]
- (b) Discuss the difficulties that businesses might have when they try to control the factors that determine the price elasticity of demand for a product and consider whether attempts to control these factors are likely to be successful. [12]
- 4 (a) An economy moves from a deficit to a surplus on the current account of the balance of payments.
- Explain what is meant by a surplus on the current account of the balance of payments and consider the possible impact on the level of employment and prices when there is a change from a deficit to a surplus current account balance in an economy. [8]
- (b) Discuss whether expenditure-reducing or expenditure-switching policies are more likely to be of greater overall benefit if adopted to remove a persistent deficit on the current account of the balance of payments. [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 (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.