


A level Cambridge

ECONOMICS

9708

Paper 3
2020 — 2025


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1 - (9708/31_Summer_2020_Q1) 

A medical team in a refugee camp provides vaccinations for children to prevent an outbreak of an infectious disease.

Why would this be described as a positive externality?


- A Additional benefit might be gained as the disease no longer spreads.
- B Any kind of medical help will improve the condition of the children.
- C No action would be taken unless the medical team intervened.
- D The social benefits of vaccination are less than the social costs.

2 - (9708/31_Summer_2020_Q3) 

An economist undertakes a cost-benefit analysis of the pollution resulting from a manufacturing process.


Which judgement is most likely to guide any recommendation about the appropriate level of manufacturing output?

- A that the marginal social cost of manufacturing equals the marginal social benefit
- B that the marginal cost of pollution is zero
- C that the total revenue of manufacturing equals the total cost
- D that the total benefit of pollution is maximised

3 - (9708/31_Summer_2020_Q13) 

Which policy is **not** designed to correct a market failure?

- A government provision of healthcare
- B price controls on large firms
- C regulations to limit smoke pollution
- D removing import quotas

4 - (9708/32_Summer_2020_Q1) 

What is an example of a negative externality?

- A Lower profit due to increased competition from new firms entering the market.
- B Reduced government funding for a museum.
- C The increase in noise levels from aircraft due to the expansion of a large city airport.
- D The increase in production costs due to an increase in the cost of importing raw materials.

5 - (9708/32_Summer_2020_Q3)



The amount of training undertaken in a mixed economy is not socially optimal.

What could explain this?

- A** Experienced educators are a scarce resource.
- B** In a mixed economy training is a public good.
- C** The individual's benefit from training is less than the benefit to society.
- D** Training is a large variable cost for firms.

6 - (9708/33_Summer_2020_Q1)



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7 - (9708/33_Summer_2020_Q3)



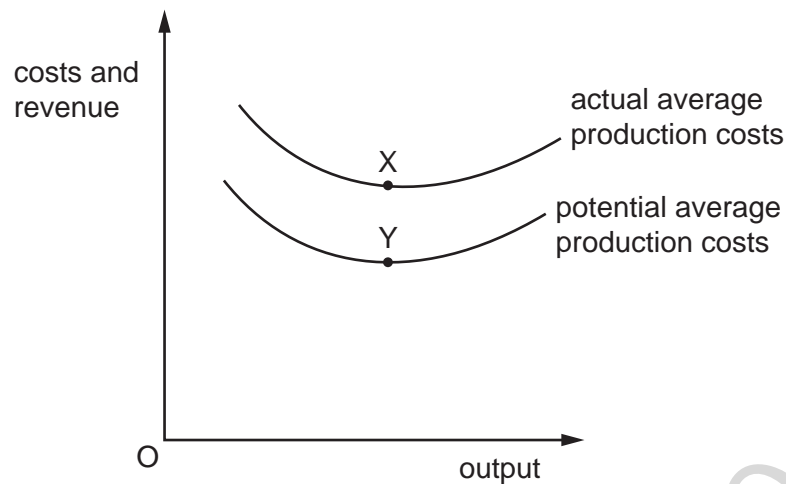
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8 - (9708/31_Winter_2020_Q2) 

The diagram shows the average cost curves for a firm.



If a firm moved from point X to Y, what is most likely to happen to the productive efficiency and x-inefficiency of this firm?

	productive efficiency	x-inefficiency
A	decreases	decreases
B	decreases	increases
C	increases	decreases
D	increases	increases

9 - (9708/32_Winter_2020_Q2) 

What is necessary to achieve Pareto efficiency?

- A** Both consumers and producers must be made better off.
- B** Everybody must be made equally better off.
- C** One person must benefit without anyone else being worse off.
- D** The welfare gains must exceed the welfare losses.

10 - (9708/32_Winter_2020_Q2) 

A local council is considering building a passenger terminal at a port so that it can benefit the large cruise ships that dock there. It undertakes a cost–benefit analysis.

What would be included as an external cost in the local council's cost–benefit analysis?

- A** the cost of a ticket for a passenger to travel on a cruise ship
- B** the cost of fuel to operate the cruise ships
- C** the costs paid by cruise ships when they dock at the port
- D** the cost to a fishing fleet of relocating to another port

1	A	41	B	80	120
2	A	42	C	81	121
3	D	43	A	82	122
4	C	44	B	83	123
5	C	45	A	84	124
6	A	46	A	85	125
7	A	47	C	86	126
8	A	48	B	87	127
9	C	49	C	88	128
10	D	50	D	89	129
11	A	51	D	90	130
12	C	52	A	91	131
13	B	53	C	92	132
14	D	54	C	93	133
15	C	55	B	94	134
16	C	56	C	95	135
17	C	57	D	96	136
18	C	58	A	97	137
19	A	59	A	98	138
20	D	60	A	99	139
21	C	61	A	100	140
22	D	62	D	101	141
23	A	63	C	102	142
24	C	64	A	103	143
25	C	65	C	104	144
26	C	66	D	105	145
27	C	67		106	146
28	C	68		107	147
29	B	69		108	148
30	D	70		109	149
31	D	71		110	150
32	C	72		111	151
33	C	73		112	152
34	D	74		113	153
35	B	75		114	154
36	A	76		115	155
37	C	77		116	156
38	A	78		117	157
39	C	79		118	158
40	A	80		119	159