Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/23**

Paper 2 AS Level Data Response and Essays **May/June 2025**

2 hours

2132973822

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 How onions became a luxury good in the Philippines

Global inflation is putting a strain on food prices, particularly in low-income countries in Asia.

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It was also reported that the government had set up a partnership with two local universities to experiment growing onions and other vegetables using alternative techniques in a controlled environment to increase crop yields.

Sources: Chad de Guzman, 'In the Philippines, onions are now more expensive than meat', Time Magazine, *9 January 2023*
Cost of living: How onions became a luxury in the Philippines, BBC, 27 January 2023

(a) Use a demand and supply diagram to demonstrate how 'a series of typhoons' affected the market price of food crops in Southeast Asia in January 2023. [2]

(b) Is the short-run price elasticity of supply of red onions elastic or inelastic? Justify your answer. [2]

(c) With the help of a production possibility curve (PPC) diagram, consider the impact on the opportunity cost to a farmer in the Philippines of starting to grow red onions. [4]

(d) Assess whether a 'suggested retail price' is the best way of stabilising onion prices in the Philippines. [6]

(e) Assess the extent to which the increase in onion prices is likely to have affected all households equally in the Philippines. [6]

Section B

Answer **one** question.

EITHER

2 Semi-conductors are widely used in the production of many types of electronic goods such as smartphones. It has been estimated that the price elasticity of supply for semi-conductors is 0.2 in the short run and 0.8 in the long run.

(a) Explain what these estimates mean for producers of smartphones that use semi-conductors **and** consider the significance of the long-run estimate. [8]

(b) Assess the likely effects on resource allocation of a continuing increase in demand for semi-conductors. [12]

OR

3 **(a)** Explain what is meant by a merit good and why governments provide merit goods such as healthcare free of charge **and** consider why such provision may not always be successful. [8]

(b) Assess whether a charge made for healthcare at the point of use is likely to be more beneficial to consumers and providers than if healthcare is available to all free of charge. [12]

Section C

Answer **one** question.

EITHER

4 **(a)** Explain **two** causes of economic growth **and** consider the extent to which their impact can be measured. [8]

(b) Assess the extent to which economic growth is always beneficial for the people and government in an economy. [12]

OR

5 **(a)** The terms of trade index for an economy changed from 105 to 110 in a given year.

Explain **two** likely reasons for this change **and** consider the extent to which the change is likely to benefit the current account of the balance of payments of this economy. [8]

(b) Assess whether government policy can influence an economy's comparative advantage in a good or service. [12]

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