Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/24**

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

2 hours

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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 Economic challenges in Malaysia

Annual growth in real GDP in Malaysia averaged 5.2% during the past ten years. There was a great deal of instability in GDP between July 2020 and July 2021, largely due to the COVID-19 pandemic. Economic growth was projected to grow by between 5.5% and 6.5% in 2022. The percentage change in real GDP per annum in Malaysia between January 2019 and January 2022 is shown in Fig. 1.1.

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Source: Adapted from Press Release from the Malaysia Ministry of Finance, 11 February 2022

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(a) Using the data in Fig. 1.1, describe the trend shown in the annual rate of economic growth in Malaysia over the period January 2019 to January 2022. [2]

(b) Explain what is meant by 'real GDP'. [2]

(c) Consider the extent to which the potential advantages of subsidies given to firms by the Malaysian government outweigh their potential disadvantages. [4]

(d) Assess how far external factors were responsible for economic growth in Malaysia over the period January 2019 to January 2022. [6]

(e) Assess the possible consequences of a falling rate of unemployment for Malaysia. [6]

Section B

Answer **one** question.

EITHER

2 **(a)** With the help of a formula, explain the meaning of price elasticity of demand **and** consider the significance to a firm of having price elastic or price inelastic demand for its product. [8]

(b) Assess whether governments should always support the provision of merit goods in markets such as those for education or health care. [12]

OR

3 **(a)** With the help of a diagram, explain the impact of introducing an effective minimum price for a product **and** consider the effect on the consumer surplus for that product. [8]

(b) Assess whether a minimum wage policy is the best way to redistribute income in an economy. [12]

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Section C

Answer **one** question.

EITHER

4 **(a)** Explain why expenditure on education and training is a supply-side policy **and** consider why its impact on the general price level may differ between the short run and the long run. [8]

(b) Assess whether the consequences of inflation in an economy are always negative. [12]

OR

5 **(a)** With the help of a formula, explain the causes of an improvement in the terms of trade in an economy **and** consider whether such an improvement can ever be harmful to an economy. [8]

(b) Assess whether the depreciation of an exchange rate is always beneficial to an economy. [12]

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