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.

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

(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]

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]