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Cambridge Assessment International Education

Cambridge International AS & A Level

ECONOMICS **9708/23**

Paper 2 AS Level Data Response and Essays **October/November 2025**

2 hours

7347697362

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 [ ].

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Section A

Answer all parts of Question 1.

1 Malaysia's uncertain economic prospects

Malaysia is an emerging middle-income country. Its increasing population is an important factor in promoting future economic growth. The country, however, faces two underlying problems. First, the fertility rate, the average number of children a woman can expect to give birth to, has fallen consistently as Malaysia's economy has developed. This rate is now below the critical level where a population replaces itself. Second, Malaysia has an ageing population, with an increasing proportion of its population over 65 years of age. In 2015 the average age of Malaysia's population was 28.2 years; in 2030 it is forecast to reach 34.1 years. Malaysia's forecast total population to 2027 and its ageing population from 2017 to 2022 are shown in Figs. 1.1 and 1.2 below.

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Fig. 1.1 Total population of Malaysia, 2017 to 2027

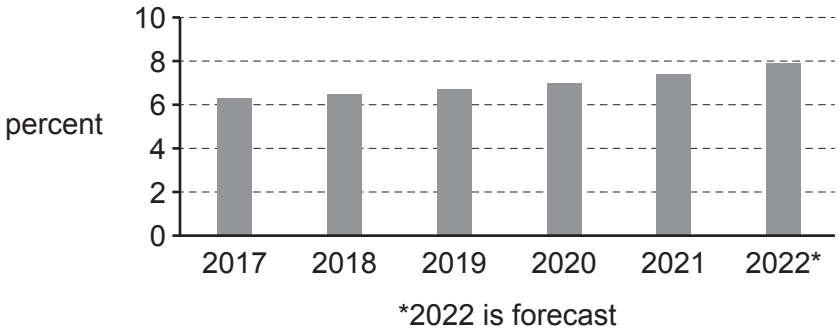


Fig. 1.2 Share of population older than 65 years in Malaysia, 2017 to 2022

The key issue for Malaysia's government is whether it is prepared for this fundamental shift in its population. There is plenty of scope for optimism. The economy appears to have recovered from the shock of the COVID-19 pandemic. Its growth rate in 2021 and the 2022 forecast was above the government's target of 5.1%, with substantial growth in exports of electrical and electronic goods, palm oil, gas and oil supplies. Unemployment is below 4% and the current account of the balance of payments was projected to have a record surplus in 2022.

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Economists, however, fear that Malaysia's government and its people are not ready to meet the challenges of an ageing population. In a recent survey, 70% of respondents felt it was the duty of the young to take care of the elderly, but they were also concerned that the economy could not cope with the pressure on its human capital and other resources. More resources will have to be allocated to meet the needs of the elderly.

It was further argued that Malaysia needed a proper plan for dealing with this situation. According to one economist, free childcare for working parents was essential and tax incentives should be used to keep more elderly workers in employment.

Source: Saw Yee Fung, Low rates impact on Malaysia's human capital and economic development, The Star (KL) 15 October 2022.

(a) Use the information in Figs. 1.1 and 1.2 to compare the change in Malaysia's total population from 2017 to 2022 with the change in its ageing population from 2017 to 2022. [2]

(b) Explain **one** example of 'what to produce' in Malaysia that may have to change in order to meet the needs of its ageing population. [2]

(c) With the help of a production possibility curve (PPC) diagram, consider the extent to which Malaysia's productive capacity is likely to change with its projected change in total population. [4]

(d) Assess whether the Malaysian government should provide free childcare to working parents. [6]

(e) Excluding net exports, assess the likely impact of the change in Malaysia's total population on aggregate demand. [6]

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Section B

Answer **one** question.

EITHER

2 **(a)** In 2022 the supply of root ginger from Nigeria, Africa's biggest producer, fell by 20%. Market demand was expected to grow by more than 5%.

With the help of a demand and supply diagram, explain how the market equilibrium for root ginger in Nigeria is likely to change **and** consider how certain you are of the new market price. [8]

(b) Assess the ways in which producers of root ginger might be able to stabilise their incomes. [12]

OR

3 **(a)** The Gini coefficient for South Korea was estimated to be 0.39 in 2019 and 0.33 in 2022.

Explain what this data means, how it might be used by the government of South Korea **and** consider its usefulness. [8]

(b) Assess why it is easier for a government such as that of South Korea to redistribute income rather than redistribute wealth. [12]

Section C

Answer **one** question.

EITHER

4 **(a)** For your economy or for one that is known to you, explain **three** causes of inflation **and** consider which of these causes is likely to be most important in 2025. [8]

(b) Assess whether supply-side policy or demand-side policy is the better way of reducing this inflation. [12]

OR

5 **(a)** Explain **two** reasons why an economy may have a deficit on the current account of its balance of payments **and** consider whether its government is likely to be concerned about this deficit. [8]

(b) Assess whether it is better to use protectionist policies or contractionary policies to reduce a deficit on the current account of the balance of payments. [12]

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