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DUNMAN HIGH SCHOOL
Preliminary Examination
Year 6

Economics (Higher 2)

9570/2

Paper 2 Essay Questions

12 September 2023

2 hours 30 minutes

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Answer **three** questions in total, of which **one** must be from Section A, **one** from Section B and **one** from **either** Section A or Section B.

An answer booklet will be provided with this question paper. Answer all three essay questions in this booklet.

You should follow the instructions on the front cover of the answer booklet. If you need additional answer paper ask the invigilator for a continuation booklet.

The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **3** printed pages including this cover page.

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Answer **three** questions in total.

Section A

One or two of your three chosen questions must be from this section.

1. Consumers in Thailand are snapping up crocodile meat due to a significant increase in the price of pork which is a staple in their diet. The increase in the price of pork was due to African swine flu affecting pigs in the country and a post-pandemic economic recovery.
 - (a) With reference to the above events, explain the likely changes in consumer expenditure on pork and crocodile meat in Thailand. [10]
 - (b) Discuss the policies the Thai government can implement to address the rising price of pork. [15]

2.
 - (a) Explain how a profit-maximising firm sets prices, and why under certain conditions, different prices may be charged for the same good. [10]
 - (b) Discuss whether lowering prices is the best strategy a firm can adopt to reduce the competition that it faces. [15]

3. While e-cigarettes have seen a rise in popularity in recent years, there are concerns about its use as a gateway to smoking among young people. E-cigarette makers have been accused of false advertising that misleads adolescents about the nicotine content and addictiveness of its products.
 - (a) Explain how a rational consumer may go about making decisions whether to consume e-cigarettes, and how false advertising may affect social welfare. [10]
 - (b) Discuss the factors that a government should consider in its decision to intervene in the market for e-cigarettes. [15]

Section B

One or two of your three chosen questions must be from this section.

4. UK's central bank, the Bank of England, has raised interest rates for the fourteenth consecutive time as it warned that the cost of borrowing will remain high. While the Bank of England acknowledges that the hike will make things 'difficult' for many, the move was necessary to bring inflation down.
- (a) Explain one domestic and one international factor that may increase an economy's rate of inflation. [10]
- (b) Discuss whether an increase in interest rates is the most appropriate policy to bring inflation down in an economy. [15]
5. In 2022, the countries with the largest trade deficits include the United States, the United Kingdom, and India.
- (a) Explain the impact of a rising trade deficit on consumers and producers. [10]
- (b) Discuss alternative policies that may be employed to reduce a country's trade deficit. [15]
6. (a) Explain how embracing globalisation helps an economy alleviate the problem of scarcity. [10]
- (b) Assess the view that globalisation will hinder sustainable growth in an economy. [15]