

Full name : _____

Economics subject class : _____



NATIONAL JUNIOR COLLEGE
SH2 Preliminary Examination for
General Certificate of Education Advanced Level
Higher 2

ECONOMICS

9570/02

Paper 2

2 hours 30 minutes

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

An answer booklet will be provided with this question paper. 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.

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.

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

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NATIONAL JUNIOR COLLEGE
Economics Department

Section A

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

- 1** Lithium currently plays a significant role in the production of lithium batteries widely used in electric vehicles (EVs), but recent research into alternatives such as sodium-ion batteries could also enable their use in EVs. To encourage more consumers to purchase EVs in a push for environmental sustainability, some governments have introduced direct subsidies on EVs. Others are exploring to increase taxes on internal combustion engine vehicles (ICEVs).

 - (a)** With the aid of a diagram, explain a likely impact of a rise in the price of lithium on the overall consumer expenditure on EVs. [10]
 - (b)** Discuss whether government policies or advancements in battery technologies will have a greater impact on the market for EVs in the long run. [15]
- 2** A firm's decisions and strategies are largely determined by the objectives of the firm.

 - (a)** Explain how a firm's price and output decision might change if its objective changes from maximising profit to maximising its revenue. [10]
 - (b)** Discuss whether price discrimination is the best strategy for a firm to increase its revenue. [15]
- 3** Two possible reasons why markets may fail are public goods and positive externalities.

 - (a)** Explain **two** characteristics of public goods, and why markets might be allocative inefficient in the case of public goods. [10]
 - (b)** Discuss whether government policies used to correct market failure due to positive externalities will always create unintended consequences. [15]

Section B

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

- 4** The Covid-19 pandemic and rapid digital transformation have triggered massive job cuts in Malaysia, leaving many out of work. At the same time, businesses are struggling to find workers to bridge a critical skills gap.

Adapted from New Straits Times, 13 March 2021

- (a) In light of the above events, explain the possible causes of unemployment in Malaysia. [10]
- (b) Discuss whether a policy of cutting interest rates is the most effective in solving Malaysia's unemployment problem. [15]

- 5** (a) Explain the possible causes of balance of trade deficit. [10]
- (b) Discuss how far the policy response to address balance of trade deficit is dependent on the cause of the deficit. [15]

- 6** "Cheap consumer products are sold to us as some achievement of globalisation, but they have come at the price of middle-class jobs, craftsmanship and stable communities."

Adapted from Overdressed: The Shockingly High Cost of Cheap Fashion

- (a) Explain how globalisation may worsen the standard of living of a country. [10]
- (b) Discuss whether protectionism is the best way to reduce the negative effects that globalisation may bring about. [15]

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