



RAFFLES INSTITUTION
2017 YEAR 6 PRELIMINARY EXAMINATIONS
Higher 2

ECONOMICS

9757/02

Paper 2 ESSAYS

13 SEPT 2017

2 hrs 15 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

Write your name, index number and civics class on all the work you hand in.
Write in dark blue or black pen on both sides of the paper.
You may use a soft pencil for diagrams, graphs or rough working.
Do not use paper clips, highlighters, glue or correction fluid.

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

Begin each essay question on a fresh sheet of answer paper.

At the end of the examination, fasten your answer to each question separately

Indicate the question number clearly on the cover sheet.

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

This document consists of **3** printed pages and **1** blank page.



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Section A

Answer at least **One** question from this section

- 1 Meal delivery fever has hit Singapore, with companies like Uber and Grab announcing their move into the food delivery market to join the likes of Deliveroo and FoodPanda. Analysts are optimistic about this industry, given Singapore's steady economic growth and the downtrend of petrol prices. Consumers will now be spoilt for choice as they no longer have to dine in at hawker centers and restaurant.

Source: Channel News Asia 2016

- (a) Explain the possible reasons for the rapid growth of the market for delivered food. [10]
(b) Assess how related markets might be affected by these developments. [15]

- 2 Today, Singapore is the largest manufacturer of oil jack-up rigs and command 70% of the world market. However, firms in this sector are facing challenges from cyclical weakness and competition from emerging economies. There has been a call on the government to defer the increase in the foreign worker levy.

- (a) Explain how the survival of these firms is affected by the revenue and cost challenges. [10]
(b) Discuss if the ability to combat these challenges is more dependent on government assistance or the firms' own strategies. [15]

- 3 Some countries provide free education to all its citizens whereas others provide free elementary to high school education while university education requires payment.

Explain whether education is a public good and assess the economic case for the different approaches taken by various countries in the education sector. [25]

Section B

Answer at least **One** question from this section

- 4 (a) Explain how an economist would assess changes in economic performance of an economy. [10]
- (b) Discuss whether trade-offs between macroeconomic objectives is the main consideration in the choice of policies to achieve economic growth in Singapore. [15]

- 5 The Singapore economy is expected to grow more slowly which is typical of a maturing economy. Our population is ageing rapidly and our infrastructure needs are rising, as we seek to build new infrastructure and renew old ones to enhance our quality of life and Singapore's economic competitiveness.

Source: Budget 2017 Speech, March 2017

- (a) Explain how automatic stabilisers and discretionary fiscal policy work in an economy. [10]
- (b) Discuss the extent to which the above trends affect both Singapore's budget position and its standard of living in the future. [15]

- 6 Conceived as a single market involving free movement of labour and capital, the ASEAN Economic Community (AEC) is part of broader efforts to integrate ASEAN economies. ASEAN's market of more than 600 million people, and almost US\$3 trillion in combined GDP, represents vast opportunities and threats for the member countries in ASEAN, including Singapore.

Discuss whether Singapore stands to gain more from the AEC compared to the other ASEAN countries. [25]

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