



RIVER VALLEY HIGH SCHOOL  
YEAR 6 Preliminary Examination II  
in preparation for General Certificate of Education Advanced Level  
Higher 2

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## ECONOMICS

9757/02

Paper 2: Essay Questions

15 September 2017

Additional Materials: Answer Paper

2 hours 15 minutes

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### READ THESE INSTRUCTIONS FIRST

Write your index number and name 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 any diagrams, graphs or rough working.  
Do not use staples, paper clips, highlighters, glue or correction fluid.

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.

Start **each** question on a **new** sheet of paper as the answers are to be **handed in separately**. Indicate clearly the **question number**.

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.

[Turn over

Answer **three** questions in total.

### Section A

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

- 1** Just a year ago, anticipation of higher profits prompted cattle farmers in the European Union (EU) to switch to produce dairy, a major ingredient of many dairy-based products such as cheese. At the same time, the EU abolished dairy production quotas while China, a key importer of EU products, saw slower economic growth.

The Economist, August 2015

Using economic analysis, discuss the impact these events are likely to have had on EU consumers and farmers. [25]

- 2** The cornerstone of the Singapore government's philosophy towards public housing lies in the Home Ownership Scheme introduced in 1964. It involves the provision of fairly generous and broad-based subsidies to ensure affordable and thus widespread home ownership.

Source: Lee Kuan Yew School of Public Policy, 2014

- (a) Using appropriate examples, explain the key differences between a merit good and a public good. [10]
- (b) Discuss the determinants of a government's decision to intervene in the market for public housing. [15]

- 3** 'There is little difference between perfect and imperfect markets. They all have profit maximisation as an aim, they all are subject to competition and they all exploit resources to benefit the producers rather than the consumers.'

Discuss the validity of this statement. [25]

**Section B**

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

- 4** The prospect that the US Federal Reserve will decide to start raising interest rates has raised fears about the effects it will have on the economies of emerging markets.
- (a) Explain how the decision to raise interest rates in the US might affect the economic agents in the domestic sector and its economy. [10]
  - (b) Discuss whether the fears are justified. [15]
- 5** Economists often distinguish small and open economies, such as Singapore, from large and less open ones.
- (a) Explain how size and openness could account for why economies pursue policy mix to different extent. [10]
  - (b) Discuss how far the size and openness of Singapore have influenced her choice of policies to achieve price stability. [15]
- 6** Discuss how far government policies adopted in Singapore affect the economy's patterns of trade. [25]

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