



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

ECONOMICS

9757/02

Paper 2 Essay Questions

22 August 2017

2 hours 15 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

Write your name and subject class on all the work you hand in.
Write in dark blue or black pen on both sides of the paper.
You may use an HB pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, glue or correction fluid.
DO NOT WRITE IN ANY OF THE MARGINS.

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** piece of paper.

At the end of the examination, fasten all your work securely with the cover pages given **one cover page for each question**.

Fill in the necessary information on the cover pages.

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.



Answer **three** questions in total.

Section A

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

- 1** Mobile devices such as smartphones are available in different models. The recovery of the global economy and the rise in labour cost are likely to affect the sales of various models of smartphones in different ways.
- (a) Explain how elasticities of demand can assist in understanding the effect of each of these changes on the sales volume of different models of smartphones. [10]
- (b) Assess the likely combined impact of both of these changes on the revenue earned from the sale of different models of smartphones. [15]
- 2** Globalisation, which includes technological flows, disrupts industries; yet it provides new opportunities for firms. The effects of globalisation depend on whether these industries are faced with high or low levels of competition.
- Discuss the impact of globalisation on the performance of firms in different industries. [25]
- 3** Electric scooters are increasing in popularity as an alternative way to commute over short distances. This has also helped to reduce overcrowding on short-haul buses. However, e-scooters have come under the spotlight recently over the irresponsible e-scooter riders who cause injuries to road users including themselves.

Source: Adapted from The Straits Times, 23 Sept 2016

Discuss the appropriate policies that the Singapore government can adopt to correct the sources of market failure in the market for electric scooters in Singapore. [25]

Section B

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

- 4** For the second month running the UK's headline figure for inflation – the rate of increase in the general price level – is negative. Some economists take the view that this change is essentially good, driven by low energy prices and weak wage pressure.

Source: Adapted from The Guardian, 17 Nov 2015

- (a) Explain the possible causes of the above-mentioned change in general price level in the UK. [10]
- (b) Discuss the extent to which a negative change in the general price level is more desirable than a positive change in the general price level of an economy. [15]

- 5** Over the past few years, social spending has increased significantly in the face of rising income inequality and an ageing population. Yet, no country has been able to offer free healthcare and social services without raising taxes for middle-income earners.

Source: Adapted from straitstimes.com, 25 Oct 2015

- (a) Explain the factors that limit the effectiveness of fiscal policy in reducing unemployment. [10]
- (b) In the light of rising income inequality and an ageing population, discuss whether fiscal policy is the best policy to achieve inclusive and sustained economic growth in Singapore. [15]

- 6** While some countries are increasingly engaging in establishing free trade agreements to promote trade and capital flows, others seem to view free trade agreements with scepticism.

Discuss the factors that influence the different stands governments of different countries may have towards free trade agreements. [25]

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