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## H2 Economics

**9757/02**

Paper 2 Essay Questions

**18 September 2017**

**2 hours 15 minutes**

Additional Materials: Writing Paper

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### READ THESE INSTRUCTIONS FIRST

**Do not open this booklet until you are told to do so.**

Write your name, class and register number in the spaces at the top of the answer sheets.  
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.

Begin each essay question on a fresh sheet of paper.

At the end of the examination, fasten all your work securely to the cover sheet with the string provided.

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

**[Turn Over]**

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This document consists of **3** printed pages and **3** cover sheets.

Answer **three** questions in total.

### **Section A**

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

- 1** While mass-produced chocolate from manufacturers such as Hershey's and Mars can contain as little as 10% cocoa, artisan craft chocolate from small-scale makers can contain more than 70% cocoa. The increase in price of cocoa, a key ingredient in chocolate, has forced chocolate producers to either increase its price or shrink its packaging.

  - (a)** Explain the factors affecting the price elasticity of demand and cross elasticity of demand for chocolate [10]
  - (b)** Discuss the factors that determine the significance of rising cocoa price on the change in prices for different types of chocolate. [15]
- 2** Free education will help give children the chance in life they deserve, building a stronger economy and a more inclusive society.

Assess whether providing free education is the most appropriate policy to achieve an efficient and equitable allocation of an economy's scarce resources. [25]
- 3** 'Contestable markets are imperfectly competitive markets in which firms face the threat of potential competition - pool of potential entrants in a market with no barriers to entry.'

  - (a)** Explain, using examples, how barriers to entry influence a firm's price and output decision. [10]
  - (b)** Discuss the extent to which the efficiency of firms depends on the threat of potential competition that it faces. [15]

## Section B

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

- 4** Singapore entered its 18th consecutive month of negative inflation in April 2016, the longest streak of deflation on record. While previous episodes of deflation coincided with recessions, analysts noted that lower global crude oil prices, cheaper utilities as well as transport costs also had a significant impact.

Adapted from Singapore Business Review, 24 May 2016

**(a)** Explain the possible causes of deflation in Singapore. [10]

**(b)** Discuss the view that deflation brings about more costs than benefits to an economy. [15]

- 5** The US Federal Reserve raised its benchmark interest rate to 1.25 per cent in June 2017. In explaining this rate hike of 2017 and plans for more increases in the coming months, Federal Reserve Chair Janet Yellen said the move reflected progress in the world's largest economy, which continues to add jobs at a solid pace.

Assess the likely internal and external impact of rising US interest rates on the US economy. [25]

- 6** Despite rising anti-globalisation sentiments in 2016, Singapore's Committee on the Future Economy said that Singapore must stay open to trade, talent and ideas.

**(a)** Explain the consequences of globalisation on an economy. [10]

**(b)** Discuss whether exchange rate policy is the best way to address the consequences of globalisation in Singapore. [15]

- End of Paper -



**MERIDIAN JUNIOR COLLEGE**  
**JC2 PRELIMINARY EXAMINATION 2017**

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**COVER SHEET**

**H2 ECONOMICS**

**Section A & B: Essay Question**

Name: \_\_\_\_\_

Civics Group: \_\_\_\_\_

Register Number: \_\_\_\_\_

Tutor: \_\_\_\_\_

**18 September 2017**

**2 Hours 15 Minutes**

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Write your name, civics group, register number and tutor's name in the spaces at the top of this cover page and on all the work you hand in.

**WRITE down the question number you have attempted.**

At the end of the examination, fasten this cover sheet to your answer scripts for the essay with the string provided before submission.

QUESTION ATTEMPTED	MARKS
Question _____	/25



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