



YISHUN INNOVA JUNIOR COLLEGE  
JC 2 PRELIMINARY EXAMINATION  
**Higher 2**

CANDIDATE  
NAME

CG

INDEX NO

**ECONOMICS**

**9570/02**

Paper 2 Essays

**12 September 2023**

**2 hours 30 minutes**

Additional Materials:      Writing Papers  
   Cover Pages

**READ THESE INSTRUCTIONS FIRST**

Write your name, index number and civics group 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 or graphs.  
Do not use staples, paper clips, highlighters, glue or correction fluid/tape.

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

Start **each question** (not each section) on **fresh answer booklet**.

At the end of the examination, fasten your work for **each question separately**.

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

Answer **three** questions in total.

### Section A

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

- 1 The increase in energy prices have increased competition between sugar and sugarcane-based biofuel such as ethanol, as farmers divert resources away from sugar crop to ethanol production. Together with sustained economic expansion, these have led to a spike in sugar prices. In some countries such as India, where sugar is a prevalent component in people's everyday diet, governments are considering sugar reduction strategies and price controls to ease the spike in sugar prices.

Source: Adapted from OECD-FAO Agricultural Outlook 2021-2030

- (a) With the aid of diagrams, explain how the increase in energy prices and economic expansion are **each** likely to impact consumer expenditure on sugar, in a country such as India. [10]
  - (b) Discuss the policies a government could implement to ease the spike in sugar prices in the domestic market. [15]
  
- 2 From the perspective of individual firms, competition in the markets requires that they adopt appropriate strategies by carefully attending to cost and market conditions. Firms can either embark on aggressive cost-cutting measures or engage in product differentiation to ensure they remain profitable.
  - (a) Explain how the features of monopolistic competition and oligopoly affect a firm's pricing decisions in these market structures. [10]
  - (b) Discuss whether cost-cutting measures or product differentiation is the more appropriate strategy for a firm to adopt, to ensure it remains profitable. [15]
  
- 3 Power generation is currently the largest source of carbon emissions, but the sector is leading the transition to net zero emissions through the rapid deployment of renewables such as solar. As renewable energy targets grow across the world, clean energy giants are facing a shortage of workers with the skills needed to support their ambitious growth plans.
  - (a) Explain how carbon emissions and factor immobility might lead to allocative inefficiency in the market for power generation. [10]
  - (b) Discuss the policy measures that governments can adopt to address these sources of market failure in the market for power generation. [15]

## Section B

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

- 4** Fiscal policy is a critically important tool for promoting inclusive growth. But as budget surpluses dry up, raising tax revenue and productivity will be key to fiscal sustainability to foster more inclusive growth.

Adapted from: The Straits Times, accessed 25<sup>th</sup> July 2023

- (a) Explain what is meant by inclusive growth and sustainable growth. [10]
- (b) Discuss whether raising tax revenue or raising productivity is the more appropriate measure to achieve inclusive growth while maintaining fiscal sustainability. [15]

- 5** The Monetary Authority of Singapore (MAS) expects Singapore's economy to grow at faster than usual pace. But falling unemployment, rising wages and the emergence of supply chain bottlenecks worldwide, which have forced up the prices of a range of commodities and manufacturing inputs could underpin a steady rise in inflation into 2022.

Source: Adapted from The Straits Times, 28 October 2021

- (a) Explain **one** demand factor and **one** supply factor that could lead to a steady rise in inflation in Singapore. [10]
- (b) Discuss the extent to which policies designed to manage rising inflation in Singapore is effective. [15]

- 6** A country's comparative advantages might change over time and bring about varying macroeconomic implications in its economy.

- (a) Explain **two** different reasons why a country's comparative advantage might change over time. [10]
- (b) Discuss whether a country's gain in comparative advantage would always lead to positive impacts on its economy. [15]

**- End of Paper -**

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