ANDERSON SERANGOON JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATION
Higher 2

ECONOMICS   **9757/02**

Paper 2   **13 September 2022**

Additional Materials: Answer Booklet   **2 hours 15 mins**

READ THESE INSTRUCTIONS FIRST

An answer booklet will be provided with this question paper. You should follow the instructions on the front cover of the answer booklet. If you need additional answer booklet ask the invigilator for a continuation booklet.

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 your answer to each question on a fresh page of the answer booklet.

Answer **all** questions.

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. Global electricity prices surged in 2021, driven by the rapid economic rebound and colder winters and warmer summers. Policymakers should be taking action to soften the impacts on the most vulnerable and to address the underlying causes.

Source: IEA.org, accessed August 2022

(a) Using demand and supply analysis, explain how rapid economic rebound and colder winters and warmer summers may have led to the surge in electricity prices. [10]

(b) Discuss the policies that might be used by a government to alleviate the sharp increase in electricity prices. [15]

2. Individuals should get vaccinated to protect themselves from COVID-19 infection. This would also provide better protection for the whole society.

Adapted from CNA, 30 December 2020

(a) Explain what needs to be considered when a government decides to provide vaccination for its people. [10]

(b) Discuss whether free provision of vaccination is the best policy to achieve the microeconomic objectives of a government. [15]

3. The Land Transport Authority of Singapore's Bus Contracting Model offers a tendering process that drives competition in the bus industry and encourages the existing bus operators to become more responsive to changes in ridership and commuter needs. The largest public bus operator in Singapore, SBS Transit also ventures into other businesses such as leasing commercial space at their bus interchanges.

Source: lta.gov.sg, accessed August 2022

(a) Explain the potential benefits and costs to a consumer when there is more competition in the bus industry. [10]

(b) Discuss whether product differentiation or diversification is a more appropriate strategy for firms in different industries when faced with more competition. [15]

Section B

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

4. In order to achieve the macroeconomic objectives of a country, governments may put in place policy measures to influence economic conditions.

    (a) Explain why Singapore chooses exchange rates rather than interest rates as its main tool of monetary policy. [10]

    (b) Discuss the extent to which the openness of an economy limits the scope for the use of fiscal policy and supply-side policies to achieve low unemployment. [15]

5. The following data relate to the two stated economies in 2021.

	Singapore	Thailand
GDP/ capita (PPP USD)	116,486	19,209
Unemployment rate (%)	3.6	1.4
Consumer Price Index (% change)	2.3	1.2
Balance of Trade (current USD) (billions)	124.50	-1.21

    Source: various

    (a) Explain how economists could use the above data to compare the economic performance of Singapore and Thailand. [10]

    (b) Discuss whether higher economic growth rate is the main cause of higher living standards in a country. [15]

6. Globalisation powered the surge of international trade since 1990s, and the world trade to GDP ratio has tripled to 52.1% by 2020. Its effects on economies are multi-faceted, ranging from higher vulnerability to external shocks and making supply chain more global, where production is broken into activities and tasks carried out in different countries. However, in recent years, there seems to be signs of slowing down of globalisation.

    Discuss whether globalisation is always a victim of its own success. [25]

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