



Answer **three** questions in total.

Section A

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

- 1 Recent developments, such as improvement in the state of technology, nation-wide wireless internet access and phenomenal growth in emerging economies like China and India, have affected the demand for and supply of netbooks, laptops, desktop computers and similar products.

Discuss how the abovementioned markets could be impacted by these developments. [25]
- 2 (a) Explain how firms in monopolistic competition and oligopoly compete in their respective market structure. [10]

(b) Discuss whether there is more innovation and greater consumer welfare in oligopoly than in monopolistic competition. [15]
- 3 Living in a global city comes with costs; worsening traffic congestion and income inequality.

(a) Explain why traffic congestion and income inequality may lead to market failure. [10]

(b) Assess the policies currently used by the Singapore government to deal with the above market failures. [15]

Section B

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

- 4 To be considered successful, an economy needs to achieve long-term economic growth and stability.

(a) Explain this statement. [10]

(b) Discuss whether supply-side policies are the most effective way for Singapore to sustain a successful economy. [15]
- 5 Discuss the impact of globalisation and capital flows on the Singapore economy. [25]
- 6 (a) Explain the main causes of a balance of payments deficit of a country. [10]

(b) Discuss whether Singapore has the most to gain as a result of a depreciation of the Singapore dollar. [15]

End of Paper