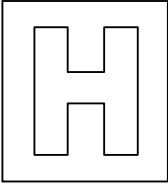


Candidate Name: \_\_\_\_\_

Class    Adm    No

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## 2023 Prelim Exams Pre-University 3

**ECONOMICS**

**9757/02**

Paper 2: Essays

**15 Sept 2023**

**2 hours 15 minutes**

Additional Materials: Answer Booklet

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### READ THESE INSTRUCTIONS FIRST

Write your name and class on all the work you hand in.  
Write in dark blue or black pen on both sides of the paper.  
You may use a soft pencil for any diagrams or graphs.  
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.

You are reminded of the need for clear presentation in your answers.

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 paper, ask the invigilator for a continuation booklet.

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** Global wholesale gas and electricity prices were already rising in 2021 due to higher demand as economies reopened from Covid-19 lockdowns, and as competition for supplies between regions intensified. Russia's invasion of Ukraine led to sharp cuts in gas supplies to Europe, sending European natural gas prices to a record high, thus triggering a rise in electricity prices, since natural gas is required to produce electricity. To deal with the high prices, UK is imposing a price cap on energy prices.

*Source: CNBC, 22 Aug 22*

- (a) Explain how the above events may have led to the surge in [10]  
electricity prices.
  - (b) Discuss the policies that might be used by a government to [15]  
mitigate the significant surge in electricity prices.
- 2**
- (a) Explain the relevance of different types of costs in the decision of a [10]  
firm to close during an economic downturn.
  - (b) Discuss the extent to which firms faced by high levels of [15]  
competition are more vulnerable to closure than firms in less  
competitive industries.
- 3** The existing worldwide approaches concerning e-cigarettes, designed to deliver nicotine akin to smoking but without the detrimental tar effects of traditional cigarettes, span from complete prohibition as observed in Singapore, to relatively unrestricted market entry in Malaysia. Advocates of e-cigarettes contend that these alternatives are less harmful than conventional cigarettes and aid in smoking cessation.
- (a) Explain why government intervention is required to correct the [10]  
over-consumption of e-cigarettes.
  - (b) Discuss the various factors contributing to the governments' [15]  
different approaches towards tackling market failure in the market  
for e-cigarettes.

### Section B

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

- 4** (a) Explain what is meant by inclusive and sustainable growth. [10]
- (b) Discuss the extent to which inclusive and sustainable growth are integral to a country achieving a high standard of living. [15]
- 5** The Covid-19 pandemic resulted in unprecedented losses in employment in Singapore. Apart from the weak external demand, a plunge in international visitor arrivals and a fall in domestic consumption, the losses were also caused by the accelerated structural change away from some face-to-face services.
- (a) Explain the types of unemployment caused by the Covid-19 pandemic. [10]
- (b) Discuss the extent to which monetary policy alone will be effective in addressing unemployment caused by the COVID-19 pandemic in Singapore. [15]
- 6** (a) Explain the impact of globalisation on Singapore's balance of payments position. [10]
- (b) Discuss whether it is advantageous for a nation to experience a growing surplus in its balance of payments. [15]

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