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## ECONOMICS

Paper 2 Essays

9757/02

Monday 10 September 2018  
2 hours 15 minutes

Additional Materials: Answer Paper, Cover Page

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### READ THESE INSTRUCTIONS FIRST

**Do not turn over until you are told to do so.**

Write your name and CG number on all the work you hand in.  
Write in dark blue or black pen.  
You may use an HB 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.

Begin each question on a separate sheet of answer paper.  
At the end of the examination, fasten your work for each question separately.  
Attach the cover page to your work for your **first** question.

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

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This document consists of **3** printed pages and **1** blank page.



Temasek Junior College  
Economics

[Turn Over

Answer **three** questions in total.

### Section A

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

- 1 Amidst a growing economy and the increased use of personal mobility devices, the food delivery industry has changed the way food reaches consumers. If restaurants and hawkers choose to deliver their food to the doorsteps of customers, they have to pay a small commission fee.

Discuss the impact of the above events on the market for food delivery and its associated markets. [25]

- 2 Under the 2013 Drug Price Control Order, India has adopted price controls to cap the prices of over 300 pharmaceutical drugs in the market.

(a) Explain the considerations of governments when imposing price controls in different markets. [10]

(b) Assess the view that the main use of government subsidies is to achieve an efficient allocation of resources in markets. [15]

- 3 The hotel industry in many countries is extremely diversified, ranging from fuss-free budget hotels that serve guests such as backpackers, to luxury hotels that include a wide amenity of services for guests such as business travellers.

(a) Explain the different economies of scale present in the hotel industry. [10]

(b) Assess whether profit maximisation should always be the goal of different hotels. [15]

### Section B

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

- 4** Assess the extent to which trade-offs between different macroeconomic objectives is the main reason why governments pursue a mix of macroeconomic policies. [25]
- 5** The Singapore government aims to achieve a low rate of inflation and a favourable balance of payments position. To achieve a low rate of inflation, the Singapore government has implemented macroprudential policies such as limitations on the amount of loans available for households to purchase vehicles and properties.
- (a)** Explain the consequences of failing to achieve the above aims. [10]
- (b)** Discuss whether the use of macroprudential policies is the most effective method to achieve a low rate of inflation in Singapore. [15]
- 6** The Singapore-Australia Free Trade Agreement (SAFTA) is a comprehensive agreement that covers tariff-free access for goods, enhanced access to each other's services sectors, and greater facilitation for investments.

Source: Ministry of Trade and Industry Singapore

- (a)** Explain how globalisation influences Singapore's pattern of trade. [10]
- (b)** Assess the view that the signing of the SAFTA allows Singapore to fulfil only its macroeconomic aims. [15]

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