



EUNOIA JUNIOR COLLEGE
JC2 Preliminary Examination 2023
General Certificate of Education Advanced Level
Higher 2

ECONOMICS

Paper 2 Essays

9570/02

15 September 2023

2 hours 30 minutes

Additional Materials: Answer Booklet

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 paper 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.

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

Please note that Paper 2 takes up 60% of the total score.

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Answer **three** questions in total.

Section A

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

- 1 In 2022, the tablet market remains dominated by Apple, with Samsung coming in second. Apple engages in various marketing strategies and Apple Education Pricing. The promotional Apple Education Pricing is available to students but not to the public.
 - (a) Explain what needs to be considered when a rational firm like Apple makes decisions on pricing and non-pricing strategies. [10]
 - (b) Discuss the extent to which consumers as well as other firms are negatively affected by Apple's dominance in the tablet market. [15]

- 2 (a) Explain how the price mechanism allocates resources in the face of shortages. [10]
 - (b) Crude oil prices fell significantly by 20.6% in 2020, partly due to increased output by Russian and Saudi Arabian oil producers. However, crude oil prices recovered sharply by 55% in 2021 as the world emerged from COVID-19 restrictions.

Discuss the demand and supply reasons for the respective changes in crude oil prices in 2020 and 2021. [15]

- 3 The Singapore government has been advocating the use of digital payments, citing hidden benefits such as increased hygiene and convenience. However, a rise in scams has resulted in some consumers using less digital payments.
 - (a) Explain how imperfect information could cause the market for digital payments to fail and how a rise in scams is likely to worsen market failure. [10]
 - (b) Discuss whether public education is the most appropriate policy to address market failure in digital payments in Singapore. [15]

Section B

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

- 4 The examination of a country's economic health and performance hinges upon a comprehensive analysis of various indicators. Some key economic indicators such as GDP growth rate, inflation rate and Gini coefficient, serve as crucial tools for economists and policymakers to gauge the overall well-being of an economy.
 - (a) Explain the link between GDP growth rate, government budget position and balance of trade position. [10]
 - (b) Discuss the extent to which the above key economic indicators are relevant in measuring the change in an economy's living standards. [15]

- 5 Life in Singapore has returned to the pre-Covid normalcy. However, there is a risk of stagflation, which refers to a unique economic situation where a country experiences slow economic growth and inflation simultaneously.
 - (a) Explain the likely effects of stagflation on Singapore's domestic and external economy. [10]
 - (b) Discuss whether supply-side policy is likely to be the most appropriate approach in addressing stagflation in Singapore. [15]

- 6 Regional economic cooperation networks like European Union (EU) are intended to bring about economic benefits to member countries. Against this, protectionist sentiments have also been increasing worldwide. For instance, EU has maintained tariffs against non-member countries like China.
 - (a) Explain how tariffs might affect a government's ability to achieve her microeconomic objectives. [10]
 - (b) Discuss whether adopting protectionist measures or building regional economic cooperation networks is more beneficial for an economy. [15]

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