



RAFFLES INSTITUTION
2024 YEAR 6 PRELIMINARY EXAMINATION
Higher 2

ECONOMICS

9570/02

Paper 2 Essay Questions

12 September 2024

2 hours 30 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

Write your name, index number and civics 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 diagrams, graphs or rough working.
Do not use paper clips, highlighters, or correction fluid.

Answer **THREE** questions in total, of which **one** must be from Section A and **one** from Section B.

Begin each essay question on a fresh sheet of answer paper.

At the end of the examination, fasten your answer to each question **separately**.

Indicate the **question number** clearly on the cover sheet.

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.



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Answer **three** questions in total.

Section A

Answer at least **one** question from this section.

- 1 (a) Explain how possible demand and supply factors might contribute to widening income inequality in Singapore. [10]
- (b) Discuss the extent to which a minimum wage law is more appropriate than a tightening foreign worker quota policy to reduce income inequality in Singapore. [15]

- 2 The search for cheaper medicine, like Panadol, has driven some Singaporeans to seek options across the Causeway.

Source: Channel News Asia

- (a) Explain why differences in the price of Panadol between Singapore and Malaysia may be due to price discrimination and why it may not. [10]
 - (b) Discuss whether it is in the best interest of society when pharmaceutical companies change its objective from profit maximising to other objectives. [15]
- 3 Venice is at significant risk of being submerged due to rising sea levels. In response to frequent flooding, the Italian government has constructed the MOSE barrier, a tidal floodgate system, which can be considered a public good. Additionally, the city faces major challenges from excessive tourism, which contributes to overcrowding and environmental damage.

Adapted from various sources

- (a) Explain why the tidal floodgate system can be considered a public good and why the government intervenes in the tourism market in Venice. [10]
- (b) Discuss how the Italian government can intervene to overcome both sources of market failure. [15]

Section B

Answer at least **one** question from this section.

- 4 The United Kingdom (UK) formally entered a recession at the end of 2023. Several factors can explain this poor performance. Russia has cut its exports of natural gas due to the ongoing Russia-Ukraine war. COVID-19 has also hurt consumers and exporters and has deterred investors.

Adapted from various sources

- (a) Explain how the above-mentioned events have resulted in inflation and a recession in the UK. [10]
- (b) In response to the crisis, UK's central bank is considering whether to increase interest rates. Discuss whether the UK should prioritise reducing inflation over promoting economic growth and whether increasing interest rate is an appropriate policy to deal with stagflation in the UK. [15]
- 5 (a) Explain the impact on standard of living when a country achieves sustainable and inclusive growth. [10]
- (b) Sustainable economic growth hinges on government infrastructure spending in renewable energy, such as solar and wind power, as well as transport infrastructure, like electric vehicle networks and high-speed rail systems. Implementing carbon taxes further drives eco-friendly practices.

Source: Bloomberg

Discuss whether government spending on the infrastructure such as the above or carbon taxes is the more appropriate policy to achieve sustainable economic growth. [15]

- 6 (a) Explain why there is a trend towards deglobalisation in recent years. [10]
- (b) Singapore has an open economy which is driven by trade in goods and services. Over the years, it has forged an extensive network of 27 free trade agreements (FTA). With the FTAs, a myriad of benefits can be enjoyed, including the removal of tariffs and non-tariff barriers, as well as making investment between countries easier,

Source: Ministry of Trade and Industry

Discuss whether Singapore's approach to sign more FTAs or increase labour productivity is the better approach to deal with the negative effects arising from deglobalisation. [15]