



NATIONAL JUNIOR COLLEGE
SH2 Preliminary Examinations for
General Certificate of Education Advanced Level
Higher 2

ECONOMICS

Paper 2

9757/02

25 August 2022

2 hour 15 minutes

No Additional Materials are required.

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.

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



NATIONAL JUNIOR COLLEGE
Economics Department

Answer **three** questions in total.

Section A

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

- 1 Microchips are a crucial element in the manufacturing of final goods such as cars and consumer electronics. COVID-19 pandemic in 2020 had lockdowns which resulted in bottlenecks in the supply chain for semiconductors and changed preferences to work-from-home. Global economic growth is projected at -4.9% in 2020.
 - (a) Explain why a significant shortage of microchips exists during COVID-19 pandemic in 2020. [10]
 - (b) Discuss whether consumers or producers are more likely to bear the cost of the change in microchip prices. [15]

- 2 (a) Explain why some consumer electronics megastores in Singapore like Courts and Harvey Norman would price match other consumer electronics megastores by charging the same prices for same products, but smaller consumer electronics stores in the neighbourhood would not. [10]
 - (b) Discuss whether demand or supply factors are more important in explaining the coexistence of big businesses and small independent businesses. [15]

- 3 Children who grow up in lower-income families have less access to quality education. Singapore government will start to level the playing field by providing more assistance to those in danger of being left behind during pre-school years. In addition, the government will also double spending on the pre-school sector to \$1.7 billion by 2022.

Discuss the factors that the Singapore government should consider in its decision to intervene in the pre-school education market. [25]

Section B

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

- 4** The Bank of Korea slashed its benchmark interest rate to a record low of 0.75% in an emergency move following similar actions by the Federal Reserve and other central banks to combat economic damage from the coronavirus outbreak.

Source: The Straits Times, 16 March 2020

- (a) Explain the factors that affect Singapore's choice of exchange rate policy as its main policy to achieve internal stability in the economy. [10]
- (b) Discuss whether a fall in world interest rates would have a positive impact on Singapore's economy. [15]

- 5** Amid the COVID-19 pandemic, investment will remain weak for an extended period. Prolonged recession will shrink the labour force and the lending capacity of financial systems. These have damaged the supply side of many economies, with many economies facing recession and cost push inflation.

- (a) Explain how a sustained period of low aggregate demand might damage the supply side of an economy. [10]
- (b) Discuss whether demand management or supply-side policies are more effective in helping an economy to recover from the effects of the pandemic. [15]

- 6** The United States (US) officially named China a 'currency manipulator', intensifying tensions between the world's two largest economies. The announcement by US Treasury follows a sharp fall in the value of the Chinese yuan against the US dollar. China is the world's biggest user of energy, components and grain. The Chinese yuan's fall will impact economies it has strong trading links with.

Source: BBC News, 6 August 2019

- (a) Explain the possible causes of a fall in the value of a country's currency. [10]
- (b) Discuss the extent to which the value of the Chinese yuan might impact Singapore's economy. [15]

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