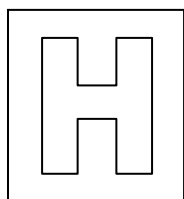


Candidate Name: _____

Class Adm No

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2018 Preliminary Exams Pre-University 3

ECONOMICS

9757/02

Paper 2: Essay Questions

17 September 2018

2 hours 15 minutes

Additional Materials: Answer Paper
Cover Page

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.

At the end of the examination, hand in your answers to the 2 sections together with the cover page on top.

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

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

[Turn over

Answer **three** questions in total.

Section A

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

- 1 The price of water in Singapore will be increased by 30%. Rising costs of resources and the use of more complex development approaches have exerted upward pressure on the costs of producing and delivering water.

Source: Minister for the Environment and Water Resources Masagos
Zulkifli, 2017

Discuss the demand and supply factors that determine the price of water and assess which is the most important factor. [25]

- 2 In 2016, Australia-based TPG Telecom won the rights to become Singapore's fourth telco operator after the three incumbents — Singtel, Starhub and M1 — had the market locked up for 15 years. Players such as Colt (a United Kingdom Telecom) are also looking to enter the market.

Source: CNBC, 17 July 2017

(a) Explain how firms in the above market rationally make price and output decisions. [10]

(b) Discuss how the entry of new firms will affect existing telco operators and consumers. [15]

- 3 Prior to 2013, entrance to national museums and heritage institutions required admission fees. However, in 2013, the Singapore government announced free admission fees for all Singaporeans and Singapore Permanent Residents to national museums and heritage institutions.

(a) Explain why the Singapore government changed its approach in the intervention in the market for national museums. [10]

(b) Assess the relative effectiveness of the current approach to encourage the consumption of the arts and culture in Singapore. [15]

Section B

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

- 4** Improving productivity has taken on an added urgency as it affects wage growth and global competitiveness. As alternative ways of achieving growth—particularly growth induced by the influx of foreign workers—run out, a successful productivity campaign becomes ever more salient.

Discuss whether policies to improve labour productivity are the only way to maintain global competitiveness and sustain growth for Singapore. [25]

- 5** The Monetary Authority of Singapore's primary goal is ensuring price stability and maintaining confidence in the domestic currency. Monetary policy in Singapore is centred on the exchange rate.

(a) Explain how the exchange rate can be used to maintain price stability in Singapore. [10]

(b) Discuss whether price stability should remain the top priority of the Singapore government given the gloomy world outlook. [15]

- 6** (a) Explain the internal and external causes of a trade deficit. [10]

(b) Discuss the factors that governments should consider when adopting policies to tackle this problem. [15]

End of paper

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