

**Raffles Institution**  
**H2 Economics 2023**  
**Remedial Worksheet 1**

Technological advancement in home theatre systems has meant that watching movies at home is as enjoyable as being in a cinema. Greater accessibility to cable television, with its list of popular movies, has also increased the attractiveness of watching movies at home.

(a) Explain with the help of examples the concepts of price elasticity of demand and price elasticity of supply. [10]

**[Do only part (b)]**

**(b) Examine the impact that technological advancement and greater accessibility to cable television have on the market for home theatre systems and on the cinema market. [15]**

**Essay Skills Recap:**

1. Dissect/ break down the question.
2. Construct R1 & R2.
3. Elaboration of R1 & R2 should follow the structure of T-AT-EV
- 4.

**Introduction:**

*Clarify what technological advancement and greater accessibility to cable television refer to.  
Clarify what impact means – price and quantity and total revenue.*

**Body:**

**R1: Discuss impact on market for HTS**

**For the market for home theatre systems, your answer should contain**

- (i) Relevant DD and/or SS shifts
- (ii) Elasticity values and their justification
- (iii) Diagrams
- (iv) Price adjustment process
- (v) Effects on Price and Quantity
- (vi) Effects on Total Revenue

**Thesis:**

1. Explain how technological advancement affects the **supply of home theatre systems** and how in turn, that affects the market for home theatre systems (Diagram 1).
2. Explain how technology advancement influence tastes and preferences towards HTS and together with greater accessibility to cable television affect the **demand for home theatre systems** and in turn, affects the market for home theatre systems (Diagram 2).
3. Explain how the combined effects that took place in paragraph 2 and paragraph 3 affect the market for home theatre systems (Diagram 3)

**Anti-thesis:** Present opposing argument to Thesis

**EV1: Overall stand given TAT arguments** – Use **WEST strategy** or any other strategy your tutor has taught you

**W** – Weigh the factors, i.e. which is more important and why?

**E** – Examine assumptions in theory. Explain its limitations/flaws in reality.

**S** – Suggest alternatives/ other solutions

**T** – Time period: Short run vs Long run effects

Use signpost words like “in evaluation” to show indicate you are doing evaluation

**R2: Discuss impact on market for movies in cinemas**

For the cinema market, your answer should contain

- (i) Relevant DD and/or SS shifts
- (ii) Elasticity values and their justification
- (iii) Diagrams
- (iv) Price adjustment process
- (v) Effects on Price and Quantity
- (vi) Effects on Total Revenue

**Thesis:**

1. Explain how the fall in the price of home theatre systems (from Diagram 3 in Thesis) together with greater accessibility to cable television will affect the demand for movies at the cinemas (Diagram 4)

**Anti-thesis:** Present counter-argument to Thesis

**EV2: Overall stand given TAT arguments** – Use **WEST strategy** or any other strategy your tutor has taught you

**EV3: Overall Evaluation on R1 & R2**

- “W” & “T” from **WEST** to **weigh/compare** the differences in impact between the 2 markets in both short & long run (**time period**)