Name:		Centre/ Index Number:		Class:	

DUNMAN HIGH SCHOOL
Term 3 Timed Practice
Year 6

Economics (Higher 2)

9570/2

Paper 2 Essay Questions

30 June 2025

2 hours 30 minutes

READ THESE INSTRUCTIONS FIRST

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.

You should use your own writing paper.

Begin each essay question on a fresh piece of paper, and staple your papers together according to the essay question your answer addresses.

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

This document consists of **3** printed pages including this cover page.

[Turn over

Answer **three** questions in total.

Section A

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

1. Due to a severe chicken shortage in Malaysia, the Malaysian government is implementing a ban on chicken exports to other countries including Singapore from 1 June 2022. The Malaysian government currently also caps the retail price of chicken at RM8.90 per kg as it is a widely consumed source of protein in Malaysia.

Adapted from The Straits Times, May 2022

(a) Explain the impact of Malaysia's chicken export ban on the welfare of consumers of fresh chicken and the welfare of producers of other meats such as beef in Singapore. [10]

(b) Discuss whether the Malaysian government should continue with the price cap or use another policy to ensure that prices of essential food items remain affordable. [15]

2. In the ride hailing industry, Grab became the dominant ride-hailing service provider in Singapore after Uber's exit from the market. Even with the entry of new players like Gojek and Tada, Grab's pricing power is significant.

(a) Explain, with the use of examples, why firms in oligopolistic markets in reality may not set prices at profit-maximising level. [10]

(b) Discuss whether reducing barriers to entry or regulating prices of firms leads to a more desirable outcome for society. [15]

3. The market for healthcare may not achieve an efficient allocation of resources when there are information failures, especially asymmetric information in the healthcare insurance market. To help cope with rising healthcare costs, Singapore government has instituted Medishield Life, a basic health insurance plan that protects all Singapore Citizens and Permanent Residents against large hospital bills for life, regardless of age or health conditions.

(a) Explain how two different types of information failure could prevent an efficient allocation of resources in the markets for healthcare and healthcare insurance. [10]

(b) Given the ageing population in Singapore, discuss the difficulties faced by the Singapore government in addressing information failure in the markets for healthcare and healthcare insurance [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 GDP growth rate, inflation rate and Gini coefficient 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. With the global economic recovery disrupted by inflation, supply chain issues and conflicts, the trend of nationalism-driven protectionism may be gaining popularity. Ricardo Balbieri, Director-General of the Italian Treasury, recently advocated that the EU "must continue to follow the values of multilateralism and free trade [but] will have to support certain industries."

(a) Describe two types of protectionist policies and explain how each would affect trade. [10]

(b) Discuss whether the use of protectionist policies or a policy of greater free trade is the preferred approach for governments to achieve economic growth. [15]