Name:		Centre/ Index Number:		Class:	

DUNMAN HIGH SCHOOL
Preliminary Examination
Year 6

Economics (Higher 2) **9570/2**

Paper 2 Essay Questions

23 September 2025

2 hours 30 minutes

No Additional Materials are required.

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.

An answer booklet will be provided with this question paper. Answer all three essay questions in this booklet.

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.

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.

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Answer **three** questions in total.

Section A

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

1. Prices of agricultural goods tend to be volatile, with prices rising sharply in some years, then falling drastically in others. To stabilise farmers' income, the European Union's (EU) Common Agricultural Policy (CAP) ensures that prices of agricultural goods do not fall to unsustainably low levels, promotes agricultural goods both within the EU and globally, and allocates funds to support adoption of new technologies to deal with extreme weather.

(a) Explain why prices of agricultural goods tend to be volatile. [10]

(b) Discuss the appropriateness of measures that can stabilise farmers' incomes. [15]

2. The level of competition in various markets can change over time due to entry of new firms or consolidation among existing firms. In Singapore, the food and beverage (F&B) industry has experienced increased competition with the entry of many overseas brands. In contrast, the telecommunications sector may see reduced competition, following news of a proposed sale of M1 to its rival, Simba Telecom.

(a) With the aid of examples, explain why the long-run profits of a firm in a market with little or no barriers to entry would differ from a firm in a market with high barriers to entry. [10]

(b) Discuss whether increased competition in markets is beneficial for consumers and society. [15]

3. **(a)** Explain **two** reasons why rational decision-making by consumers may not always result in efficient outcomes. [10]

(b) Discuss the extent to which the effectiveness of the policy is the most important consideration in influencing policy choice to achieve efficiency. [15]

Section B

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

4. **(a)** Explain the domestic and international factors that give rise to a balance of trade deficit. [10]

(b) Discuss the extent to which currency depreciation is the best way for a government to correct a balance of trade deficit. [15]

5. In 2022, United States' (US) gross domestic product (GDP) at current prices was US$26.1 trillion with a total population of 333.3 million and the inflation rate (as measured by the consumer price index) was 6.5%. Overall unemployment fell to 3.6%.

(a) Explain how trade-offs may arise when the US central bank changes its interest rate to achieve its macroeconomic goals. [10]

(b) Assess the usefulness of the above statistics in comparing the United States' standard of living with that of other economies. [15]

6. Globalisation has led to increased flows of trade, capital and labour but have also created increased environmental pressures and more uneven distribution of benefits. This has caused more governments around the world to subsidise retraining programmes and research and development in clean technology.

(a) Explain why globalisation may make it harder for a country to achieve inclusive and sustainable growth. [10]

(b) Discuss whether the above use of subsidies is appropriate for all governments to achieve inclusive and sustainable growth. [15]