RAFFLES INSTITUTION
2024 YEAR 6 TERM 3 TIMED PRACTICE
Higher 2

ECONOMICS 9757/02

Paper 2: Essay Questions **June 2024**

1 hours 40 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

Write your name, index number and civics 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 diagrams, graphs or rough working.
Do not use paper clips, highlighters, or correction fluid.

Answer **two questions** in Paper 2: Essays

Begin each question on a fresh sheet of answer paper.

At the end of the examination, fasten your answer to each question **separately**.

Indicate the **question number** clearly on the cover sheet (essay).

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

This document consists of **2** printed pages.

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Answer **two** questions in total.

1 a) Explain how a rise in interest rates may affect internal and external demand in an economy. [10]

b) Discuss whether conflict between macroeconomic aims may arise when addressing the problem of high inflation and why fiscal policy might be an appropriate macroeconomic policy to achieve price stability. [15]

2 Singapore's manufacturing output contracted for an eighth straight month in May 2023. The slump was deeper than expected, putting the economy at higher risk of a recession. This was largely attributed to weakness in exports and supply chain disruptions impacting the key sectors of the economy such as electronics manufacturing.

Adapted from straitstimes.com Jun 2023

a) Explain how the Singapore dollar exchange rate is determined in the managed float system and how the above events will affect the strength of the Singapore dollar. [10]

b) Discuss the effectiveness of the exchange rate policy in addressing internal and external macroeconomic problems caused by a slowdown in exports for a small and open economy like Singapore. [15]

3 Singapore is increasingly focused on achieving inclusive growth. However, in recent years, it is facing significant cost pressures due to escalating commodity prices, coinciding with sluggish economic growth.

a) Explain why a government will be concerned about sluggish growth and rising cost pressures in an economy. [10]

b) Discuss whether the use of supply-side policies would be effective in achieving inclusive growth in Singapore. [15]