RAFFLES INSTITUTION
2024 YEAR 5 PROMOTION EXAMINATION
Higher 2

ECONOMICS 9570/02

Paper 2 Essay Questions

19 September 2024

1 hour 40 minutes

Additional Materials: Answer Paper
Cover Sheets

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, glue or correction fluid.

Answer **two** questions.

Start each question on a fresh sheet of answer paper.
Attach a cover sheet and attach the answer to each question separately.

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

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Answer **two** questions.

1 Electricity prices in Singapore have increased in 2024 due to higher carbon tax, an increase in price of natural gas and continued income growth. Singapore relies heavily on imported natural gas for its electricity generation. The government has distributed climate vouchers to households in Singapore to encourage the switch to energy-efficient electrical appliances.

Source: The Straits Times, 2023

(a) Explain why rising cost and continued income growth have led to a large increase in price of electricity. [10]

(b) Discuss whether the removal of the carbon tax is better than climate vouchers to manage the rise in price of electricity. [15]

2 From pharmaceuticals to smartphones, governments grant patents to reward firms in many industries for their innovative ideas, thereby enhancing firms' monopoly power. At the same time, governments also use antitrust laws to prevent large corporations from monopolising markets.

(a) In the absence of government intervention, explain why some industries are more competitive than others and some industries are more innovative than others. [10]

(b) Discuss whether reducing the number of patents granted is the most appropriate policy measure to improve consumer outcomes in the pharmaceutical industry. [15]

3 In central Mumbai, Dharavi slum is an overcrowded residential area with substandard housing. The government is looking to redevelop this slum by getting private developers to provide improved housing at a price of 250,000 rupees (USD 3000) per housing unit. It faces the challenge of convincing reluctant slum dwellers of the benefits of purchasing such housing which includes clean amenities for their families, less outbreak of contagious diseases and their children performing better at school.

Source: Adapted from CNN June 2024

(a) Explain two different reasons for market failure in the market for improved housing. [10]

(b) Discuss whether a government subsidy to housing developers or the provision of a housing loan to each family in Dharavi slum would better address market failure in the market for improved housing. [15]

********END OF PAPER********

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COVER SHEET – ESSAY QUESTIONS

Name: ______________________

Civics Class: ________________

Economics Tutor: ____________

Paper	Question	Marks
2	(write question attempted)	/25

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