



INNOVA JUNIOR COLLEGE  
JC 2 PRELIMINARY EXAMINATION  
in preparation for General Certificate of Education Advanced Level  
**Higher 2**

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**ECONOMICS**

**9757/02**

Paper 2

**14 September 2017**

**2 hours 15 minutes**

Additional Materials: Writing Paper and Cover Page

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**READ THESE INSTRUCTIONS FIRST**

Write your name and 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 any diagrams, graphs or rough working.  
Do not use staples, paper clips, highlighters, glue or correction fluid/tape.

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.

Please begin each essay question on a **fresh sheet of paper**.

At the end of the examination, **submit each question separately**.

Attach a **cover page** to **each essay question** and write the **question number** on the cover page.

At the end of the examination, fasten all your work securely together.  
The number of marks is given in brackets [ ] at the end of each question or part question.

You are advised to spend several minutes reading through the data before you begin writing your answers.

You are reminded of the need for good English and clear presentation in your answers.

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This document consists of **3** printed pages and **1** blank page.



Answer **three** questions in total.

### Section A

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

- 1** Malaysia implemented a 6 per cent Goods and Services Tax (GST) in 2015 on all goods and services except for staple food and some medicine.

Discuss the various impact of such a tax on consumption and production decisions in various markets. [25]

- 2** In July 2017, giant e-commerce player, Amazon, launched its Prime Now services in Singapore. Prime Now allows Singapore users to place online orders through its phone app, for same day delivery on a range of retail items from food to electronic to baby products.

**(a)** Explain why the retail market in Singapore is contestable. [10]

**(b)** Discuss the extent to which large firms in Singapore's retail market is better able to survive the entry of new competitors such as Prime Now as compared to smaller firms. [15]

- 3 (a)** Explain how rational decision-making by consumers and producers results in efficient resource allocation in a free market. [10]

In Singapore, Citizens and Permanent Residents have to pay an entry fee of \$100 to enter into casinos for 24 hours while in Malaysia, it is free of charge. However, in both countries, there is an age limit of 21 years old and above to enter casinos.

**(b)** Assess why governments may impose different policies in tackling market failure associated with the same demerit good. [15]

**Section B**

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

- 4** In 2016, Singapore's GDP at 2010 prices grew by 2 per cent, the unemployment rate rose slightly to 2.1 per cent while the inflation rate stood at negative 0.5 per cent. The external demand, supported by both merchandise exports and services exports, grew at a slower pace of 1.6 per cent.
- (a)** Explain how the above economic indicators can be used to assess Singapore's economic performance. [10]
- (b)** Assess the usefulness of the above economic indicators as measures of changes in standard of living in Singapore. [15]
- 5** Assess the relative effectiveness of demand-side and supply-side policies in achieving macroeconomic objectives in Singapore. [25]
- 6** Globalisation has brought about greater exchanges of goods and services, capital and labour between countries. Some countries embraced it while other resisted it.
- (a)** Explain the reasons for increasing globalisation. [10]
- (b)** Evaluate why different countries may have different responses towards globalisation. [15]

**- End of Paper -**

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