



Catholic Junior College
JC2 Preliminary Examinations
Higher 2

ECONOMICS

Paper 2

9757/02

24 August 2017

2 hours 15 minutes

READ THESE INSTRUCTIONS FIRST

Write your name, class and question number 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 highlighters, glue or correction fluid.

Begin each question on a new sheet of paper.

Answer **three** questions in total, of which **one** must be from Section A, **one** Section B and **one** from **either** Section A or Section B.

At the end of the examination, **hand in ALL questions separately.**

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

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

[Turn over]

Answer **three** questions in total.

Section A

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

- 1** Brick-and-mortar travel agents are facing challenges with the proliferation of online platforms like Zuji and the global economic slowdown. While some brick-and-mortar travel agents are shutting down, others work to maintain their relevance through apps and specialised services.

Discuss how the above events would affect the sales volume and revenue earned by brick-and-mortar travel agents and online platforms like Zuji. [25]

- 2** To realise the dream of a tobacco-free future requires sustained and properly funded comprehensive smoking prevention strategies, which are threatened by budget cuts. The large tobacco manufacturers make obscene profits from their deadly products, and the public rightly supports a levy to make the industry pay for the tobacco-free future that we all want to see.

(a) Explain the determinants of rational decision-making both by consumers and firms. [10]

(b) Assess the extent to which government intervention is necessarily better than free market in the market for tobacco. [15]

- 3** (a) Explain how firms can practise price discrimination. [10]

(b) To what extent do you agree that there should be more regulation of monopolies? [15]

Section B

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

- 4** Savings as a percentage of GDP in Singapore has fallen from about 52% in 2010 to 44% in 2015.

Discuss the likely effects of the falling savings ratio on the performance of the Singapore economy and the standard of living of the people of Singapore. [25]

- 5** Singapore has demonstrated a very high degree of resilience to global volatility, despite the openness of its economy and its dependence on global trade and investments.

(a) Explain how the small and open nature of the Singapore economy leads to macroeconomic problems. [10]

(b) Evaluate the alternative policies that could be adopted to solve the above stated problems faced by Singapore. [15]

- 6** As part of his “America First” approach, Trump has withdrawn the US from the Trans-Pacific Partnership (TPP) – the world’s largest trade pact with a 12-country commitment aimed to create a free trade area spanning from Japan to Chile. This is a setback, but it does not have to be the ultimate outcome for the global trade liberalising agenda.

Discuss whether the US government’s decision to adopt protectionism is always better in an increasingly globalised world. [25]

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