



TAMPINES JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATION



ECONOMICS

9757/02

Paper 2

Tuesday, 12 Sept 2017

2 hours 15 minutes

Additional Materials: Writing Paper

READ THESE INSTRUCTIONS FIRST

Write in dark blue or black pen.

You may use a soft pencil for any diagrams, graphs or rough working.

Do not use paper clips, highlighters, glue or correction fluid.

Paper 2 (Essay) [60%]

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.

Submit each section separately.

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

Answer **three** questions in total.

Begin **each question** on a **fresh sheet of paper**. Section A and B are to be submitted **separately**.

Section A

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

1. Water is a necessity. Across the globe, countries are working to supply drinking water to its people, through taps or subsidising bottled water. However, there are increasing calls for government to tax bottled water instead, since these plastics are not biodegradable and cause pollution.

Brand of Natural Mineral Water (500 ML)	Retailer/Country	Price (SGD)
Volvic	NTUC/Singapore	\$1.50
Evian	Giant/Singapore	\$1.75
Suisai no mori	Epermarket/China	\$3.05
Volvic	Tesco/UK	\$0.89

Accessed on: Various websites, 10 July 2017

Discuss the possible reasons why prices of bottled water differ across firms and countries. [25]

2. “Lemon laws” are laws protecting consumers against defective goods that fail to conform to contract, or meet satisfactory quality or performance standards at the time of purchase, colloquially known as “lemons”.

Source: <http://sbr.com.sg>

- (a) Explain, with supporting examples, how information failure might lead to market failure. [10]
 - (b) Evaluate the policies currently used by the Singapore government to correct information failure in different types of products. [15]
3. Globalisation has brought about both opportunities and challenges. Some firms have capitalised on this phenomenon to expand overseas. Netflix, an over-the-top (OTT) video streaming service from America which provides on-demand video content over the Internet, has begun its foray into international markets since 2011.

Source: The Business Times, January 21, 2017

- (a) Explain possible factors affecting Netflix’s decision to enter the Singapore’s OTT market. [10]
- (b) In the light of globalisation, discuss whether it is beneficial when firms increase in size. [15]

Section B

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

4. Japan has repeatedly pursued government intervention in the hope of revitalising its economy weakened by deflation, debt and ageing demographics. Japanese Prime Minister Shinzo Abe's three-pronged approach combines fiscal expansion, quantitative easing, and structural reform to boost economic growth while raising inflation to 2 percent.

Source: Council on Foreign Relations, 10 February 2017

- (a) Explain the reasons why governments aim to achieve sustained economic growth, a healthy balance of payments and a low rate of inflation. [10]
 - (b) Discuss whether conflict in macroeconomic objectives is the most important reason that underlies Japan's three-pronged approach to achieve her macroeconomic objectives. [15]
5. The economic environment of Singapore has been challenging, with the world economy yet to fully recover from the financial crisis while a clear growth driver has yet to emerge as major powers like the United States and China continue to grapple with reform and recovery. All these have had a dampening effect on global trade, and by extension, Singapore's small and open economy.

Adapted from The Straits Times, 2016

Discuss the extent to which Singapore has control over her economic performance. [25]

6. The withdrawal of United States from the Trans-Pacific Partnership (TPP) and Britain's Brexit are outcomes powered by anti-globalisation sentiments. Some countries have adopted anti-globalisation measures such as imposing higher tariffs on imported goods, higher taxes on domestic firms moving abroad and implementing anti-immigration laws to address the challenges of globalisation.

Source: Adapted from MTI, 6 Feb 2017 & The Guardian, 9 November 2016

- (a) Explain the underlying reasons why some countries are embracing the move towards anti-globalisation. [10]
- (b) Discuss whether countries should adopt anti-globalisation policies to address the challenges of globalisation. [15]

END OF PAPER