



ANDERSON JUNIOR COLLEGE

JC2 PRELIMINARY EXAMINATION 2017 Higher 2

ECONOMICS

9757/02

Paper 2

14 September 2017

Additional Materials: Answer Paper

2 hours 15 minutes

READ THESE INSTRUCTIONS FIRST

Write your name, PDG and index number in the spaces provided 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.

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.

Begin your answer to **each question** on a fresh sheet of writing paper.

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

Fasten this **cover page in front of the first question attempted**.

Indicate in the table below the **question numbers** of the **three** questions you have attempted.

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

Name: _____ ()

PDG: ____/16

Question Number	Marks Awarded
	/25
	/25
	/25
Total Marks	/75

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Answer **three** questions in total.

Section A

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

1. Brick and mortar retailers of various goods and services, ranging from groceries to luxury hand bags, have seen a fall in sales revenue in Singapore. One possible reason is a fall in the cost of setting up online shopping businesses.

Discuss possible demand and supply reasons that could account for the fall in sales revenue of different brick and mortar retailers in Singapore. [25]

2. A government intends to achieve efficient and equitable allocation of resources.

Discuss the view that rational decision making by consumers, producers and government always result in these intended consequences. [25]

3. Apple has introduced new and innovative products to continue grabbing the attention of the customers. In addition, they have streamlined their manufacturing process.

(a) Explain how innovation allows a firm to increase profits. [10]

(b) Discuss the extent to which a firm's decision to innovate is dependent on the contestability of the market. [15]

Section B

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

4. (a) Explain possible domestic and external causes of deflation in a country. [10]
- (b) Discuss the extent to which deflation affects the balance of payments position in an economy. [15]
5. In implementing policies to achieve its macroeconomic objectives, a government may face certain conflicts. Assess the effectiveness of alternative policies implemented by the Singapore government to achieve all its macroeconomic objectives. [25]
6. (a) Explain how countries can mutually benefit from free trade, including those countries that are the most efficient at producing all products. [10]
- (b) Discuss the view that globalisation is often but not always desirable. [15]

End of Paper