



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

**11 September 2018**

**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 Discuss the likely combined effects of economic growth and a rise in Goods and Services Tax (GST) on consumers and producers in different product markets in Singapore. [25]
  
- 2 Another firm, Tada has entered Singapore's ride-hailing industry, joining a slew of others which made similar moves following Uber's exit. These firms are going up against the incumbent Grab and the market is set to get even more crowded with Indonesian ride-hailing giant Go-Jek's impending entry.
  - (a) Explain the strategies a firm can adopt to compete in the ride-hailing industry. [10]
  - (b) Discuss whether the entry of new firms in various industries necessarily results in higher society's welfare. [15]
  
- 3 Markets may not function well when market participants do not have complete and accurate information, or when one market participant has more information than another.
  - (a) Using examples, explain how information failure might cause markets to not function well. [10]
  - (b) Discuss the appropriate measures to tackle information failure in the markets for different type of goods. [15]

**Section B**

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

- 4 (a) Explain the limitations of using Real GDP per capita to compare standard of living between countries. [10]
- (b) Discuss whether a depreciation in exchange rate of a country will improve the standard of living of her population. [15]
- 5 Explain why strong economic growth is important but insufficient for most developed economies and discuss appropriate policies governments can adopt to achieve inclusive growth in their societies. [25]
- 6 Globalisation often has influences on economic agents in an economy. Consumers, producers and government are affected by the increase in trade, labour and capital mobility from globalisation.
- Discuss whether globalisation will always be desirable to the different economic agents in an economy. [25]

**- End of Paper -**

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