



ANDERSON SERANGOON JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATION
Higher 2

ECONOMICS

9570/02

Paper 2

13 September 2023

Additional Materials: Answer Booklet

2 hours 30 mins

READ THESE INSTRUCTIONS FIRST

An answer booklet will be provided with this question paper. You should follow the instructions on the front cover of the answer booklet. If you need additional answer booklet ask the invigilator for a continuation booklet.

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 page of the answer booklet.

Answer **all** questions.

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.

Answer **three** questions in total.

Section A

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

1. The cocoa buyers' deal, which sets a minimum price on cocoa beans at US\$2,600 per ton, aims to reduce income gaps between farmers and traders. However, it may affect cocoa beans prices and export revenues. Consequently, chocolate producers specialising in mass-produced chocolate and those focusing on artisanal creations may be prompted to look for cocoa beans substitutes such as carob beans.
 - (a) Explain two unintended consequences for the government resulting from the implementation of a minimum price on cocoa beans. [10]
 - (b) Discuss how the implementation of a minimum price on cocoa beans may affect the revenue of chocolate and carob beans producers. [15]
2. Globalisation spurs competition, compelling firms like Samsung to diversify and innovate to stay adaptable and grow amidst worldwide market changes.
 - (a) Explain one reason why consumers might be better off and one reason why consumers might be worse off when firms are faced with increasing competition. [10]
 - (b) Discuss whether diversification is the best strategy for firms when faced with increasing competition. [15]
3. Home ownership in Singapore serves as a multifaceted tool that addresses housing needs, supports social cohesion and contributes to the nation's long-term development and stability. However, in recent years, housing prices have been rising, and there are fears that low-and middle-income earners may find it difficult to afford housing.
 - (a) Explain why there is inefficiency and inequity in the housing market for Singapore. [10]
 - (b) Discuss the alternative policies that are adopted by the Singapore government to address the microeconomic issues in the market for housing. [15]

Section B

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

4. In 2021, Singapore's economy performed well, with GDP at 2005 prices growing by 7.6%, the inflation rate was at 2.1 %, and the unemployment rate was at 2.6%. This likely came about due to the Singapore government's efforts to invest heavily in infrastructure and human capital.

Source: www.singstat.gov.sg, accessed August 2023

- (a) Explain how the Singapore government's efforts to invest in infrastructure and human capital might help its economy grow. [10]
- (b) Discuss the extent to which these statistics are useful in determining the change in Singapore's standard of living in 2021. [15]

5. Fiscal sustainability is the ability of a government to maintain public finances at a credible and serviceable position over the long term. Many countries are increasing indirect taxes such as Goods and Services Tax (GST) to offset cuts in direct taxation to maintain fiscal sustainability.

- (a) Explain two reasons why governments want to maintain fiscal sustainability over the long term. [10]
- (b) Discuss the possible impact of a reduction in direct taxes and an increase in indirect taxes on the Singapore economy. [15]

6. From 2009 to 2021, the United States implemented the highest number of trade policy measures deemed harmful to global trade liberalisation, totalling 7,376 policies. China was ranked second, with 5,915 such policies registered in the same period.

Source: www.statista.com

- (a) Explain the different types of protectionist measures adopted by countries. [10]
- (b) Using economic theory, discuss whether protectionism is ever justifiable for large economies such as China and the United States. [15]

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