



JURONG PIONEER JUNIOR COLLEGE

JC2 Preliminary Examination 2024

**ECONOMICS
Higher 2**

Paper 2

Additional materials: Answer Booklets

9570/02

11 September 2024

2 hours 30 minutes

READ THESE INSTRUCTIONS FIRST

Three answer booklets 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** and **one** from **Section B** and **one** from **either** Section A or Section B.

Answer each question on a new answer booklet. Answers for each question must be handed in separately. The number of marks is given in brackets [] at the end of each question or part question.

If there are part questions you did not attempt, please write the question number and part in the margins before you submit your answers. (*e.g. if you did not complete 2b, indicate 2b in the margin of the answer script that you submit for question 2.*)

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

Answer **three** questions in total.

Section A

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

- 1 Rental prices across the US have soared over the past year. As the pandemic wears on, incomes start to rise, and more people are looking for their own space. At the same time, pandemic-related supply chain disruptions that led to shortages of both workers and materials have resulted in widespread construction delays. As rental prices soar across the country, more local governments are turning to rent control measures to help contain housing costs.
 - (a) Explain how the above mentioned events caused rental prices to soar in the US.
[10]
 - (b) Discuss whether rent control is the best policy to address the rental crisis in the US.
[15]

- 2 The price mechanism allocates scarce resources in a free market through its signalling, incentive, and rationing functions. However, it may not always achieve the microeconomic goal of efficiency. Therefore, government intervention is often required to ensure efficient resource allocation.
 - (a) Explain what is involved in rational decision-making by economic agents such as consumers and producers.
[10]
 - (b) Discuss the view that government intervention is necessary to ensure an efficient resource allocation in the provision of public goods and goods with positive externalities.
[15]

- 3 Grab first announced its plan to acquire Singapore's third-largest taxi operator Trans-cab in July 2023. The proposed takeover is expected to entrench and strengthen Grab's already-dominant position in the ride-hailing market and has raised the concern of Competition and Consumer Commission of Singapore (CCCS).
 - (a) Explain how barriers to entry affect firms' level of profits in the short run and long run.
[10]
 - (b) Discuss the potential benefits and costs to consumers and producers when acquisition occurs in the ride-hailing market.
[15]

Section B

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

- 4** The Japanese yen saw a significant depreciation in 2022. Commenters argue that this is due to global economic uncertainties and rising global commodities prices.
- (a) With the aid of a diagram, explain one demand and one supply factor that would cause a depreciation of a country's currency.
[10]
- (b) Discuss whether a depreciation of currency would be of overall benefit to an economy.
[15]
- 5** Fiscal and monetary policies are used by governments and central banks to influence a country's economic performance and increase real Gross Domestic Product (GDP).
- (a) Explain how fiscal and monetary policies impact the level of real GDP and unemployment in a country. [10]
- (b) Discuss the view that achieving a high rate of growth should be the economic priority of a government.
[15]
- 6** Protectionism includes policies aimed at protecting a country's domestic industries from foreign competition and promoting national economic security.
- (a) Explain two types of protectionist measures that would affect a country's trade balance.
[10]
- (b) Discuss the factors that a government should consider when deciding whether to adopt protectionist measures as a tool to achieve its macroeconomic aims.
[15]

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