

RAFFLES INSTITUTION  
2018 YEAR 5 PROMOTION EXAMINATION  
Higher 2

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## ECONOMICS

**9757/02**

Paper 2 Essay Questions

**25 September 2018**

**1 hour 30 minutes**

Additional Materials:      Answer Paper  
   Cover Sheets

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### READ THESE INSTRUCTIONS FIRST

Write your name, index number and civics 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 diagrams, graphs or rough working.  
Do not use paper clips, highlighters, glue or correction fluid.

Answer **two** questions.

**Start each question on a fresh sheet of answer paper.**  
**Attach a cover sheet and tie the answer to each question separately.**

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

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This document consists of **4** printed pages and **2** blank pages.



Raffles Institution

Answer **two** questions.

- 1** Income has been rising in Australia. However, butter production has dropped by 18 per cent between 2016 and 2017 due to the diversion of milk fat towards production of more profitable dairy products such as cheese and cream.

Assess how consumers and producers in the market for butter and its related markets might be affected by these events. [25]

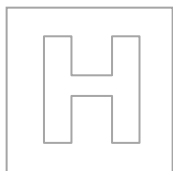
- 2** In some markets, many small firms co-exist with large firms. While big coffee joints such as Costa Coffee, Starbucks and Coffee Bean and Tea Leaf continue to expand, smaller independent coffee shops selling artisan coffee are also seeing a sales boon. In other markets, there is dominance of large firms.

**(a)** Explain possible reasons why some markets comprise of only large firms while in other markets, small firms can co-exist with large firms. [10]

**(b)** Discuss whether consumers might win or lose when a market becomes dominated by a few large firms. [15]

- 3 (a)** Using examples, explain why markets might fail where there is imperfect information and where there is asymmetric information. [10]

**(b)** Evaluate the policies that governments may adopt to correct for the above types of market failure. [15]



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**COVER SHEET – ESSAY QUESTIONS**

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**Name:** \_\_\_\_\_

**Civics Class:** \_\_\_\_\_

**Economics Tutor:** \_\_\_\_\_

| <b>Paper</b> | <b>Question</b>            | <b>Marks</b> |
|--------------|----------------------------|--------------|
| <b>2</b>     | (write question attempted) | <b>/25</b>   |

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**COVER SHEET – ESSAY QUESTIONS**

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**Name:** \_\_\_\_\_

**Civics Class:** \_\_\_\_\_

**Economics Tutor:** \_\_\_\_\_

| Paper    | Question                   | Marks      |
|----------|----------------------------|------------|
| <b>2</b> | (write question attempted) | <b>/25</b> |

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