



ANDERSON SERANGOON JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATIONS
Higher 2

ECONOMICS

9757/02

Paper 2

15 September 2020

Additional Materials: Answer Booklet

2 hours 15 mins

READ THESE INSTRUCTIONS FIRST

A 12-page 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 paper, ask the invigilator for a continuation 4-page booklet. Please indicate the number of additional 4-page booklet(s) that you have used on the cover page of the 12-page booklet and slot them into the first page of the 12-page answer booklet. No tying of booklets is required.

Write your name, class and index number on all answer booklets. Please indicate the question and the part on every page of the answer booklet. You should also indicate the questions that you have attempted on the cover page of the 12-page answer 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.

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

Answer **three** questions in total.

Section A

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

1. For 2018, the Singapore economy is expected to grow by 3.3%. MAS also expects food prices to rise on the back of higher oil prices and concerns over weather conditions affecting the production of Singapore's key food import sources.

Source: Adapted from *Today*, 26 Oct 2018

- (a) Use demand and supply analysis to explain the impact of the above on consumers' expenditure on food in Singapore. [10]
- (b) Discuss the policies that might be used by the Singapore government to address rising food prices. [15]
2. (a) Apart from profit-maximisation, firms may decide to pursue other goals. Explain this statement. [10]
- (b) Discuss whether the level of profits earned by a firm is solely determined by the market structure in which its goods and services are sold. [15]
3. The price mechanism is based on the assumption that economic agents are rational. They make decisions that produce the best outcomes for themselves though not necessarily for society.

Discuss whether rational decisions made by consumers, producers and governments will always result in efficient allocation of resources. [25]

Section B

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

4. (a) Using the circular flow of income model, explain how an increase in investment expenditure can lead to a bigger change in national income. [10]
- (b) Discuss if the level of investment is a key determinant in influencing the macroeconomic performance of Singapore. [15]
5. More than 3 million people will become unemployed worldwide in the next two years, making existing jobs vulnerable and fuelling potential social unrest as the global economy slows.
- (a) Explain why an economy seeks to attain low unemployment. [10]
- (b) Discuss the various causes of unemployment for different countries. [15]
6. Governments' use of macroeconomic policies may sometimes run into conflicts between its objectives. The effectiveness may also depend on factors such as interest elasticity of demand for investments and price elasticity of demand for imports and exports.
- Explain the possible conflicts that may arise between government objectives and discuss how far a government's macroeconomic policy decision is influenced by such conflicts. [25]

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