ANGLO-CHINESE JUNIOR COLLEGE

2026 JC2 PRELIMINARY EXAMINATIONS

ECONOMICS	**9570/02**
Higher 2	1 September 2026
Paper 2	2 hours 30 mins

Additional materials: Writing papers
3 cover sheets

READ THESE INSTRUCTIONS FIRST

Write your exam index number and name on all the answers you hand in.
Write in dark blue or black ink pen on both sides of the paper.
You may use a soft pencil for any diagrams, graphs or rough work.
Do not use staples, paper clips, highlighters, glue or correction fluid / tape in your answers.

Each essay question is worth 25 marks. Answer **a total of 3** essay questions. You are to answer **one** from **Section A**, **one** from Section **B** and the third from **either** Section.

Begin each essay question on a fresh sheet of writing paper. You will be submitting your essay answers **separately**.

At the end of the examination, arrange your answers in order.
Fasten your answers for each essay question **separately** using the cover sheets provided.

Answer **three** questions in total.

Section A

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

1 Persistent supply disruptions have pushed the costs of coffee beans to the highest in 13 years. This will cause the price of a cup of coffee to increase sharply.

(a) Explain why persistent supply disruptions lead to a sharp increase in the price of coffee and, explain how the impact on related markets depends on cross elasticity of demand. [10]

(b) Discuss whether imposing a minimum price or providing a subsidy is a more appropriate policy for a government seeking to increase the incomes of coffee beans farmers. [15]

2 Across the world, governments intervene extensively in healthcare markets, recognising that the free market alone cannot be relied upon to allocate healthcare resources efficiently or equitably.

(a) Explain the decision-making process of a rational consumer based on the marginalist principle, and one possible reason why such decisions may not always lead to an efficient allocation of resources in the market for healthcare. [10]

(b) Discuss the effectiveness of government policies to achieve both an efficient allocation of resources and an equitable outcome in the market for healthcare. [15]

3 To support firms facing rising operational costs, the government can provide two distinct measures: a rental subsidy or a wage subsidy to help firms remain in business.

(a) Explain how the short-run price and output decisions of a profit-maximising firm would change if it received a rental subsidy compared to when it received a wage subsidy. [10]

(b) Discuss the most appropriate strategy that a monopolistically competitive firm, operating in the short run, could adopt to remain in business when government subsidies are removed. [15]

Section B

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

4 Singapore embraces artificial intelligence for economic growth, but citizens and businesses face growing anxieties regarding job displacement.

(a) Explain the benefits and costs of technological advancements for the standard of living in Singapore. [10]

(b) In light of rapid technological advancements, discuss whether fiscal policy is the best way to achieve economic growth that is inclusive. [15]

5 **(a)** Explain how high inflation can benefit some but has adverse effects on others. [10]

(b) Discuss whether exchange rate policy is the best policy for Singapore to reduce the effects of high inflation on households and firms. [15]

6 US President Donald Trump wants to reduce the US trade deficit. The US President argues that countries that sell more products to the US than they buy from it are "*cheating*" the US. He believes that the use of tariffs will correct this persistent trade deficit.

(a) Explain one internal and one external factor that will cause a country to have a persistent trade deficit. [10]

(b) Discuss whether the US government should only use tariffs to correct her persistent trade deficit regardless of the unintended consequences of such a policy. [15]

End of paper