EUNOIA JUNIOR COLLEGE
JC2 Preliminary Examination 2025
General Certificate of Education Advanced Level
Higher 2

ECONOMICS **9570/02**

Paper 2 Essays

16 September 2025

2 hours 30 minutes

Additional Materials: Answer Booklet

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 paper, 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.

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

Please note that Paper 2 takes up 60% of the total score.

Answer **three** questions in total.

Section A

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

1 Using innovative urban farming technologies, Singapore aims to produce 30% of its nutritional needs locally by 2030. While consumers are interested in buying local farm produce, local food manufacturers are still reliant on imported farm produce as their raw materials.

(a) Explain how a rise in the prices of imported farm produce leads to a rise in the consumer expenditure on local farm produce **and** a fall in consumer surplus in the local food manufacturing market. [10]

(b) Discuss whether the Singapore government could rely solely on using supply-side policies to increase the sales volume of local farm produce. [15]

2 The Internet has changed the distribution of information, where expensive printing plants and large distribution networks are no longer essential. The large-scale adoption of smartphones has also accelerated the transition in existing news companies from printed newspapers to digital news platforms, alongside new entrants that operate online only.

(a) Explain how barriers to entry affect the level of competition in digital news platforms, **and** how news companies consider the level of competition when deciding on the price and output levels for digital news. [10]

(b) Discuss whether government intervention is always needed when barriers to entry are high in a market. [15]

3 Healthcare markets face many issues relating to information, including imperfect and asymmetric information, as well as cognitive biases.

(a) Explain how imperfect information **and** asymmetric information can cause a healthcare market to fail. [10]

(b) Discuss the effectiveness of policy measures that could be used to correct the market failure caused by these two types of information failures in healthcare. [15]

Section B

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

4 "As an advanced economy with a small labour force that already sees high employment levels, it is an economic imperative that Singapore relies on productivity to drive economic growth moving forward," said Deputy Prime Minister Lawrence Wong.

Source: The Straits Times, 9 March 2023

(a) Explain the difference between labour productivity and productive capacity of an economy, **and** the link between productivity and economic growth. [10]

(b) Discuss the policies that the Singapore government is currently using to achieve both high labour productivity and high employment. [15]

5 China has been experiencing deflation, with prices falling for six consecutive quarters since 2023. China's economy continues to be weighed down by over-capacity and economic uncertainty. Excess production has sparked persistent price wars amongst Chinese firms.

Source: Adapted from Channel NewsAsia, 1 Jul 2025

(a) Explain why persistent price wars can be unhealthy for a Chinese firm **but** healthy for China's balance of trade. [10]

(b) Discuss whether over-capacity or economic uncertainty is the main reason for deflation in China. [15]

6 Developing economies are characterised by low average wages, under-utilised resources and weak governance for key areas such as the environment.

(a) Explain how developing **and** developed countries experience different negative impacts of globalisation. [10]

(b) Discuss the view that protectionism could be justified, even if it leads to negative, unintended consequences. [15]

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