Raffles Institution
Year 5 H2 Economics 2024
T3W5 - Assignment
Firms and Decisions (Part 2)

Instructions:

- This is a take-home assignment that will form part of 10% of CA marks.
- **Deadline: 25 July Thursday (3pm)**. No extensions will be entertained. Economics Reps to collect and submit to the staffroom.
- This assignment should be done under **class test settings** to adequately prepare yourself for examinations.
    - You have to write this assignment in 50 mins.
    - It should be handwritten and not typed.
    - You should not be referring to any lecture notes/any material when writing the essay.
    - After the 50 minute mark, do indicate on your script. You may choose to continue writing, but anything that is written after the 50 minute mark will not be awarded any marks. Feedback will still be given.
    - You should plan for the assignment and study your lecture notes prior to writing the essay.
    - You may not discuss the question with your tutor.

IMPORTANT

As a learning community, we value ***intellectual integrity***. We trust that you will make full use of your learning experiences through diligent, honest effort in your academic work. Appropriate credit and acknowledgement must be given where it is due.

Plagiarism is a form of academic misconduct where a person presents a piece of work as one's own, but which has been copied in whole or part from other sources without appropriate acknowledgement or permission from the author or source. ***In submitting your work, you declare that the piece of work is your own and that you have not colluded with any other student in completing it.***

Where there are reasonable grounds for believing that plagiarism has occurred, disciplinary consequences as outlined in the Student Handbook will be instituted.

Question

Businesses in the UK are still not able to cope with the dual blow of Brexit and Covid-19, and face falling profit levels. Supply disruptions remain a lingering concern, which has driven up prices of many items including petrol and a basic haircut. The Competition and Markets Authority found that high petrol prices could not be solely blamed on global factors and found evidence of weakening competition. Amidst these developments, businesses have taken various measures, with petrol retailers moving towards mergers while barbers are offering attractive discounts on their haircuts.

(a) Explain whether the higher petrol price is due to collusion or other factors. [10]

(b) Discuss whether lowering prices is the most appropriate strategy for firms in different industries when faced with the above challenges. [15]