ANDERSON SERANGOON JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATION
Higher 2

ECONOMICS **9570/02**

Paper 2 **27 August 2025**

Additional Materials: Answer Booklet **2 hours 30 minutes**

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 booklet 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.

Begin your answer to each question on a fresh page of the answer booklet.

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

This document consists of **3** printed pages and **1** blank page.

Answer **three** questions in total.

Section A

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

1 The price of a cup of coffee has surged, due to poor crop yields in drought-hit Vietnam, while coffee consumption in Southeast Asia continues to rise due to growing affluence. In Singapore, regular coffee drinkers have noticed rising prices at their usual chains, with international brands such as Starbucks and Bacha Coffee seeing larger price increases than local brands like Heavenly Wang, Ya Kun, and neighbourhood coffee shops.

(a) Explain how elasticities of demand can assist in understanding each of the effects of poor crop yields and growing affluence on the prices of different brands of coffee drinks. [10]

(b) Discuss the impact of a rise in the price of a cup of Starbucks coffee on their revenue and the revenue of retailers selling related goods. [15]

2 Adult training generates external benefits and its private benefits are also often under-estimated. However, recent data from the Ministry of Manpower showed that Singapore's adult training participation rate fell to a nine-year low of 40.7% in 2024.

(a) Explain how a rational adult employee would decide whether to participate in a training programme and how a rational training provider would determine the output level of training services provided. [10]

(b) Discuss whether subsidising adult training programmes is the best policy measure to improve efficiency in the market for adult training. [15]

3 Singapore's public transport sector was historically dominated by two operators - SMRT and SBS Transit. To enhance competition and service quality, the government intervened and enabled new operators such as Tower Transit and Go-Ahead to enter the market. This has helped reduce market dominance while ensuring service standards.

(a) Explain how the level of competition in an industry impacts the type of profits that firms can make in the long run. [10]

(b) Discuss whether government intervention to curb market dominance in the public bus sector is necessary to improve outcomes for society. [15]

Section B

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

4 Many countries around the world view boosting consumption as key to reviving their economies.

(a) Explain how a rise in consumption may have different impacts on national income of different countries. [10]

(b) Discuss the extent to which a country's real national income is the main determinant of the country's standard of living. [15]

5 China has set an economic growth target for this year of "around 5%" and pledged to pump billions of dollars into its ailing economy which is facing twin challenges of slowing growth and deflation.

Source: *BBC*, 5 March 2025

(a) Explain why governments are concerned about slowing growth and deflation. [10]

(b) Discuss whether China's attempts to achieve its economic growth target by 'pumping billions of dollars' into its economy will be sufficient. [15]

6 Free trade, when mutually beneficial, has driven significant economic progress for many countries. However, protectionist sentiments are rising globally as nations seek to shield domestic industries from foreign competition and supply chain vulnerabilities.

(a) Explain one reason for protectionism and how protectionism could have a negative impact on consumers and producers. [10]

(b) Discuss whether signing more free trade agreements is the best measure for Singapore to achieve its macroeconomic objectives in the face of rising protectionism. [15]

BLANK PAGE