



NATIONAL JUNIOR COLLEGE  
SH2 Preliminary Examinations for General Certificate of Education Advanced Level  
Higher 2

---

## ECONOMICS

**9732/02**

Paper 2: Essay Questions

**28 August 2014**

**2 hour 15 minutes**

Additional Materials: Answer Paper

---

### READ THESE INSTRUCTIONS FIRST

Write your name and subject class on all the work you hand in.  
Write in dark blue or black pen on both sides of the paper.  
You may use a soft pencil for diagrams, graphs or rough working.  
Do not use paper clips, highlighters, glue or correction fluid.

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.

Start each question on a **new** piece of paper.

The number of marks is given in brackets [ ] at the end of each question or part question.  
At the end of the examination, fasten all your work securely with the cover pages given [**one cover page for one question**].

Fill in the necessary information on the cover pages.

---

This document consists of **6** printed pages; including 3 cover pages.

Answer **three** questions in total.

### **Section A**

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

- 1** China is the world's largest manufacturing power, producing a large part of the world's televisions, smartphones, steel pipes and many other products. However the era of cheap China products may be drawing to a close as costs such as wages and rents are soaring.

  - (a)** Explain what determines whether consumers or producers of different types of manufactured products in China are likely to bear the greater burden of this increase in costs. [10]
  - (b)** Discuss how soaring costs in China might affect the total revenue earned by producers of manufactured products worldwide. [15]
  
- 2** Whatsapp is a mobile messaging app that allows for exchange of messages without having to pay for SMS. In the light of increasing use of mobile apps, Singtel has kept prices on mobile service plans rigid and instead reduced data bundles on their mobile service plans from 12GB to between 2GB and 4GB. Starhub and M1 have also announced similar plans to discontinue their 12GB bundles.

  - (a)** Explain which market structure best describes the market for mobile apps and the market for mobile service plans. [10]
  - (b)** Discuss the view that barriers to entry are most significant in determining whether firms in the same market structure as that of the telecommunications industry in Singapore make similar decisions to their competitors in price and product offerings. [15]
  
- 3** Assess the economic case for government intervention in the market for public transport and discuss the most appropriate policies that the Singapore government could adopt to intervene in this market. [25]

## **Section B**

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

- 4 “Different economies are prone to different causes of recession and unemployment. [25]  
Hence different policies are required to tackle these problems.” Discuss.
- 5 (a) Explain the possible conflicts in the achievement of macroeconomic aims when [10]  
using demand-management policies.
- (b) In the light of these conflicts, discuss whether governments should rely solely on [15]  
supply-side policies to achieve its macroeconomic aims.
- 6 Already three years in the making, the Trans-Pacific Partnership (TPP) has been billed a "21st-century" trade agreement that goes beyond tariff reduction and tackles a wide range of barriers to trade and investment.

*Source: The Straits Times, 8 October 2013*

Discuss the likely effects of signing free trade agreements on Singapore's economic [25]  
performance and Singaporeans' standard of living.

**-- End of Paper --**