



CATHOLIC JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATIONS
In preparation for
General Certificate of Education Advanced Level
Higher 2

ECONOMICS

Paper 2: Essay Questions

9732/02

1 September 2014

0800 - 1015

Additional Materials : Writing Paper

2 hours 15 min

READ THESE INSTRUCTIONS FIRST

Write your name, class and question number 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 any diagrams, graphs or rough working.

Do not use paper clips, highlighters, glue or correction fluid.

Begin each question on a new sheet of paper.

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.

At the end of the examination, **hand in all questions separately**.

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

Answer **three** questions in total.

Section A

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

- 1 Market failure is often worsened by government failure. Discuss the extent to which this is true in your country. [25]

- 2 Global food prices are poised to rise sharply in 2014 again. Economists cite the rising incomes in China, severe drought in the US, China's rapid urbanisation and unrests in Ukraine and Israel as key drivers of the abrupt price increase. India has been stockpiling grains for sale to consumers at heavily subsidised prices to ensure that the poor has access to cheap food.
 - (a) Account for the sharp rise in global food prices. [10]
 - (b) From the consumers, producers and government's perspectives, assess whether India's strategy of stockpiling for subsidised sale is better than a price ceiling. [15]

- 3 The online Apple Store offers special education pricing for educators as well as university students, students accepted into university, parents buying for university students, teachers and staff at all levels.
 - (a) Explain the factors that enable Apple to carry out price discrimination. [10]
 - (b) Discuss if barriers to entry is the key in determining a firm's behaviour in Singapore. [15]

Section B

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

- 4 Assess the extent to which an improvement in standard of living of an economy requires economic growth to be the top priority. [25]
- | 5 (a) Explain the factors that influence the size of the national income multiplier. [10]
- (b) Discuss whether fiscal policy is most appropriate in managing the Singapore economy when faced with the twin threats of worldwide recession and high inflation. [15]
- 6 It has been asserted that the rapid pace of globalisation appear to have contributed to rising income inequity and economic vulnerability in developed economies. Thus, protectionism has been adopted by some countries in response to these challenges.
- (a) Explain the benefits of globalisation for developed economies. [10]
- (b) Discuss whether protectionism is the best approach to deal with the challenges posed by globalisation. [15]