



PIONEER JUNIOR COLLEGE, SINGAPORE
PRELIMINARY EXAMINATIONS 2014
Higher 2

ECONOMICS

9732/02

Paper 2

23 September 2014

2 hours 15 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

Write your Centre number, index number and name 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 staples, 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.

At the end of the examination, fasten all your work securely together.

Fasten your answers to each question SEPARATELY.

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

This document consists of 2 printed pages and **no** blank page.



Pioneer Junior College



Ministry of Education

Answer **three** questions in total.

Section A

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

- 1** The Fukushima nuclear disaster led to public pressure on the Japanese government to shutdown their nuclear reactors. The void in the nuclear power supply will result in an energy crunch. Fears of radiation have affected the demand for Japanese food exports.

With the use of demand, supply and elasticity concepts, discuss the effects of the above on the consumers and producers in Japan. [25]

- 2 (a)** With examples, distinguish between internal and external economies of scale. [10]

(b) The conventional assumption in most economic models is that firms maximize profits. Discuss the assertion that the pursuit of profits will always lead to a few large firms dominating the market for each and every product. [15]

- 3** In the UK, private firms organize air shows and sell tickets for entry to the event area at prices up to £25. Popular as these shows may be, some choose to watch the air shows from the hills surrounding the event area. The Singapore Air Show, which is also organized by a private firm, is considered to have a strategic national interest.

(a) Explain why the markets for public goods and merit goods may not work efficiently. [12]

(b) Discuss the view that air shows should be provided by the government. [13]

Section B

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

- 4** In 2013, the Singapore's Ministry of Manpower (MOM) continued its approach of taking progressive steps to raise the quality of the foreign workforce and moderate foreign employment growth. This is part of the Government's effort to achieve quality economic growth driven by sustained productivity improvement.

Source: Ministry of Manpower Website

(a) Explain how the nature of the Singapore's economy affects the government policy decision to focus on supply-side rather than demand-side policies. [10]

(b) Assess the impact of Singapore's approach to foreign labour on the macroeconomic aims of the economy. [15]

- 5 (a)** Explain how a rise in interest rates would improve the balance of payments position of a country. [10]

(b) Assess the view that the government should focus on achieving a healthy balance of payments as its main macroeconomic goal. [15]

- 6** Explain the trend towards globalization and discuss the view that globalization is the main cause of economic problems in Singapore. [25]