

RAFFLES INSTITUTION
2014 YEAR 6 Preliminary Examination
Higher 2



ECONOMICS

9732/02

Paper 2: Essay

18 September 2014

2 hours 15 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

DO NOT open this booklet until you are told to do so.

Write your name, index number and CT 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.

Begin answering each question on a fresh sheet of writing paper.

At the end of the examination,

- Fasten your answer to each question **separately**
- Fasten each **cover sheet** on top of each of your answers

You are advised to spend several minutes per question reading through the data before you begin writing your answers.

This document consists of **2** printed pages



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Answer **three** questions in total

Section A

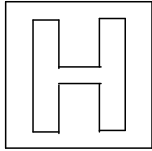
One or two of your three chosen questions must be from this section

- 1 Against a backdrop of steadily rising household incomes, the Malaysian government has decided to reduce government subsidies on fossil fuels in Malaysia. Assess the impact of these changes on total expenditure in the market for fossil fuels and related markets. [25]
- 2 (a) Using appropriate examples, explain how small and large firms can coexist in the food and beverage industry. [10]
 (b) Discuss whether the strategies of these two groups of firms will differ when faced with a recession and rising labour costs. [15]
- 3 (a) Explain using examples, how factor immobility and market dominance exacerbate income inequality. [10]
 (b) Evaluate the policies a government can adopt to tackle factor immobility and market dominance. [15]

Section B

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

- 4 Discuss the extent to which Singapore's growth is in her own hands. [25]
- 5 Recent uncertainty about Eurozone growth, coupled with East Europeans' migration into the UK, has changed the UK's labour market; this includes adversely affected UK residents in manual occupations, who do not have the skills to move to other occupations.
 (a) Explain the causes and costs of unemployment to a country like the UK. [10]
 (b) Discuss if labour migration may help a country achieve its macroeconomic objectives. [15]
- 6 Traditional trade theory explains that differences in relative opportunity cost result in countries specialising and trading according to their comparative advantages. In recent years countries are also increasingly trading in goods within the same industry, and at the same time experiencing the phenomenon of off-shoring, where firms have relocated parts of their production process overseas.
 (a) Explain how Singapore has benefitted from opening its door to trade and capital flows. [10]
 (b) To what extent are recent changes in global trade and capital flows attributed to differences in opportunity cost? [15]



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COVER SHEET

Name: _____

Civics Class: _____

Question No.	Marks
	/25



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