



ST ANDREW'S JUNIOR COLLEGE
PRELIMINARY EXAMINATIONS – 2015
General Certificate of Education Advanced Level
Higher 2

ECONOMICS

9732/02

Paper 2: Essay Questions

14 September 2015

2 hours 15 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

Write your name and 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 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.

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



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This document consists of **3** printed pages.

[Turn Over

Answer **three** questions in total.

Section A

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

1 The removal of an EU quota on milk earlier this year has caused a fall in the world price milk. Recent reports in the media have stated that butter, made from milk, contains greater amounts of heart healthy nutrients than margarine which is generally made from vegetable oils. These changes have affected the markets for butter and margarine.

(a) Explain how the removal of the EU quota on milk is likely to affect the consumer expenditure on milk of different types of households in the EU. [8]

(b) Discuss the likely combined effects of both the changes on the markets for butter and margarine. [17]

2 Communications and Information Minister Yaacob Ibrahim hit the nail on the head this week when he said Singapore's much-anticipated fourth cellphone operator had to spur competition and bring innovation to the market causing the existing telcos to also innovate.

Adapted from <http://www.businesstimes.com.sg>

Consider the market structure in which Singapore's telecommunications (telcos) industry may operate and discuss if barriers to entry are the main factor influencing the behaviour of these firms. [25]

3 Vast tracts of forest in Indonesia were burnt annually to provide land for planting crops.

Adapted from www.scidev.net

(a) Explain how forest fires in Indonesia could be a cause for concern for its government. [10]

(b) Assess the various policies that the Indonesian government could implement to reduce the negative impact caused by the forest fires. [15]

Section B

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

4 Assess whether trade-offs between different macroeconomic policy objectives influence macroeconomic policy decisions. [25]

5 India's Finance Minister has announced that tackling inflation is the key priority. This came after data showed that inflation rate increased from 9.3% in 2012 to 11% in 2013.

Adapted from Reuters, Dec 2013 & www.inflation.eu

(a) Explain how firms and households may be affected by inflation. [10]

(b) Discuss alternative economic policies that the Indian government may consider adopting to alleviate these inflationary pressures. [15]

6 Singapore and the EU concluded the Free Trade Agreement (FTA) in Dec 2012, after three years of talks. Under the FTA, the EU will eliminate tariffs on all imports from Singapore over five years, while Singapore will grant duty-free access for all imports from the EU. Singapore is the first ASEAN country to seal the deal on an FTA with the EU.

Source: Todayonline.com, 30th March, 2014

(a) Explain the changing pattern of trade in Singapore in recent years. [10]

(b) Assess the extent to which Singapore could benefit from signing Free Trade Agreements. [15]