

**ANGLO-CHINESE JUNIOR COLLEGE**  
**2015 JC2 PRELIMINARY EXAMINATIONS**



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**ECONOMICS**

**9732/02**

**Higher 2**

25 August 2015

Paper 2: Essay Questions

2 hours 15 minutes

Additional materials: Answer paper

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**READ THESE INSTRUCTIONS FIRST**

Write your 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/tape.

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 each question on a **fresh** sheet 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, arrange your answers in sequence of the question number.

**Fasten your answers using the cover sheets provided.**

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This document consists of **3** printed pages and **1** blank page.  
Please check that your question paper is complete.

Answer **three** questions in total.

### Section A

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

- 1** The oil price has fallen by more than 40%. The Organisation of Petroleum Exporting Countries (OPEC) failed to reach an agreement on production curbs. Demand is low because of weak economic activities, and a growing switch away from oil to other fuels.

Source: *The Economist*, 8 December 2014

Using economic analysis, discuss how these events are likely to impact the market for oil and related markets. [25]

- 2 (a)** Explain how society can benefit from mergers of firms. [10]

**(b)** Globalisation increases the level of competition among firms in a country, thereby making markets more competitive.  
Discuss the extent to which merging is the best strategy for domestic firms to deal with the threat of globalization. [15]

- 3** The Gini coefficient decreased from 0.478 in 2012 to 0.463 in 2013. After adjusting for Government transfers and taxes, the Gini coefficient in 2013 fell from 0.463 to 0.412, reflecting the redistributive effect of Government transfers.

Source: Singapore Department of Statistics, 18 February 2014

**(a)** Explain how labour immobility and market dominance may lead to income inequality. [10]

**(b)** Discuss the economic role of the Singapore government in addressing income inequality. [15]

**Section B**

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

- 4 (a)** Explain the possible causes of an increase in household consumption. [10]
- (b)** Assess the view that raising household consumption is more effective than encouraging exports in achieving economic growth. [15]
- 5** As our economy develops and undergoes major demographic shifts, sustaining high productivity growth will become harder.

Source: Singapore Population White Paper, January 2013

- (a)** Explain the consequences of ageing population and falling productivity growth on the Singapore economy. [10]
- (b)** In view of these problems, assess the relevance of supply-side policy as Singapore continues to face the problems of ageing population and falling productivity growth. [15]
- 6** Assess the extent to which the improvement of standard of living in Singapore is dependent on the openness of the economy. [25]

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