



ANDERSON JUNIOR COLLEGE

JC2 PRELIMINARY EXAMINATION 2015 Higher 2

ECONOMICS

9732/02

Paper 2

2 September 2015

Additional Materials: Answer Paper

2 hours 15 minutes

READ THESE INSTRUCTIONS FIRST

Write your name, PDG and index number in the spaces provided 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. Begin your answer to **each question** on a fresh sheet of writing paper.

At the end of the examination, fasten your answers to each question **separately**.

Fasten this **cover page in front of the first question attempted**.

Indicate in the table below the **question numbers** of the **three** questions you have attempted.

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

Name: _____ ()

PDG: ____/14

Question Number	Marks Awarded
	/25
	/25
	/25
Total Marks	/75

This document consists of **3** printed pages, including this cover page.

[Turn over]

Answer **three** questions in total.

Section A

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

1. Trouble continues to brew within the Malaysian government. The internal squabbles and allegations of corruption at the highest level have created much uncertainty for foreign investors. While the recently implemented Goods and Services Tax of 6% is seen as a more stable source of revenue for the Malaysian government, shops are bracing themselves for the impact. To make matters worse, the number of shoppers from Singapore has taken a hit due to a 400% increase in Causeway toll charges.

With the use of demand and supply analysis, discuss the impacts of the factors mentioned on different markets. [25]

2. Singapore raised excise duties on alcohol by 25% and banned alcohol from being sold in retail shops or consumed in public places from 10.30pm to 7am. The measures were deemed necessary as people often drink excessively, unwittingly harming themselves as well as causing fatal traffic accidents.

(a) Explain the reasons for government intervention in the market for alcohol [10]

(b) Discuss the relative effectiveness of taxation and legislation in curbing the consumption of alcohol. [15]

3. (a) Explain why firms may practise price discrimination domestically and internationally. [10]

(b) Discuss whether price discrimination is always undesirable from a society's point of view. [15]

Section B

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

4. Businesses cannot rely on low-cost, low-skilled foreign manpower to achieve its economic aims. Thus, Singapore has reduced its foreign manpower quota to encourage companies to invest in technology and to bring about a more equitable and efficient allocation of resources.

LABOR COST, LABOR PRODUCTIVITY AND GDP GROWTH

	2011	2012	2013	2014
	Percentage change			
UNIT LABOUR COST INDEX OF OVERALL ECONOMY	1.7	3.1	2.4	3.5
LABOR PRODUCTIVITY	2.3	-0.5	0.3	-0.8
GDP GROWTH	6.0	3.0	4.0	3.0

Source: Singstat.gov.sg and *Mof.gov.sg*, last accessed 29 July 2015

Discuss the view that improving labour productivity alone will achieve the economic aims of Singapore. [25]

5. China recorded GDP growth of 7.7% in 2013, its lowest in the last decade, and this trend is expected to stay.

(a) Explain the impacts of the above development on price stability in Singapore. [8]

(b) Discuss whether domestic or external factors are more likely to limit the effectiveness of exchange rate policy in achieving price stability in Singapore. [17]

6. The Trans-Pacific Partnership (TPP) is a proposed trade agreement that aims to expand the flow of goods, services and capital among its members. Its critics, however, warned of damage to domestic workforce from outsourcing and offshoring and are clamouring for more protection for workers.

Assess the economic case for these two approaches amidst the current global economic uncertainty. [25]

End of Paper