

 NYJC	PRELIMINARY EXAM 2015
	JC2 Economics H2 (9732/02)

Paper 2 - Essay

Monday

21 September 2015

08:00 – 10:15

TIME : 2 hours 15 mins

INSTRUCTIONS TO CANDIDATES

Write your name, class and name of economics tutor in the space provided on the writing paper.

Do not use staples, paper clips, 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.

The number of marks is given in the brackets at the end of each question or part question. Write your answers on the writing papers provided. At the end of the examination, fasten all your work securely together.

There are 2 printed pages including this cover page

Answer **three** questions in total.

Section A

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

1. With rising incomes, consumers are demanding for more premium leather goods. However, leather shoe suppliers are facing tough times as price of leather increased.

Using economic analysis, discuss the likely effects of the above changes on leather shoe market and its related markets. [25]

2. Jet Airways, India's second largest domestic airline in terms of the passenger load it carries, has slashed prices of its Business Class seats by up to 60%.

Source: DNA India, July 2015

(a) Explain the possible reasons for the action taken by Jet Airways [10]

(b) Discuss whether competition in the airline industry is beneficial to the consumers and the economy [15]

3. (a) Explain the main sources of market failure in Singapore [10]

(b) Discuss the view that government intervention is always necessary and beneficial when externalities are present [15]

Section B

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

4. (a) Pump priming is an action taken by the government to stimulate an economy, usually during a recessionary period.

Explain why such a measure is more effective when a greater portion of the extra income earned by households is consumed than withdrawn. [10]

(b) Assess the view that a large increase in national income is always desirable. [15]

5. Macroeconomic policy decision makers set targets for key policy objectives in relation to employment, inflation and economic growth.

(a) Explain why low rate of unemployment, low rate of inflation and sustained economic growth are key policy objectives. [10]

(b) Discuss whether macroeconomic policy decision makers should rely solely on supply-side policies to achieve these key policy objectives. [15]

- 6 Explain how globalisation has changed Singapore's pattern of trade and discuss whether Singapore is among the economies that have most to gain from globalisation. [25]