



RAFFLES INSTITUTION
2015 YEAR 6 PRELIMINARY EXAMINATION
Higher 2

ECONOMICS

9732/02

Paper 2: Essay Questions

17 September 2015

2 hours 15 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

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 ESSAY QUESTION** on a **FRESH SHEET OF PAPER**.

At the end of the examination, fasten your answer to **EACH** question **SEPARATELY**.

Attach this cover sheet to the answer of the **FIRST QUESTION** attempted.

Cover Sheet

Please **indicate** the questions that you have attempted.

Name : _____
Civics Class : _____
Economics Tutor : _____

Question No.	Marks
Total	

This document consists of **3** printed pages and **1** blank page.



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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 Drivers in Singapore will have to pay more for petrol as the Government announced an increase in petrol duty rates.

Source: *The Straits Times*, 23 February 2015

Discuss the relative importance of factors in determining the price of petrol in Singapore and the impact of a rise in petrol taxes on related markets. [25]

- 2 (a) Compare the key features of oligopolistic and monopolistically competitive markets. [10]

(b) Discuss whether the behaviour of oligopolistic firms is consistent with the objective of profit maximisation. [15]

- 3 Discuss the view that the allocation of resources should be left to the free market as government intervention results in greater inefficiency. [25]

Section B

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

- 4 “Bigger countries if you do not perform so well, you have a hinterland, you have resources in the ground to survive. We do not have anything but ourselves”, PM Lee Hsien Loong said, stressing that improving productivity and maintaining growth is the only way Singaporeans can continue finding good jobs and having opportunities.

Source: *Channel News Asia*, June 2015

- (a) Explain the importance of achieving macroeconomic objectives. [12]
- (b) Assess whether a rise in productivity allows Singapore to achieve its macroeconomic objectives. [13]
- 5 Economic conditions in the United States have largely returned to normal and a Federal Reserve Bank decision to raise interest rates should come soon.
- (a) Explain the factors that would limit the effectiveness of a rise in US interest rate. [10]
- (b) To what extent will the rise in US interest rate have an adverse impact on the Singapore economy? [15]
- 6 To what extent can policies undertaken by the Singapore government mitigate the negative impact of globalisation and reap its benefits to the fullest? [25]