



PIONEER JUNIOR COLLEGE, SINGAPORE
JC2 PRELIMINARY EXAMINATION 2015
Higher 2

ECONOMICS

9732/02

Paper 2

22 Sep 2015

2 hours 15 minutes

Additional Materials: Answer Paper



READ THESE INSTRUCTIONS FIRST

Write your Centre number, 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.

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 your answers to each question SEPARATELY.

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

This document consists of **2** printed pages and **no** blank page.



Pioneer Junior College



Ministry of Education

Answer **three** questions in total.

Section A

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

- 1 Mobile phones come in different models such as the high-end smartphones (iPhone), entry-level smartphones (Huawei and LG) and feature phones with basic functions (Nokia). A rise in incomes and the entry of Asian manufacturers such as Huawei and LG offering more affordable smartphone models are likely to affect the different models of mobile phones in different ways.
 - (a) Explain how elasticities of demand can assist in understanding the effect of each of these changes on the sales volume of different models of mobile phones. [10]
 - (b) Compare and contrast the likely combined impact of both of these changes on the consumer expenditure on the different models of mobile phones. [15]
- 2 Governments are increasingly concerned with factor immobility which would lead to rising income inequality.
 - (a) Explain how immobility of factors of production and inequality in the distribution of income may lead to market failure. [10]
 - (b) Evaluate the policies currently used by the Singapore government to correct these causes of market failure. [15]
- 3 Advancements in technology may help to open up markets, leading to greater competition and free flow of goods, services, capital and knowledge.
 - (a) Explain the differences between internal and external economies of scale. [10]
 - (b) Discuss how technological advancements might enable firms to reap economies of scale and practice price discrimination [15]

Section B

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

- 4 The size of multiplier varies significantly amongst countries.

Explain why some countries have relatively smaller multiplier values than others and discuss the extent to which the estimated multiplier value is useful in predicting the impact of a rise in government spending on an economy. [25]
- 5 Unemployment rate hits record high in some countries due to internal and external problems.
 - (a) Explain what causes the rate of unemployment to rise in an economy. [10]
 - (b) Discuss the alternative policies that a government could adopt to reduce the high rate of unemployment. [15]
- 6 As globalisation connects people and economies, the consequences are not always what was expected - or welcome.

Assess the extent to which the above statement is true for Singapore. [25]