



RIVER VALLEY HIGH SCHOOL
YEAR 6 Preliminary Examination II
in preparation for General Certificate of Education Advanced Level
Higher 2

ECONOMICS

9732/02

Paper 2: Essay Questions

18 September 2015

Additional Materials: Answer Paper

2 hours 15 minutes

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.

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.

Start each question on a new sheet of paper.

At the end of the examination, fasten your work securely together.

Your answers for Section A and B are to be handed in separately, with the cover page placed on top.

Indicate on the cover page the question(s) you have attempted for that section.

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

This document consists of **2** printed pages.



[Turn over

Answer **three** questions in total.

Section A

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

- 1 Rising fuel prices and a slow economic recovery were observed at the start of 2013.
Discuss the likely combined impact of these events on various markets in air travel.
[25]
- 2 (a) Explain how the degree of barriers to entry can affect the price and output decision of firms. [10]
(b) Globalisation affects the degree of barriers to entry faced by firms as well as their access to world markets.
Discuss the extent to which globalisation necessarily brings about more advantages than disadvantages for firms. [15]
- 3 (a) Explain the economic case for government intervention in the market for healthcare. [10]
(b) Discuss the factors that influence Singapore's approach to addressing market failure in healthcare. [15]

Section B

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

- 4 Individual saving is collectively harmful, particularly when the unemployment rate is high. As such, the government is often prepared to incur budget deficit so as to pump-prime the economy.
Discuss how far the level of thriftiness affects the effectiveness of pump-priming in tackling the high unemployment rate. [25]
- 5 (a) Explain the role of investment in maintaining a healthy balance of payments account. [10]
(b) Countries are increasingly worried about their increasing trade deficits. Discuss appropriate policy options that are available to an open economy to correct its trade deficit. [15]
- 6 Protectionism is short-sighted and narrow-minded. As such, free trade is often advocated to grow an economy.
(a) Explain how protectionism can be regarded as short-sighted and narrow-minded. [10]
(b) Discuss the extent to which free trade should be advocated over protectionism to grow the economy. [15]