



**Jurong Junior College
2015 JC2 Preliminary Examination**

ECONOMICS

Higher 2

9732/02

Paper 2

14 September 2015

2 hours 15 minutes

READ THESE INSTRUCTIONS FIRST

Write your name and 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 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 piece of paper.

Fill in the necessary information on the cover sheet.

At the end of the examination, fasten all your work securely **with the cover sheet at the top.**

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

Answer **three** questions in total.

Section A

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

- 1** Dining options are often varied, ranging from high-end fine dining to the quick and cheap options in hawker centres.

Discuss the effects of falling rental costs and economic recession on the markets for fine dining and hawker food. [25]

- 2 (a)** Explain the relevance of barriers to entry to a firm's decisions on price and output. [12]

(b) Assess whether profit-maximising firms should adopt the strategy of mergers and acquisitions. [13]

- 3** Many working parents enrol their children in childcare centres for supervision during the day. In Singapore, parents are eligible for a basic subsidy of \$300 per child for childcare services. In contrast, in the United States, childcare subsidies are not given.

(a) Explain how the price mechanism allocates resources efficiently in a free market. [10]

(b) Assess the economic case for the two different approaches towards childcare services in Singapore and United States. [15]

Section B

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

- 4 **(a)** Explain how economists compare the economic performance of different countries. [10]
- (b)** Discuss the extent to which trade-offs between different macroeconomic objectives may occur when a country seeks to improve its economic performance. [15]
- 5 **(a)** Explain why governments aim to achieve internal and external price stability. [10]
- (b)** Assess the relative effectiveness of monetary policy and fiscal policy in achieving economic growth in different economies. [15]
- 6 Discuss whether a country that practises protectionism should adopt free trade instead. [25]

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