



NATIONAL JUNIOR COLLEGE
SH2 Preliminary Examinations for General Certificate of Education Advanced Level
Higher 2

ECONOMICS

9732/02

Paper 2: Essay Questions

23 August 2016

2 hour 15 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

Write your name and subject class on all the work you hand in.

Write in dark blue or black pen.

You may use an HB pencil for any diagrams or graphs.

Do not use staples, paper clips, glue or correction fluid.

DO **NOT** WRITE IN ANY OF THE MARGINS.

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.

At the end of the examination, fasten all your work securely with the cover pages given [**one cover page for each question**].

Fill in the necessary information on the cover pages.

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

This document consists of **7** printed pages; including **1** blank page and **3** cover pages.

Answer **three** questions in total.

Section A

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

- 1 In 2014, oil prices plunged to a historical low. Despite weak economic activities worldwide, there has been an increase in activities to produce oil which is a time-consuming process.

Discuss how these events are likely to impact the market for oil and its related markets. [25]

- 2 In the global pharmaceutical market, the World Health Organisation (WHO) recommends international tiered pricing to improve access to medicines for the poor. With globalised and increasingly digital markets, dominant pharmaceutical firms are at the mercy of savvy consumers.

(a) Explain the impact of globalisation on the price and output determination of a dominant firm. [10]

(b) In the light of globalisation, assess the extent a firm might decide to increase its firm size or to not price discriminate. [15]

- 3 As economies gain greater success by ensuring a more efficient use of resources, there is an increasing call for governments to ensure that the success is better distributed.

Assess the appropriateness of alternative policies that can be adopted by a government to correct different causes of market failure. [25]

Section B

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

- 4** India and many developing countries faced a severe depreciation of their currencies in 2013, largely caused by capital flight and weak external demand.

Discuss the view that the government of a developing country should intervene by only strengthening its currency. [25]

- 5** “We have made skills, innovation and productivity the basis for economic growth. This is key to keeping our economy vibrant, with a strong core of Singapore-based companies where every Singaporean is in well-paying and meaningful jobs by managing foreign workforce growth.”

Source: Singapore Budget Speech 2014

Discuss why the Singapore government should focus on supply side policies rather than demand management policies to achieve sustained economic growth. [25]

- 6 (a)** Explain why a small economy should embrace globalisation. [10]

(b) Discuss whether protectionism is justified during times of worldwide recession. [15]

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