



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

19 September 2016

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 as the answers are to be **handed in separately**. Indicate clearly the **question number**.

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



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

[Turn over

Answer **three** questions in total.

Section A

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

- 1 Coffee farmers in the major coffee-producing regions have been grappling with climate change threatening crop harvest. In addition, rising affluence combined with marketing efforts have fuelled the growth of café culture. These have impact on the commodities market for coffee and also firms selling coffee-based beverages.

Discuss the likely combined impact of these events on the market for coffee and how it may cause firms selling coffee-based beverages to make differing decisions. [25]

- 2 Firms make decisions based on various considerations such as barriers to entry as well as the business risks and uncertainty associated with each possible option.

(a) Explain how barriers to entry can cause firms to make differing pricing and output decisions. [10]

(b) "Periods of falling income expose firms to higher risks of business closures."

During periods of falling income, discuss how the performance of firms can be affected by both the nature of the goods they sell and the types of markets within which they operate. [15]

- 3 Alcohol was not a direct cause of the riot, the Committee of Inquiry said. "However, it was a major contributory factor, among others, to the nature and escalation of the Little India riot."

(a) Explain why the amount of drinks a rational consumer decides to have often differs from what the regulator deems to be rational. [10]

(b) Discuss whether banning alcohol consumption should be implemented given the decision of consumers differs from that of the regulator. [15]

Section B

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

- 4** In 2014, the five countries that recorded the highest GDP growth rates were Turkmenistan (10.1%), Mongolia (9.1%), Democratic Republic of the Congo (8.6%), Myanmar (8.5%) and Mozambique (8.2%).

Source: IMF, accessed 18 August 2016

- (a) Explain the potential causes of such high GDP growth rates. [10]
 - (b) Assess the likely impact of such high GDP growth rates on these economies. [15]
- 5** Supply-side policies can have an impact on the demand-side of the key sectors of an economy.
- (a) Explain how supply-side policies can have significant impact on the circular flow of income. [10]
 - (b) Discuss why the above impact might differ for different economies. [15]
- 6** In recent years, greater globalisation and rapid technological change have inevitably caused the unemployment rate to rise in Singapore.
- Discuss the extent to which the Singapore government's approach to international trade may need to be adjusted in response to the rise in unemployment. [25]

