



SERANGOON JUNIOR COLLEGE

JC2 Preliminary Examination

ECONOMICS

9732/02

Higher 2

PAPER 2

20 September 2016

2 hours 15 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

Write your name and civics group 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 your answers to each essay question on a new sheet of writing paper. Fasten your answers to each question separately.

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

You are reminded of the need for good English and clear presentation in your answers.

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

Answer **three** questions in total.

Section A

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

- 1** In recent years, the number of online food delivery companies is increasing. Some restaurants have partnered these delivery companies as an additional way to grow revenues as they grapple with rising rentals and a manpower crunch. Others however have been affected by this competition.

With reference to the above developments, discuss the impact on the sales revenue of online food delivery companies and different types of restaurants. [25]

- 2** (a) Explain how the price mechanism addresses the problem of scarcity. [10]
- (b) To what extent should Singapore rely solely on the price mechanism to achieve its microeconomic goals? [15]
- 3** (a) Explain the factors that affect the price and output decision of a firm in an oligopoly industry. [10]
- (b) Discuss whether problems arising from market dominance can be alleviated by globalisation. [15]

Section B

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

- 4** With economic growth, many countries have seen their living standards improve. As a result, many have equated economic growth to improvement in standard of living.

Discuss whether economic growth should be the top priority in a country's pursuit of higher living standards. [25]

- 5** The global financial crisis of 2007-08 caused a resurgence in Keynesian demand management policies. However, Edmund Phelps, the 2006 Nobel laureate in economics, advocates that innovation – not more Keynesian fiscal stimulus – offers hope of a durable way out of the current stagnation gripping the world's most developed economies.

(a) Explain how the AE-Income model can be used to analyse how a worldwide recession would affect the national income of a country. [10]

(b) Discuss the view that Singapore would be better off promoting innovation instead of adopting Keynesian fiscal stimulus to drive its slowing economy. [15]

- 6 (a)** Explain what might cause a current account deficit in the balance of payments. [10]

(b) Discuss whether Free Trade Agreements or protectionism is a more viable solution to a country's balance of payments deficit amidst a global economic gloom. [15]

[End of paper]

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