



**JURONG JUNIOR COLLEGE
PRELIMINARY EXAMINATION 2016**

ECONOMICS

Higher 2

9732/02

Paper 2

13 September 2016

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 essay answer on a fresh sheet of writing paper and indicate questions attempted clearly on answer sheet.

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** Globalisation has resulted in rising income but the influx of cheaper imported steel forced some inefficient domestic steel producers to close down.

Assess the impact of the above effects of globalisation on the domestic steel market and the domestic car market. [25]

- 2 (a)** Explain how barriers to entry affect price and output determination of firms. [10]

(b) Assess the extent to which market dominance reduces the negative impact of a recession on firms. [15]

- 3** Some governments provide healthcare for free, while others only subsidise it partially.

(a) Explain the factors that a government should consider in deciding whether healthcare is under-consumed. [10]

(b) Assess the view that government provision of national defence and free healthcare is both necessary, and results in an efficient allocation of resources. [15]

Section B

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

- 4** In 2014, Singapore's GDP grew 2.9% to \$390.1 billion and long-term capital inflows grew 18% to \$156.5 billion. However, growing pessimism about global economic performance has led to fears that export demand could decline in the years ahead.
- (a)** Explain how a fall in export demand could affect the circular flow of income in an economy. [10]
- (b)** Assess whether these economic indicators of GDP data and long-term capital inflows are the best measures of standard of living in Singapore. [15]
- 5** Over the past few years, Singapore's economic restructuring journey to achieve growth has focused on raising productivity through promoting innovation, investing in human capital and tightening the inflow of foreign workers.
- (a)** Explain why governments are concerned with failing to achieve sustained economic growth. [10]
- (b)** With reference to Singapore, discuss whether raising productivity alone can be effective in achieving sustained economic growth and low unemployment. [15]
- 6** Discuss the view that opening an economy to free trade and migration flows mitigates the economic problem of scarcity and achieves a country's macroeconomic goals. [25]