



MERIDIAN JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATION 2016

H2 Economics

9732/02

Paper 2 Essay Questions

19 September 2016

2 hours 15 minutes

Additional Materials: Writing Paper

READ THESE INSTRUCTIONS FIRST

Do not open this booklet until you are told to do so.

Write your name, class and register number in the spaces at the top of the answer sheets.

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.

Begin each essay question on a fresh sheet of paper.

At the end of the examination, fasten all your work securely to the cover sheet with the string provided.

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

[Turn Over]

This document consists of **3** printed pages and **3** cover sheets.

9732/02/PRELIM/JC2/MJC/2016

Answer **three** questions in total.

Section A

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

- 1** Many different types of holiday travel ranging from budget to high-end luxury packages are available in Singapore. A large fall in the cost of producing holiday packages in the midst of a global slowdown are likely to affect the sales of different categories of holiday packages in Singapore.

Critically examine the likely impact of a large fall in cost of production of holiday packages and a global slowdown on the sales volume and revenue earned from the sales of different categories of holiday packages. [25]

- 2** Sugar consumption contributes to increasing obesity rates in Singapore, where around 1.7 million Singaporeans are at risk of obesity-related diseases such as diabetes. There are calls for a tax on sugared drinks and soda to reduce sugar consumption, following in the footsteps of countries like Mexico, the UK and the city of Berkeley in California.

(a) Explain how the consumption of sugary drinks is likely to cause market failure. [10]

(b) Discuss the view that a sugar tax represents the best option by a government to tackle obesity-related diseases such as diabetes. [15]

- 3 (a)** Differentiate between the key features of the economic models of perfect competition and monopoly, illustrating your answer with examples. [10]

(b) Discuss whether the determination of a firm's price and output is more dependent on the competition that it faces or the firm's objectives. [15]

Section B

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

- 4** Governments in economies worldwide solve unemployment problems through the use of loose monetary policy and investment in human capital.

(a) Explain why reducing unemployment is a key macroeconomic objective in many countries. [10]

(b) Discuss the view that Singapore would be better off reducing unemployment through the use of exchange rate policy. [15]

- 5** During 2009 the Bank of England engaged in what is known as 'quantitative easing' by pumping more than £200 billion into the economy. Record low levels of interest rates have also been maintained within the UK economy. Quantitative easing and low interest rates were also adopted by the US.

Discuss the likely impact of quantitative easing and low interest rates on an economy and its trading partners. [25]

- 6** Economists warn of the rising waves of protectionism around the world although some governments are opening markets and improving competitiveness.

(a) Explain why protectionism exists. [10]

(b) A country wishes to improve its export competitiveness in producing manufactured goods. What does this mean and how might this be achieved? [15]

- End of Paper -



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COVER SHEET

H2 ECONOMICS

Section A & B: Essay Question

Name: _____

Civics Group: _____

Register Number: _____

Tutor: _____

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WRITE down the question number you have attempted.

At the end of the examination, fasten this cover sheet to your answer scripts for the essay with the string provided before submission.

QUESTION ATTEMPTED	MARKS
Question _____	/25



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