



INNOVA JUNIOR COLLEGE
JC 2 PRELIMINARY EXAMINATION
in preparation for General Certificate of Education Advanced Level
Higher 2

ECONOMICS

9732/02

Paper 2: Essay Questions

23 August 2016

2 hours 15 minutes

Additional Materials: Writing Paper and Cover Page

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/tape.

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 question on a fresh sheet of paper.

At the end of the examination, attach cover pages provided to **Section A and Section B Essay**.

Fasten all sections **separately** and securely.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [] at the end of each question or part question.
You are advised to spend several minutes reading through the data before you begin writing your answers.

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** Oil prices fell sharply in the second half of 2014 amidst slow global economic growth.

Discuss the relative importance of factors influencing consumers' expenditure in air travel. **[25]**

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Universal Studio Singapore Ticket Pricing	
Ticket Type	One Day Pass
Adult (Ages 13 to 59)	S\$74
Child (Ages 4 to 12)	S\$56
Senior (Ages 60 and above)	S\$36

(a) Explain how the above pricing decision could be an example of price discrimination. **[10]**

(b) Discuss whether price discrimination will always improve society's welfare. **[15]**

- 3** 'The market should be left alone as government intervention results in greater inefficiency.' Discuss. **[25]**

Section B

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

- 4** Chinese consumption decreased from 51% of Gross Domestic Product in 1985 to 43% in 1995, 38% in 2005, and 34% in 2013. By comparison, consumption is around 61% in Japan and 69% in the United States. Regardless of its relative percentage of GDP, China's consumption has been growing faster than any other economy's in absolute terms.
- (a) Explain whether the size of national income multiplier is the main determinant in influencing the change in national income of an economy. **[10]**
- (b) Discuss whether raising domestic consumption as percentage of GDP is the best approach to achieve sustainable economic growth. **[15]**
- 5** The slow economic recovery from world-wide financial crisis has caused emerging countries which exports commodities to suffer from currency depreciation and unsustainable balance of payment deficit. Growth of advanced economies is affected by the lower growth in commodities exporters and productivity growth remains weak. Amid slowing international trade growth, countries have turned to mega-regional trade agreements like Transpacific Partnership (TTP) and Transatlantic Trade and Investment Partnership (TTIP).
- Explain the likely causes of balance of payment deficit and discuss the alternative policy approaches that are appropriate for a country to achieve healthy balance of payment amidst slow economic recovery. **[25]**
- 6** (a) Explain the factors that changes Singapore's trade pattern. **[10]**
- (b) Discuss the view that globalisation will always improve a country's standard of living. **[15]**

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