



PIONEER JUNIOR COLLEGE, SINGAPORE  
JC2 PRELIMINARY EXAMINATION 2016  
for students taking the  
General Certificate of Education Advanced Level  
Higher 2

## ECONOMICS

**9732/02**

Paper 2

19 September 2016

Additional Materials: Writing Paper

2 hours 15 minutes



### READ THESE INSTRUCTIONS FIRST

Write your index number, 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.

Answer each question on a fresh sheet of paper.

At the end of the examination, fasten your answers to each question SEPARATELY.

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

If there are part questions you did not attempt, please write the question number and part in the margins before you submit your answers. (*i.e. if you did Q1 and Q2, but you did not complete 2b, indicate 2b in the margin of the answer script that you submit for question 2.*)

You are advised to spend several minutes reading the question and planning your answers before you begin writing.

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.



Pioneer Junior College



Ministry of Education

**Answer three questions in total.**

**Section A**

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

- 1** Global warming has reduced the harvest of high quality coffee beans. This has affected many independent boutique cafes in Singapore which have grown in recent years due to rising affluence and more sophisticated taste for specialty coffee. In addition, these cafes are also facing soaring rents, alongside labour shortages and stiff competition.

Using economic analysis, discuss the impact these events are likely to have on farmers of coffee beans, consumers of specialty coffee and owners of boutique cafes. [25]

- 2** Profit maximising firms make price and output decisions based on the marginalist principle.

Explain how the marginalist principle helps monopolistic competitive firms to maximise profits and discuss the extent to which such firms are likely to be beneficial to society. [25]

- 3** All societies face the problem of scarcity arising from limited resources and unlimited wants.

**(a)** Explain how price mechanism allocates scarce resources among competing needs in an economy. [10]

**(b)** Discuss whether it is necessary for the government to intervene in order to achieve an efficient allocation of resources. [15]

**Section B**

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

- 4** Governments have a range of different macroeconomic objectives and there are conflicts between the objectives.
- (a) Explain how conflicts might arise between the various macroeconomic objectives. [10]
- (b) Discuss the view that the government's fiscal and monetary policies should be focused primarily on achieving a low unemployment rate. [15]

- 5** We have made skills, innovation and productivity the basis for economic growth and rising real incomes. This is key to keeping our economy vibrant, with a strong core of Singapore-based companies and with every working Singaporean in well-paying, meaningful jobs.

Source: *Singapore Budget Statement 2014*

- (a) Explain how economists assess the economic performance of an economy. [10]
- (b) Discuss whether further progress in a country's living standards depends on higher productivity. [15]

- 6** The world's economies have developed ever-closer links since 1950, in trade, investment and production. Known as globalisation, this process is not new, but its pace and scope has accelerated in recent years, to embrace more industries and more countries.

Source: BBC News, Globalisation, Key Facts: The Global Economy  
<http://news.bbc.co.uk/2/shared/spl/hi/guides/457000/457022/html/>

Discuss the view that globalisation tends to benefit some countries more than others. [25]

---

**End of Paper**

