



CATHOLIC JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATIONS
In preparation for
General Certificate of Education Advanced Level
Higher 2

ECONOMICS

Paper 2: Essay Questions

9732/02

25 August 2016

0800 - 1015

Additional Materials : Writing Paper

2 hours 15 min

READ THESE INSTRUCTIONS FIRST

Write your name, class and question number 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 paper clips, highlighters, glue or correction fluid.

Begin each question on a new sheet of paper.

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.

At the end of the examination, **hand in EACH questions separately.**

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 (a) Based on economic theory, explain how society deals with scarcity. [10]
- (b) The free market should always be left alone. Comment. [15]

- 2 Domestically, rising costs and competitive prices offered by regional rivals are eroding Singapore's appeal as a medical tourism hub. At the same time, incomes in Asia, where a large portion of the clients come from, has suffered from the slowdown in China's economy.

Source: Perspectives@SMU

Using economic analysis, discuss the impact these events are likely to have had on consumers' expenditure on medical services in domestic and foreign markets. [25]

- 3 Singapore Airlines, caught between the rapid emergence of airlines from the Gulf countries (for example, Emirates) and low cost Asian rivals, is attempting to revive growth by cutting prices.

Source: CNBC

- (a) Using appropriate examples, explain the various internal economies of scale enjoyed by an airline company. [10]
- (b) Given the market structure Singapore Airlines is operating in, discuss if the business strategy used is the best way to survive the threats in the airline industry. [15]

Section B

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

- 4 Assess the importance of external stability in achieving an improvement of standard of living for different economies. [25]
- 5 (a) Explain what determines the effectiveness of fiscal policy in achieving economic growth in Singapore. [10]
- (b) Discuss whether conflict in macroeconomic objectives is the most important factor in determining policy decisions in Singapore. [15]
- 6 To what extent is there a greater need for smaller countries to be globalised? [25]

BLANK PAGE