



MERIDIAN JUNIOR COLLEGE
Preliminary Examination
Higher 2

Economics

9732/2

Paper 2

21 September 2011

2 Hours 15 Minutes

Additional Materials: Answer Booklet/Writing Paper

READ THESE INSTRUCTIONS FIRST

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

Write your name, civics group and register number on all the work you hand in.

Write in dark blue or black pen.

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.

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

[Turn Over]

Answer **three** questions in total

Section A

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

- 1 China has implemented a policy to reduce production of rare earth metals which are used in the production of X-ray machines, iPhones and light bulbs. Incomes have risen in recent years, especially in the emerging economies.

Discuss the relative impacts on consumers and producers due to the above changes. [25]
- 2 (a) Explain whether it is always advantageous for a firm to grow in size. [12]
(b) Discuss how you would decide if a firm is exerting its monopoly power. [13]
- 3 To solve income inequality, the USA uses a minimum wage law while Singapore believes that improving the skills of workers is the best solution.
(a) Explain why income inequality is a source of market failure. [10]
(b) Using economic theory, analyse whether the above view is justified. [15]

Section B

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

- 4 Singapore government supply-side policies have created a more dynamic and flexible labour market. Between 2003 and 2010, unemployment fell from 4.0% to 2.1% but inflation rate rose to 2.8 %.
- (a) Explain how supply-side policies can lower the level of unemployment. [10]
- (b) Discuss whether the Singapore government should ever be concerned about the economic consequences of falling unemployment. [15]
- 5 Some economies have balance of payments deficits while others have balance of payments surpluses.
- (a) Explain the importance of a sound balance of payments to Singapore. [10]
- In 2009, the government ran a budget deficit while the Monetary Authority of Singapore pursued a zero appreciation of the exchange rate to stimulate the stagnating economy.
- (b) Discuss the factors that would affect the success of these two policy measures to boost economic growth in Singapore. [15]
- 6 (a) Account for changes in Singapore's pattern of trade with the rest of the world. [10]
- (b) Assess the relevance of protectionism in today's globalised world. [15]

END OF PAPER



**MERIDIAN JUNIOR COLLEGE
JC2 PRELIMINARY EXAM 2011**

COVER SHEET

ECONOMICS H2 (9732)

Section A & B: Essay Question

Name : _____

Civics Group: _____

Register Number: _____

Tutor : _____

21 September 2011

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Write your name, civics group and register number in the spaces at the top of this cover page and on all the work you hand in.

WRITE down the question number you have attempted.

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

QUESTION ATTEMPTED	MARKS
Question _____	/25



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