

	<b>PRELIMINARY EXAM</b> <b>2011</b>
	<b>JC2 Economics</b> <b>H2 (9732/2)</b>

## Paper 2 - Essay

Wednesday  
21 September 2011  
1400 - 1615

**TIME : 2 h 15 mins**

### INSTRUCTIONS TO CANDIDATES

- Do not open this paper until you are told to do so.
- Attempt 3 questions, with at least one from each section.
- The number of marks is given in the brackets at the end of each question. Write your answers on the writing papers provided. If you use more than one sheet of paper, fasten the sheets together.
- Write your name, class and name of economics tutor in the space provided below as well as on your writing paper.
- Circle the questions you have attempted in the table below, and attach this paper to the front of your answer scripts.

NAME: \_\_\_\_\_ CT/ST: \_\_\_\_\_

SUBJECT TUTOR: \_\_\_\_\_

Question	1	2	3	4	5	6	Total
Mark							

There are 2 printed pages including this cover page

### Section A

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

1. *'Sales of adult fiction in hardback had fallen by over 10%, while cheaper paperback by only 6%. The price people are willing to pay is falling, while hard-cover prices are climbing. The Association of American Publishers announced that the "explosive growth" of e-books account for 13.6% of adult fiction market in America, with burgeoning e-books sales increasing by over 1000% in the last three years after the launch of the e-book reader.'*

Adapted from: The Daily Telegraph August 2011

- (a) Explain the likely reasons for the overwhelming increase in sales of e-books. [10]  
(b) With the aid of relevant concepts, analyse the impact of the e-book trend on the publishing and related industries. [15]
2. 'Barriers to entry are the only considerations necessary in a firm's pricing and output decision making process.' Discuss. [25]
3. (a) Explain how the presence of negative externalities and market dominance can lead to market failure. [10]  
(b) Discuss what policies a government might adopt to achieve a more efficient allocation of resources where market dominance exists. [15]

### Section B

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

4. *"Singapore's unemployment rate rose to 2.1 per cent in June from 1.9 per cent in March 2011. The Ministry of Manpower (MOM) said 1,500 workers were retrenched and 400 had their contracts terminated prematurely, resulting in a total of 1,900 workers being made redundant in the second quarter of 2011."*

Adapted from [www.todayonline.com](http://www.todayonline.com)

- (a) Explain possible causes of unemployment in Singapore. [10]  
(b) Assess the view that the Singapore government should focus on achieving low unemployment as its main macroeconomic goal. [15]
5. *'Fiscal policy can be used to influence the circular flow of income to achieve economic growth'*
- (a) Explain this statement. [10]  
(b) Assess alternative policies that might be more appropriate for the Singapore economy to achieve economic growth. [15]
6. *'Globalization is much like fire. Fire itself is neither good nor bad. Used properly, it can cook food, sterilize equipment, form iron, and heat our homes. Used carelessly, fire can destroy lives, towns and forests in an instant.'*

Adapted from [www.globalenvision.org](http://www.globalenvision.org)

In the light of the above statement, assess measures that the Singapore government may adopt to manage globalisation. [25]