

Raffles Junior College
JC2 Preliminary Examinations 2008

ECONOMICS
Higher 2

9732/02

Paper 2 Essays

8 September 2008

2 hours 15 minutes

Additional Materials: Answer Booklet/Paper

READ THESE INSTRUCTIONS FIRST

Write your name, index number and CT 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 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.

At the end of the examination, fasten all your work and the cover sheet securely together. Place the cover sheet on top.

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

You are reminded of the need for good English and clear presentation in your answers.

COVER SHEET

Name : _____

Index No : _____

CT Class : _____

Please indicate the questions that you have attempted.

Question No.	For Official Use Only	
	Marks	Initial
Total		

This document consists of **3** printed pages.



Answer **three** questions in total.

Section A

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

- 1 According to The World Bank, 16 of the 20 most polluted cities in the world are in China. A plan to lift Beijing's shroud of pollution ahead of the Olympic Games includes stopping half of Beijing's 3.3 million vehicles and shutting down chemical plants, power stations and foundries to cut emissions by 30%.
Adapted from <http://www.huggingtonpost.com/2008/07/29/beijing>
 - (a) Using appropriate examples, explain and illustrate the terms "externality" and "public goods". [10]
 - (b) Assess whether the measures stated above is the best way to curb pollution in China. [15]

- 2 Singala Technologies (ST) is a leader for high definition television (HDTV) micro-chips, producing 65% of world output. ST delivers both leading-edge and cost-efficient HDTV micro-chips and earns huge profits.

Use economic analysis to explain the ability of ST to be a leading producer of micro-chips and consider the likely effect of higher fuel prices and an impending US recession on its future profits. [25]

- 3
 - (a) Distinguish, with the aid of diagrams, how prices are determined in a perfect and imperfect market. [10]
 - (b) The price of goods is often determined by the consumer, firm and or the government. The retail pump price of petrol in Malaysia is S\$1.45 but S\$2 in Singapore.

To what extent is it effective and desirable for a government to influence the retail price of a good like petrol? [15]

Section B

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

- 4** The sources of growth can be internal or external, but countries like China will need to prepare for a future in which it relies more on the strength of growth at home rather than on the strength of growth in the rest of the world.
- Discuss this assertion. **[25]**
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- 5** **(a)** Explain how the inflation rate might affect the exchange rate of a country. **[8]**
- (b)** Assess whether managing exchange rates is the only policy that an economy might adopt to tackle ailing export competitiveness **[17]**
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- 6** **(a)** “Both trade barriers and barriers to entry into an industry result in inefficiency.” Explain this statement. **[12]**
- (b)** Does free trade necessarily lead to an increase in the standard of living in a country? **[13]**