

DUNMAN HIGH SCHOOL
Year 6 Preliminary Examinations 2008

ECONOMICS
Higher 2

9732/2

Paper 2 Essay

17 September 2008

2 hours 15 minutes

Additional Materials: Paper

READ THESE INSTRUCTIONS FIRST

Write your name and subject 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.

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.

At the end of the examination, fasten all your work securely with the cover page given.

Fill in the necessary information on the cover page and **write** the essay question numbers that you have chosen.

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

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



Section A

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

1. Discuss whether it is possible to achieve efficiency in resource allocation in a free market without government intervention. [25]

2. 'Global sales of environmentally friendlier cars such as the hybrid-engine cars (which are powered by petrol as well as electricity) and CNG-fitted cars (which are powered by compressed natural gas) have soared in recent months amid weaker demand for petrol-engine cars.'

Adapted from The Straits Times, 8 Jun 08

- a) Using demand and supply analysis, explain why the sales of alternative fuel cars have increased in recent months. [10]
 - b) With reference to relevant elasticity concepts, discuss the impact of the booming alternative fuel car market on its car distributors. [15]
- 3a) Differentiate between the key features of the economic models of monopolistic competition and oligopoly, illustrating your answers with examples. [8]
 - 3b) Discuss whether the survival of firms in these two models is solely dependent on their competitive strategies. [17]

Section B

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

4. Despite sporting a first-world GDP per capita of US\$29,000 -- second only to Japan in Asia -- Singapore has an income inequality profile more in line with third-world countries.

The Straits Times, 12 Nov 2007

- a) Explain how Singapore sustains its high economic growth over the years to achieve its first-world GDP per capita. [10]
- b) Discuss whether economic growth should always be the top priority goal of a government. [15]

5. Singapore's unemployment rate rose to 2.3 per cent in the second quarter after seasonal adjustments amid economic uncertainties. Analysts warn that the jobless rate may climb higher in the months ahead.

Channel News Asia, 31 Jul 08

- a) Explain the main causes of unemployment in Singapore. [10]
- b) Discuss whether fiscal policy is the most effective way for Singapore to fight unemployment. [15]

6. Discuss the policies that the Singapore government has adopted to alleviate the adverse effects of globalisation. [25]

End of Paper