



RIVER VALLEY HIGH SCHOOL  
YEAR 6 Preliminary Examination  
in preparation for General Certificate of Education Advanced Level  
Higher 2

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## ECONOMICS

9732/02

Paper 2: Essay Questions

19 September 2011

2 hour 15 minutes

Additional Materials: Answer Paper

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### READ THESE INSTRUCTIONS FIRST

Write your index number and name 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 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.  
Start each question on a new sheet of paper.

At the end of the examination, fasten your work securely together.  
Your work for Section A and B are to be handed in **separately** with the cover page.  
Indicate on the cover page the question(s) you have attempted for that section.

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 Better economic outlook or higher fuel prices may prompt airlines to adjust their airfares.  
Discuss the considerations of the airlines in making fare adjustments in response to the above. [25]
- 2 (a) Explain how the existence of economies of scale can affect the behaviour and performance of firms. [10]  
(b) Discuss the extent to which economies of scale determines the types of market structure in Singapore. [15]
- 3 Public Utilities are privately owned in some countries while publicly owned in some others.  
(a) Explain how the provider of a good can be determined from the characteristics of the good. [10]  
(b) Discuss whether electricity should be provided by the public or private sector. [15]

### Section B

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

- 4 (a) Explain why maintaining domestic price stability is likely to be more important than other macroeconomic aims in small, open and resource-scarce economies. [10]  
(b) Discuss the extent to which exchange rate policy is the most effective measure in maintaining domestic price stability in Singapore. [15]
- 5 In 2009, many countries introduced stimulus packages to deal with the impact of the global financial crisis.  
(a) Explain the factors that can undermine the impact of such stimulus packages. [12]  
(b) Assess the effectiveness of the policies used in Singapore to mitigate the most pressing issue of the global financial crisis. [13]
- 6 (a) Explain how determinants of globalization have changed the pattern of trade among countries. [10]  
(b) Discuss the policies currently adopted by the Singapore government to deal with structural unemployment and widening income inequality as a result of globalization. [15]

