

YISHUN JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATION 2011

H2 ECONOMICS
PAPER 2

9732/02
16 August 2011

TIME: 2 hours 15 mins

Additional Materials: Answer Paper



READ THESE INSTRUCTIONS FIRST

Write your name and CTG 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 highlighters 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 securely together.
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. The recent rise in global prices of fuel has affected the operational costs of public transport operators. At the same time, the economy is recovering from the global recession.

Discuss how the above events affect the markets for public and private transport. [25]

2. In the real world, most firms are either monopolistically competitive or oligopolistic in nature.

- (a) Explain why firms are most commonly found in the above two types of market structure. [10]

- (b) Discuss the extent to which monopolistically competitive and oligopolistic firms exploit consumers given that they have market power. [15]

3. Carbon trading and carbon tax are market-based measures to reduce carbon emissions.

- (a) Explain the need for government intervention to reduce carbon emissions. [10]

- (b) Assess whether market-based measures such as carbon trading and carbon tax are most effective in reducing carbon emissions. [15]

Section B

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

4. (a) Explain why reducing income inequality and keeping unemployment rate low are important objectives to be pursued by the Singapore government in recent times. [10]

- (b) Discuss whether the measures adopted by the Singapore government have been successful in achieving these two objectives. [15]

5. During the last recession in Singapore, 2008-2009, the level of GDP fell by a negative 1.3%. In 2011, during the recovery phase, the rate of growth of GDP was 14.5%.

Assess how supply-side reforms can help to reduce such fluctuations in economic growth during an economic cycle. [25]

6. 'US demand will not be the engine of global growth that it was prior to the crisis. To ensure robust and sustainable global growth, trade imbalances need to be corrected.'

Adapted from The Straits Times, 23 May 2011

- (a) Explain the determinants of sustained economic growth. [10]
- (b) To what extent can the trade imbalances be solved by the trade surplus nations allowing their currencies to appreciate. [15]