

Candidate Name: _____

Class Adm No

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Preliminary Examination 2008 Pre-University 3

**ECONOMICS 9732
PAPER 2**

9732/02

Tuesday

9 September

2h 15m

Additional materials:
Answer paper

READ THESE INSTRUCTIONS FIRST

Write your name, class and admission number in the spaces at the top of this page and 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 or graphs.

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 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. Discuss, with appropriate examples, whether the price mechanism is the most efficient way of allocating resources in Singapore. [25]
2. In October 2008, the normal fares structure for commuters on Singapore's public bus and mass rapid transit (MRT) systems will be revised upwards. However, concessions will still be given to commuters who use ez-link cards instead of cash, students with valid concession cards and senior citizens travelling during concession hours.
 - (a) Explain whether the above cases are examples of price discrimination. [10]
 - (b) Discuss how price discrimination can be beneficial to the bus and MRT companies as well as to commuters. [15]
3. Land developers like CapitaLand and Far East Organisation have unveiled plans to open mega-malls ION Orchard and Orchard Central respectively by end 2008. They are expected to challenge Fraser & Neave's Centrepoint for the shopping crowd along Orchard Road. CapitaLand's Raffles City and Mapletree's VivoCity, situated further away, are also expected to put up a fight.
 - (a) Examine the market structure that a shopping mall like Ion Orchard is likely to face. [10]
 - (b) Discuss the possible strategies that a new shopping mall can take to ensure its success in the market. [15]

Section B

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

4. "Singapore adopts an exchange rate-centred monetary policy to maintain price stability for sustained economic growth."
Mr Lim Hng Kiang, Minister for Trade and Industry,
26 May 2008
 - (a) Explain why Singapore uses an exchange rate-centred monetary policy rather than the traditional monetary policy. [10]
 - (b) Discuss the extent to which such a policy would affect the economic benefits of hosting international events or conferences for Singapore. [15]
5. "Free Trade Agreements (FTAs) are superhighways that connect Singapore to major economies and new markets. With FTAs, Singapore-based exporters and investors stand to enjoy a myriad of benefits."
<http://www.iesingapore.gov.sg>
 - (a) Explain the benefits of free trade agreements. [10]
 - (b) Discuss why countries may be against free trade agreements, given their benefits. [15]
6.
 - (a) Explain why a sustained and stable economic growth rate is the top priority for economic survival for the Singapore economy. [10]
 - (b) Discuss the economic measures which might help Singapore to improve its chances of economic survival. [15]