



**ANDERSON JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATIONS 2011
HIGHER 2**

ECONOMICS

9732/02

Paper 2: Essay Questions

16 September 2011

2 hours 15 minutes

Additional Materials: Answer paper

READ THESE INSTRUCTIONS FIRST

Write your name, PDG and index number 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.

At the end of the examination, **fasten your answers to each question separately**.

Fasten **this cover page in front of your first answer (i.e. the question with the smallest question number)**.

Insert the **question numbers** for the questions that you have attempted in the space provided.

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

Name _____ ()

PDG _____/10

	Marks
Question ____	/ 25
Question ____	/ 25
Question ____	/ 25
Total Marks	/ 75

Answer **three** questions in total.

Section A

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

- 1** With an influx of foreigners into Hong Kong following the recovery from the global financial crisis, the prices for private property – such as condominiums and bungalows – are set to soar. Developers are facing the crunch from the greater desire to provide more luxurious finishing and more elaborate showrooms. The city has staged a series of land auctions in the past 18 months to boost supply of land for public housing to bring down prices.

(a) Explain possible factors that could affect the price of private property. [10]

(b) Using relevant elasticity concepts, assess the impact of the above factors on the markets for various types of private property and that for public housing. [15]

- 2** 'Monopolistic competition is the more prevalent market structure than oligopoly in an increasingly globalised world.' Discuss. [25]

- 3** The European Commission is asking the public how best to reduce the use of plastic carrier bags. It will ask if charging for the use of plastic carrier bags would be effective, or if other options would be better.

Adapted from <http://europa.eu>, 18 May 2011

(a) Explain why the usage of plastic carrier bags may result in market failure. [10]

(b) Discuss policy measures that could be adopted by the European Commission to address this issue. [15]

Section B

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

- 4** "Declining productivity is a drag on the country's potential economic growth, and the global economic malaise of 2008 and 2009 has drawn attention to the urgent need to address this challenge."

Source: Asia Times, March 2010

Discuss the extent to which improving labour productivity is the most effective way of achieving the macroeconomic goals of Singapore. [25]

- 5** (a) Explain how the equilibrium level of national income is determined. [8]

(b) Discuss the impact of an increase in the level of spending by households and firms on a country's national income. [17]

- 6** In economics, globalisation broadens the free market to include many nations to which it had not previously reached. However, protectionism has recently been rearing its head in the form of tariff hikes by some countries in response to the global economic crisis.

(a) Using demand and supply analysis, explain the pattern of trade between countries. [10]

(b) Discuss whether you agree that protectionism is the best approach to deal with the challenges posed by globalisation. [15]