



**CATHOLIC JUNIOR COLLEGE**  
**JC 2 PRELIMINARY EXAMINATIONS 2008**  
**HIGHER 2**

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**ECONOMICS**

Paper 2

**9732/02**

26<sup>th</sup> August 2008  
2 hours 15 minutes

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**DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO**

**INSTRUCTIONS TO CANDIDATES**

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.

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

Begin each question on a separate sheet of paper.

Remember to write your name and class on every sheet of paper submitted.

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**This question paper consists of 2 printed pages.**

Answer **three** questions in total.

### Section A

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

- 1 “Landed homes on Sentosa Cove should continue to trend higher. Unlike those on the mainland, these homes have a broader market. There are no restrictions on foreign ownership of landed homes on Sentosa Cove. The continued influx of expatriates, together with the growing appetites of the rich is likely to fuel prices of these luxurious homes.”
- a) Using economic concepts, explain the factors that could account for the rise in price of landed property in Sentosa Cove. [10]
- b) To what extent could concepts of elasticity of demand help the developer to increase sales revenue of landed homes on Sentosa Cove? [15]
- 2 SMRT operates two main rail lines, the North South and the East West while SBS Transit operates the North East Line.
- a) Compare and contrast an oligopoly market with a monopoly market. [8]
- b) Discuss whether it is desirable for the above train operators to merge. [17]
- 3 a) Explain the possible reasons for increasing income inequality in a country. [10]
- b) To what extent do you agree that the Singapore government is adopting the best combination of policies in eliminating income inequality in Singapore and consider whether some new policies should be introduced. [15]

### Section B

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

- 4 “Rich countries like the USA has spent US\$280bn (£158bn) - nearly the total gross domestic product of Africa and four times the total amount of foreign aid – on support for agricultural producers.”
- The Guardian, 2005*
- a) Explain how a developed economy like the USA can be affected by globalization. [12]
- b) Comment on the US government’s actions to protect its agricultural industry. [13]
- 5 Singapore’s unemployment rates have been ranging from 3.4% to 2.1% while inflation rate was around 2.1% to 0.5% from 2004 to 2007. However inflation rate shot up to 7.5% while unemployment hovered at 2.3% for the first half of 2008.
- Singapore Department of Statistics*
- a) Explain why low unemployment and inflation rates are aims of any government. [10]
- b) Discuss whether the Singapore government should be concerned over the above scenario. [15]
- 6 “Our first priority is to keep the economy competitive and growing through continually upgrading and diversifying the economy to make ourselves more resilient to external shocks, strengthening ties with the vibrant Asian economies, and tapping new areas of growth.”
- Adapted from May Day Message 2008 by PM Lee Hsien Loong*
- Discuss whether economic growth should be the main objective of Singapore’s macroeconomic policy. [25]