



RAFFLES INSTITUTION
2011 YEAR 6 PRELIMINARY EXAMINATION
Higher 2

ECONOMICS

9732/02

Paper 2 Essays

12 September 2011

2 hours 15 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

Write your name, index number and CT class 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 diagrams, graphs or rough working.
Do not use 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.

Begin answering each essay question on a fresh sheet of answer paper.

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

Attach this cover sheet to the answer of the first question attempted.

Cover Sheet

Please indicate the questions that you have attempted.

Name : _____
Civics Class : _____
Economics Tutor : _____

Question No.	Marks
Total	

This document consists of **2** printed pages.



Raffles Institution
Nurturing the Thinker, Leader & Pioneer

Answer **three** questions in total.

Section A

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

- 1 (a) With reference to the market for private transport in your country, discuss whether the demand for private cars is likely to be elastic or inelastic with respect to price and income. [10]
 (b) How far would a knowledge of demand elasticities be useful to a government wishing to discourage the use of private cars? [15]
- 2 Firms' pricing and output decisions depend on barriers to entry and the behaviour of competitors. Discuss. [25]
- 3 Governments provide all public goods supplied but only some of the merit goods supplied.
 (a) Distinguish between public and merit goods. [10]
 (b) Comment on how a government might intervene in the provision of these goods? [15]

Section B

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

- 4 The Economic Strategies Committee was set up by the government in May 2009 to chart Singapore's future growth directions. The Committee's key recommendation is to raise Singapore's annual productivity growth from an average of 1 percent in the past decade to 2 to 3 percent over the next decade. This is a major shift from the government's past strategy of heavy reliance on labour inputs to generate economic growth.
 (a) Explain the key macroeconomic objectives of a government. [8]
 (b) Discuss whether the shift towards productivity-driven growth will help Singapore achieve its macroeconomic objectives? [17]
- 5 A key feature of the Singapore economy is its openness to trade and capital flows.
 (a) Explain with the aid of examples, the features of small and open economies. [10]
 (b) Evaluate the assertion that economic policies in Singapore are limited mainly by the price elasticities of demand for exports and imports. [15]
- 6 Our prospects have never been better. The key reason is globalisation. Capital, enterprise and talent are flowing to countries where the government can be trusted, where the workforce is well-educated and skilled, and where the quality of life is high.

(Budget Speech, 2007)

To what extent has globalisation brought more benefits than costs to Singapore in recent years? [25]