

VICTORIA JUNIOR COLLEGE
2008 JC2 PRELIMINARY EXAM
H2 ECONOMICS – PAPER NO. 9732/02

08 September 2008

2:00 – 4:15 pm

READ THESE INSTRUCTIONS FIRST

Write your name and class on all the work you hand in.

Write in dark blue or black pen.

You may use a soft pencil for diagrams.

Do not use staples, paper clips, glue or correction fluid on the work that you hand in.

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.

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

At the end of the examination, fasten your work securely, **by question**, using the strings provided.

This document consists of **3** printed pages.

Answer **three** questions in total

Section A

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

1. "The slump in the price of coffee, one of Latin America's main cash crops, continues as price drops to a new low of 40.5 cents per pound of coffee. To help coffee growers, the Association of Coffee Producing Countries wants to set a minimum price of \$1 per pound of coffee."
Source: June 2005, The Economist
 - (a) Explain how the fall in price of coffee could have taken place. [10]
 - (b) To what extent is this policy desirable to society? [15]
2. Singtel, Mobile One and Starhub are the only 3 companies providing mobile phone services in Singapore today.
 - (a) Explain why firms find it difficult to enter such an industry. [10]
 - (b) Discuss whether the conduct of firms in such a market structure is harmful to society. [15]
3. While some governments in Asia continue to subsidise petrol, the Singapore government imposes a tax on petrol.
 - (a) Explain how the two measures work. [8]
 - (b) Compare the economic impact of the two measures used in the petrol market. [17]

Section B

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

4. Taiwan recorded an increasing trade surplus with and rising investment into China last year.
- (a) Explain the economic rationale for countries to engage in international trade **and** investment. [12]
- (b) Is trade with **and** outward investment into China always beneficial to Taiwan's economic growth? [13]
5. "Amid rising trade deficits and growing unemployment, the US is likely to act protectionistic."
- Source: ST 31/1/08(Adapted)*
- (a) Explain the link between the possible causes of rising trade deficits and unemployment in the US. [10]
- (b) Discuss whether protectionism can reduce the US trade deficit. [15]
6. "The government has not pursued a 'grow-at-all-costs' policy. It 'went for growth' by making Singapore more competitive."
- Source: Mr. Tharman Shanmugaratnam,
The Straits Times 28.2.2008
- (a) Explain why the government has not pursued a 'grow-at-all-costs' policy. [10]
- (b) Assess the supply-side policies that the Singapore government has adopted to promote long-term economic growth. [15]

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