



ECONOMICS

9732/02

PAPER 2 Essays

8 September 2008

2 hour 15 minutes

Additional Materials: Answer Paper

READ THESE INSTRUCTIONS FIRST

Write your name and CT 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 B.

At the end of the test, fasten all your work securely together with this cover sheet on top.
The number of marks is given in brackets [] at the end of each question or part question.

COVER SHEET

Name :	
CT Class :	
Econ Tutor :	

Please indicate the questions that you have attempted.

	For Examiner's Use Only	
Question No.	Marks	Initial
Total		

This document consists **2** printed pages.



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[Turn over

Answer **three** questions in total.

Section A

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

- 1 (a) Explain the basic economic problem of scarcity. [12]
 (b) Discuss whether Singapore's high economic growth solves the problem of scarcity? [13]
- 2 "The new Beijing-Shanghai line is being built to improve journey times and ease pressure on existing railway corridors between the two cities." <http://www.railway-technology.com/projects/beijing/>
 (a) Explain & illustrate what is meant by a private good, a public good and a merit good. [12]
 (b) Discuss whether the above concepts are of any use in explaining why it is often the government and **not** the private enterprise that is responsible for the development and operation of the railway transportation system. [13]
- 3 "MS Ruth Chua is 19 and has a 50-hour work week, but she is not part of the button-down corporate world. Instead, she scours places such as Chinatown and Little India for kitschy clothes and sells them on her blog, called Lyla Rose. An increasing number of enterprising teens are turning to blogshops to make a quick buck." *The Straits Times 14 Aug 2008*
 (a) Explain the market structure that blogshops are likely to operate in. [10]
 (b) If Ruth hires you as an economic consultant, discuss how relevant are the various demand elasticity concepts if she wants to maximise her sales revenue. [15]

Section B

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

- 4 "Speaking in Washington DC, President Bush announced that additional fiscal spending is needed to reduce the increasing unemployed numbers in the USA". *Adapted from the Economist, June 2008*
 (a) Explain the likely causes of unemployment in Singapore. [10]
 (b) Assess whether Singapore will solve the problem of increasing unemployment differently from the USA. [15]
- 5 "Against this backdrop of continuing increase in global oil, and other commodity prices, as well as increase in business costs due to tighter conditions in the labour and commercial property markets, an upward shift of the S\$ exchange rate band at this point will help to moderate inflation going forward, while providing support for sustainable growth in the economy." *Adapted from Monetary Authority of Singapore Policy Statement, April 2008*
 (a) Explain how an increase in external and domestic costs mentioned above may affect the balance of payments of Singapore. [10]
 (b) Discuss the effectiveness of what the Monetary Authority of Singapore (MAS) has proposed in maintaining competitiveness and sustaining growth for Singapore. [15]
- 6 Integrated Resorts are a significant proposal to boost our tourism industry. The more attractive we are as a tourism destination, the easier it is for us to develop our convention and exhibition industry, and grow as aviation hub. *PM Lee Hsien Loong at Round-Up of Parliamentary Debate, 21 April 2005*
 To what extent can the completed Integrated Resorts achieve the various macroeconomic goals for Singapore? [25]