

JURONG JUNIOR COLLEGE
PRELIMINARY EXAMINATION 2008

ECONOMICS

Higher 2

9732/02

Paper 2

22 August 2008

Additional Material: Writing Paper / Cover page

2 hours 15 minutes

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 any diagrams, graphs or rough working.

Do not use staples, paper clips, highlighters or glue.

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, place the cover page on top of your answer scripts and fasten them securely together.

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

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



JJ Economics

[Turn over

Answer **three** questions in total.

Section A

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

- 1 At just over \$130 a barrel, the price of crude oil has doubled in around a year. In order to safeguard the state budget, President Susilo Bambang Yudhoyono signalled early this month that the government will cut fuel subsidy.
-International Herald Tribune, 23 May 2008
- (a) Account for the recent sharp increase in the world price of oil. [12]
- (b) Discuss how a reduction in the fuel subsidy would impact Indonesians. [13]
- 2 (a) Explain what factors affect price and output of a firm in the telecommunications industry. [10]
- (b) Discuss whether this model of market structure is the most appropriate to explain the behaviour of firms in Singapore. [15]
- 3 The Singapore government has achieved great success in making the city 'clean and green' by setting stringent emission regulations, implementing strict laws governing disposal of waste and littering, planting trees and shrubs along roads and overhead bridges, building park connectors and having a network of drains and canals.
- (a) Explain the sources of market failure based on the above statement. [12]
- (b) Discuss whether the Singapore government currently adopts the most appropriate economic policies to improve the quality of the environment. [13]

Section B

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

- 4 (a) Using economic analysis, account for the rapid growth of an economy in recent years. [12]
- (b) Discuss whether a rise in economic growth rates is a good indicator of improvement in standard of living. [13]
- 5 (a) 'The Singapore government is committed to achieve full employment.' Explain this statement. [10]
- (b) Discuss the policies adopted by the government to reduce unemployment in Singapore. [15]
- 6 (a) How relevant is the theory of comparative advantage in explaining Singapore's trade pattern? [12]
- (b) Discuss whether protectionism offers any advantages over specialisation. [13]