

VICTORIA JUNIOR COLLEGE
2011 JC2 PRELIMINARY EXAM
H2 ECONOMICS – PAPER NO. 9732/02

31 August 2011

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. As the world experiences soaring international oil prices, countries like Malaysia and Indonesia have provided fuel subsidies while Singapore and Australia have not.

Discuss the impact of soaring international oil prices and fuel subsidies on society. [25]

2. Barriers to entry confer more market power on firms in their pricing and output decisions and behaviour.

a) Using examples, explain how barriers to entry will confer more market power on firms. [10]

b) Discuss whether greater competition should be introduced into markets in Singapore. [15]

3. Consider different forms of market failure in Singapore and evaluate their significance for the efficient working of the economy. [25]

Section B

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

4. Singapore's real GDP growth was 13.9% and current account surplus growth was 32.8% in 2010.

Source: *Department of Statistics, Singapore*

- a) Explain why real GDP and current account balance are indicators of living standards in Singapore. [8]
- b) Discuss the most appropriate policies that a government could adopt to achieve sustained economic growth. [17]

5. In 2010, the total trade deficit in the US was US\$497.9 billion, an increase from the US\$375 billion trade deficit of 2009.

Source: *U.S. Census*

- a) Explain the possible causes of the trade deficit in the US. [10]
- b) To what extent does the nature of the US economy influence policy recommendations to tackle the worsening trade deficit? [15]

6. Globalisation of trade and investment can raise global output. Unfortunately, the impact on prosperity both between and within different countries is very variable, with some groups suffering an absolute decline in incomes.

Examine the claim that globalisation whilst beneficial overall has adverse economic consequences for certain firms and households. [25]

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