

	NANYANG JUNIOR COLLEGE
	2023 JC2 Preliminary Examination H2 ECONOMICS

Paper No: 9570/02

15th September 2023
Friday

Time : 0800 – 1030 hrs
Duration : 2 hours 30 mins

INSTRUCTIONS TO CANDIDATES

Do not flip the pages of this paper until you are told to do so.

Write your name, class and the name of your Economics tutor in the space provided on the answer booklet.

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 the brackets at the end of each question part.

Write your answers in the answer booklet provided. If you use more than one answer booklet, slot the additional booklet(s) into the first booklet.

Please start each essay question on a fresh page.

You are advised to spend several minutes reading through the questions and plan before you begin writing your answers.

There are **3** printed pages including this cover page.

Answer **three** questions in total.

Section A

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

1. Singapore recorded an increase in attrition rates among local and foreign nurses in the public sector in 2021, compared with 2020. The number of nurses now is 58,000 and Ministry of Health estimates that this will need to grow to 82,000 by 2030 as one in four Singaporeans will be aged 65 and above, up from one in six today. The base salaries of public healthcare nurses were also increased between 5 and 14 per cent.

Source: Adapted from Channel News Asia, 30 Nov 2022

- (a) Explain why a shortage of nurses might still exist even with the rise in the salaries of nurses. [10]
 - (b) Other than increasing salaries of nurses, discuss possible measures the Singapore government can adopt to overcome future shortages of nurses. [15]
2. The emergence of online bookstores like OpenTrolley disrupts both consumer habits and existing physical bookstores in the industry. Some physical bookstores in Singapore like Kinokuniya are venturing online to expand their consumer base as well as compete with OpenTrolley's expansive catalogue and low delivery fee.
 - (a) Explain two reasons why technological disruption in the book industry could increase the profits of an online bookstore. [10]
 - (b) Discuss whether price competition or product differentiation is the more appropriate strategy for physical bookstores in Singapore that are disrupted by the emergence of online bookstores. [15]
3. In April 2023, Malaysia announced an excise tax on e-vaporisers, and promised to intensify campaigns to address youth's misconception about e-vaporisers being safer than conventional cigarettes. However, in Singapore, vaping is illegal due to high social costs. Therefore, the use and purchase of e-vaporiser was banned since February 2018.
 - (a) Explain why government intervention is necessary in the market for e-vaporiser. [10]
 - (b) Assess the economic case for tax in Malaysia and a ban in Singapore in the market for e-vaporiser. [15]

Section B

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

4. Supply chain disruptions caused by the Russia-Ukraine war, tighter monetary policy and expectation of a recession, leave the global economy more vulnerable. These events raised the risk of stagflation, which is characterised by slow growth and elevated inflation in many countries.

Source: The Straits Times, July 2022

- (a) Explain why the Russia-Ukraine war and expectation of a recession raise the risk of stagflation in a country. [10]
- (b) Discuss whether demand-side policy is the most effective way an economy could address stagflation. [15]
5. The government budget will continue to be expansionary for financial year 2021, with an expected deficit of \$11 billion, or 2.2 per cent of Singapore's gross domestic product.

Source: The Straits Times, 16 Feb 2021

- (a) Using the concept of circular flow of income, explain how the government's preparation for a budget deficit could lead to a bigger change in Singapore's national income. [10]
- (b) Discuss the possible trade-offs in Singapore's macroeconomic objectives as a result of the government's planned budget deficit. [15]
6. With the global economic recovery disrupted by inflation, supply chain issues and conflicts, the trend of nationalism-driven protectionism may be gaining popularity.

Ricardo Balbieri, Director-General of the Italian Treasury, recently advocated that the EU "must continue to follow the values of multilateralism and free trade [but] will have to support certain industries."

Source: Adapted from various news agencies

- (a) Describe two types of protectionist policies and explain how each would affect trade. [10]
- (b) Discuss whether the use of protectionist policies or a policy of greater free trade is the preferred approach for governments to achieve economic growth. [15]

***** The End *****