



TEMASEK JUNIOR COLLEGE

2023 JC2 PRELIMINARY EXAMINATIONS

Higher 2



ECONOMICS

9570/02

Paper 2

29 August 2023

2 hours 30 minutes

Additional Materials: **three 12-page** answer booklets

READ THESE INSTRUCTIONS FIRST

Answer booklets will be provided with this question paper. You should follow the instructions on the front cover of the answer booklet. If you need additional answer paper ask the invigilator for a continuation 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.

Begin each question on a fresh answer booklet.

Indicate the question number clearly in your answers.

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

Answer **three** questions in total.

Section A

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

- 1 The 2021 global semiconductor shortage was triggered by increased electronic device purchases during the pandemic and supply disruptions caused by Covid-19 shutdowns. As the manufacturing of semiconductors takes time, there are fears of persistent shortages and surging prices. Encouraging recycling of semiconductor component parts from old electronic devices may help mitigate the shortage by dampening the need for new semiconductors.
 - (a) Explain why there was a persistent shortage in semiconductors and how this may lead to a surge in their prices. [10]
 - (b) Discuss the possible policies that governments could adopt to address the persistent shortage of semiconductors. [15]

- 2 Many businesses engage in a variety of price and non-price strategies in a bid to gain market share. Recognising that environmental concerns have become important considerations for consumers' buying decisions, some firms now look into more eco-friendly product development to differentiate themselves from their rivals.
 - (a) Explain how the degree of market competition in an industry affects the price and output decisions of a firm. [10]
 - (b) Discuss whether product differentiation is the best strategy for a firm aiming to increase its market share. [15]

- 3 Since the outbreak of "monkey pox" (mpox) in May 2022, there have been 88,600 confirmed cases and 152 deaths. However, as compared to the Covid-19 vaccinations which have been made widely available and provided for free by the Singapore government, this is not the case for mpox vaccinations. This is because the risk to the general public remains low with disease transmission predominantly via close physical or prolonged contact.
 - (a) Explain why vaccinations against infectious diseases if left to market forces, might be allocated inefficiently. [10]
 - (b) Discuss the view that the extent of government intervention always depends on the degree of market failure. [15]

Section B

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

- 4** Indonesia's central bank has cut interest rate in its attempt to raise the standard of living of its residents.
- (a) Explain how a cut in interest rate could impact the national income of countries differently. [10]
- (b) Discuss whether real Gross Domestic Product (GDP) is the best measure of the standard of living in Indonesia. [15]
- 5** Inflation in Singapore has generally been low, with headline inflation averaging 1.8 percent over the last four decades (1981–2021). However, consumer prices in Singapore went up by 6.1 percent in 2022 compared to the previous year, the fastest rate of increase since 2008. The dramatic rise in inflation was driven by several shocks to demand and supply in the global and Singapore economies.

Source: Monetary Authority of Singapore

- (a) Explain the internal and external effects of high inflation for an economy. [10]
- (b) Assess the domestic and international factors that are likely to contribute to Singapore's failure to achieve price stability. [15]
- 6** The resurgent Covid-19 has led to concerns over slowing global economic growth and a surge in debts for governments. It has also led to renewed calls for self-sufficiency and protectionist measures such as import tariffs over free trade. Supporters of protectionism claim that there are many benefits to be reaped, such as preventing the unemployment rate from rising.
- (a) Explain **one** impact of import tariffs on trade balance and **one** impact of import tariffs on domestic consumers and producers. [10]
- (b) In light of the recent global economic developments, discuss whether protectionism should be the preferred approach for governments. [15]

BLANK PAGE