



NATIONAL JUNIOR COLLEGE
SH2 Preliminary Examinations for
General Certificate of Education Advanced Level
Higher 2

ECONOMICS

Paper 2

9570/02

23 August 2023

2 hour 30 minutes

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

An answer booklet 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.

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

This document consists of **3** printed pages and **1** blank page.



NATIONAL JUNIOR COLLEGE
Economics Department

Answer **three** questions in total.

Section A

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

- 1 A construction firm in Singapore is facing an increase in demand for residential properties which has led to an increased demand for labour. However, the construction industry has an increase in the attrition rate of their foreign workers, with around one in three returning home after the borders reopened post COVID-19. This creates a problem for the construction industry where demand for labour is also inelastic.
 - (a) With the aid of a diagram, explain how a firm's total expenditure on its workforce will have changed as a result. [10]
 - (b) Discuss whether changes in foreign worker levy is likely to be a better way than productivity improvements to address the labour shortage experienced by a construction firm. [15]

- 2 GrabFood (56%), Foodpanda (35%) and Deliveroo (8%) dominate Singapore's online food delivery industry. Commentators observed e-commerce companies Amazon and Shopee potentially have an advantage in entering the online food delivery industry given their access to large customer databases, sophisticated analytics capabilities and e-commerce frameworks in place.
 - (a) Explain why Singapore's online food delivery industry might be considered to be an oligopoly and how economic theory suggests this market structure can affect the firms' pricing and output decisions. [10]
 - (b) Discuss the potential benefits and problems that are likely to be experienced by new competitors considering to enter the online food delivery market where GrabFood has the largest market share. [15]

- 3 The market for healthcare may not achieve an efficient allocation of resources when there are information failures, especially asymmetric information in the healthcare insurance market. To help cope with rising healthcare costs, Singapore government has instituted Medishield Life, a basic health insurance plan that protects all Singapore Citizens and Permanent Residents against large hospital bills for life, regardless of age or health conditions.
 - (a) Explain how **two** different types of information failure could prevent an efficient allocation of resources in the markets for healthcare and healthcare insurance. [10]
 - (b) Given the ageing population in Singapore, discuss the difficulties faced by the Singapore government in addressing information failure in the markets for healthcare and healthcare insurance. [15]

Section B

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

- 4** Singapore's economy grew 3.6% in 2022, driven by the lifting of COVID-19 border restrictions and the return of international visitors. However, the economic growth rate in 2022 was slower than 2021's 8.9% growth rate.

Source: Nikkei Asia, 3 January 2023

- (a) Explain the internal and external factors that are likely to have contributed to this slowdown in the economic growth rate. [10]
- (b) Discuss whether trade-off between macroeconomic goals is the main factor the Singapore government should consider when implementing policies aimed to increase the economic growth rate. [15]

- 5** In 2010, about 1 in 10 Singaporeans were aged 65 and above. A decade later, in 2020, it has risen to about 1 in 6. By 2030, it would be almost 1 in 4 Singaporeans over 65. Rapid digital transformation during COVID-19 has accelerated job automation and made securing employment harder for older workers.

- (a) Explain the likely impact of an ageing population on fiscal budget balance and unemployment of an economy. [10]
- (b) Discuss the effectiveness of increased government's spending to tackle unemployment caused by an ageing population in Singapore. [15]

- 6** During a worldwide economic recession, protectionism becomes increasingly common and appears in modern alternative forms, other than the traditional tariffs. These may come in the form of domestic manufacturing campaign such as the "Buy American" slogan or in the form of strict regulation under the claim of climate and environmental obligations.

- (a) Describe tariff and **one** alternative type of protectionist policy measure and explain how each type would affect trade. [10]
- (b) Discuss the extent to which protectionism would be justified for developing and developed economies during worldwide economic recession. [15]

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