



VICTORIA JUNIOR COLLEGE
JC2 PRELIMINARY EXAMINATION 2023
HIGHER 2

ECONOMICS

Paper 2

9570/02

29 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.

Answer three questions in total.

Section A

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

- 1** Due to a severe chicken shortage in Malaysia, the Malaysian government is implementing a ban on chicken exports to other countries including Singapore from 1 June 2022. The Malaysian government currently also caps the retail price of chicken at RM8.90 per kg as it is a widely consumed source of protein in Malaysia.

Adapted from The Straits Times, May 2022

- (a) Explain the impact of Malaysia's chicken export ban on the welfare of consumers of fresh chicken and sellers of other meats such as beef in Singapore. [10]
 - (b) Discuss whether the Malaysian government should continue with the price cap or use another policy to ensure that prices of essential food items remain affordable. [15]
- 2** While acquisitions and process innovation can propel firms towards market dominance in the pharmaceutical industry, government intervention through measures such as price regulations is essential to ensure the benefits reach all segments of society.
- (a) Explain how acquisitions and process innovation enable firms to obtain market dominance. [10]
 - (b) Discuss how government intervention in the pharmaceutical industry could lead to improved outcomes for society and consider whether such intervention will be successful. [15]
- 3** Consumers need good quality information when making decisions about which products to buy. However, information failure can exist in reality, where consumers are not fully aware of the costs or benefits of a product.
- (a) Explain how consumers make rational decisions and why information failure could result in an undesirable outcome. [10]
 - (b) Discuss whether public education is the best policy governments can adopt when markets fail due to information failure. [15]

Section B

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

- 4** In 2022, it was reported that the Russia-Ukraine conflict resulted in supply chain disruptions; concurrently, the easing of COVID-19 restrictions led to recovery in domestic demand in some regional economies around Singapore.

- (a) Explain the impact of these developments on the overall price level of goods and services across the Singapore economy. [10]
- (b) Discuss the most appropriate policy measures that the Singapore government should take to manage this change in overall price level. [15]

- 5** Trade deficit in the US increased 27.0% in 2021 to an all-time high. The economy grew 5.7% in 2021, thanks to the pandemic relief provided by the government. Imports of goods hit an all-time high of \$1.8 trillion, driven by imports of industrial supplies and materials. There was also a sharp rebound in exports.

Source: CNBC, 8 Feb 2022

- (a) Explain why some governments may be concerned about a widening trade deficit and why other governments may not be concerned about a widening trade deficit. [10]
- (b) Discuss the extent to which a conflict between macroeconomic objectives will influence a government's policy choice to reduce a trade deficit. [15]

- 6** Advancement in digital technology has played a significant role in driving globalisation, but the pandemic experience has led to calls in many countries for increased national self-sufficiency and moves towards protectionism.

Adapted from: Ernst and Young, Sept 2021

- (a) Explain how advancement in digital technology and the implementation of non-tariff protectionist measures have **each** influenced the pace of globalisation. [10]
- (b) Discuss whether signing more free trade agreements is the best measure for Singapore to implement to increase its competitiveness amid rising protectionism in the globalised world. [15]