

Answer **three** questions in total.

Section A

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

- 1 Singapore government is set to raise its Goods and Services Tax (GST) from 7% to 9% sometime between 2021 and 2025, depending on the state of the country's economic growth. It is likely that the GST hike will happen when there is improvement in economic growth. Rebates and cash vouchers will also be provided when GST is increased, to provide more help to lower-income households and seniors.

Source: Straits Times, 20 February 2018

Discuss how the combination of a GST hike and higher economic growth might affect consumer expenditure on different types of products. [25]

- 2 According to Euromonitor International, Singapore's grocery retail market was worth S\$4.3 billion in 2016, with the online grocery retail market valued at S\$96 million.

- (a) Distinguish the characteristics of firms operating in oligopolistic and monopolistically-competitive markets. [10]
- (b) Discuss how increased competition in online grocery retailing would affect the survival of traditional supermarket chains like NTUC Fairprice and Cold Storage. [15]

- 3 (a) Explain how imperfect and asymmetric information can lead to market failure in the markets for healthcare services and healthcare insurance. [10]
- (b) Discuss whether joint provision is the most appropriate policy to correct the market failure in Singapore's healthcare services. [15]

[Turn Over]

Section B

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

- 4** In its report dated 1 February 2010, the Economic Strategies Sub-committee on Fostering Inclusive Growth stated that 'only productivity-driven growth can deliver sustainable and inclusive economic development'.

Assess the validity of this statement. [25]

- 5** Discuss the extent to which the size of the economy affects a government's choice of macroeconomic policy tools. [25]

- 6** The United States (US) economy is showing signs of improvements, even as trade concerns loom. In the hope of reducing its trade deficit and unemployment, the US government has imposed high tariffs on imports from China and the European Union (EU).

(a) Explain why a country's pattern of trade might change over time. [10]

(b) Assess whether the use of protectionist measures to reduce trade deficit and unemployment can ever be justified. [15]

----- End -----