

ANGLO-CHINESE JUNIOR COLLEGE
2023 JC2 PRELIMINARY EXAMINATIONS



ECONOMICS

9570/02

Higher 2

25 August 2023

Paper 2

2 hours 30 mins

Additional materials: Writing papers
3 cover sheets

READ THESE INSTRUCTIONS FIRST

Write your exam index number and name on all the answers you hand in.

Write in dark blue or black ink pen on both sides of the paper.

You may use a soft pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, highlighters, glue or correction fluid / tape in your answers.

Each essay question is worth 25 marks. Answer **a total of 3** essay questions. You are to answer **one** from **Section A**, **one** from **Section B** and the third from **either** Section.

Begin each essay question on a **fresh** sheet of writing paper. You will be submitting your essay answers **separately**.

At the end of the examination, arrange your answers in order.

Fasten your answers for each essay question **separately** using the cover sheets provided.

Answer **three** questions in total

Section A

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

- 1** Prices of chicken in Malaysia increased drastically in 2022. To stabilise prices, Malaysia implemented a temporary export ban of fresh chicken to Singapore. Fresh chicken prices in Singapore are expected to rise since 34% of the fresh chicken in Singapore is imported from Malaysia.

Source: The Straits Times, 24 May 2022

- (a) Explain how an export ban on chickens from Malaysia will impact the revenue of chicken rice stall owners and other meat sellers in Singapore. [10]
- (b) In view of Malaysia's export ban, discuss the measures that the Singapore government may adopt to stabilise the price of fresh chicken in Singapore. [15]

- 2** China's 50 electric vehicle (EV) battery manufacturers will be able to produce four times the demand of EV battery in the country and the top 10 manufacturers have a market share of 97 per cent. The industry is facing severe overcapacity leading to the closure of many small players. Yet every major EV battery producer is quickening their expansion pace to vie for a larger market share.

Source: South China Morning Post, 20 July 2023

- (a) Explain how the level of competition in the EV battery industry in China influences firms' price and output decisions. [10]
- (b) Discuss whether Chinese EV battery manufacturers should continue their expansion to vie for a larger market share. [15]

- 3**
- (a) Explain why markets might fail in the case of public goods and where market dominance is present. [10]
 - (b) Discuss the policies which can be adopted by the government to safeguard consumers' interest where market dominance is present. [15]

Section B

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

- 4** Rapid digital transformation during Covid-19 has accelerated job automation. While this is good news for those with the requisite skills, "it is bad news for individuals with lower levels of education as those jobs which they were once well-suited for are now fast disappearing", said National University of Singapore (NUS) senior lecturer Kelvin Sea.

Source: The Business Times, 27 June 2022

- (a) Explain two causes of unemployment for an economy such as Singapore. [10]
- (b) Discuss the relative effectiveness of any two policies adopted by the Singapore government to prevent high unemployment in the country. [15]

- 5** Countries around the world have been dealing with the impacts of rising inflation. In the United States, the Federal Reserve has increased interest rates in May 2023 for the 10th consecutive time since March 2022. Over in Singapore, the Monetary Authority of Singapore (MAS) has tightened its exchange rate in October 2022 for the 5th consecutive time since October 2021.

Source: Various

- (a) Explain why countries use different monetary policy tools to address rising inflation. [10]
- (b) Discuss the factors that MAS would consider when deciding whether to further tighten Singapore's exchange rate. [15]

- 6** The United States, the United Kingdom, Kenya, and Brazil are amongst the countries with the largest balance of trade deficit. In recent years, many countries' trade policies have taken a protectionist turn to reduce their balance of trade deficits.

- (a) Explain one internal and one external factor that could have contributed to the balance of trade deficit in a country. [10]
- (b) Discuss whether a country's use of protectionist policies to reduce balance of trade deficit will lead to conflicts with other macroeconomic objectives. [15]

End of Paper