



HWA CHONG INSTITUTION
JC2 Preliminary Examinations
Higher 2

CANDIDATE NAME

CT GROUP

CENTRE NUMBER

INDEX NUMBER

ECONOMICS
Paper 2 ESSAY

9570/02
12 September 2023
2 hours 30 minutes

Additional Materials: Answer Booklet(s)

READ THESE INSTRUCTIONS FIRST

Write your **name, CT group, Centre and Index numbers** clearly on every sheet of answer paper that you hand in.

Write in dark blue or black pen on both sides of the answer paper.
You may use a soft HB pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid and tape.

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.

Write all your answers in the 12-page booklet and subsequent 4-page booklets (where required).

Start each question on a new page in the answer booklet.

Indicate the questions you attempted on the cover page of the 12-page booklet.

Do not tear out any part of this booklet.

All work must be handed in. If you have used any additional 4-page booklets, please insert them inside the 12-page answer booklet.

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

You are advised to spend several minutes reading through the questions before you begin writing your answers.

You are reminded of the need for good English and clear presentation in your answers.

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Answer **three** questions in total.

Section A

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

- 1 Post pandemic Singapore experience a shortage of skilled labour as formerly closed borders were slow to reopen and there was a surge in the demand for professional services. These two factors have contributed to a shortage and rapid rise in wage rates. Singapore typically strives to develop its domestic skilled labour whilst relying on the inflow of foreign skilled labour to make up for such shortfall. Singapore has recently launched a new employment pass to attract the top-tier foreign skilled labour, giving firms in Singapore access to skilled labour.
 - (a) Use supply and demand analysis to explain why the above factors may have led to a shortage in skilled labour and a rapid rise in their wage rate. [10]
 - (b) In the light of the stiff global competition for skilled labour, discuss whether the new employment pass is likely to be the most effective way the Singapore government can address the shortage of skilled labour. [15]

- 2 Workers are not aware of the benefits of skills upgrading associated with lifelong learning and the importance of preparing for new job requirements as businesses transform in the digital economy. Therefore, governments subsidise training as upskilling and reskilling not only benefit workers themselves but the wider community.
 - (a) Explain **two** different reasons for the market failure in skills upgrading courses associated with lifelong learning. [10]
 - (b) Discuss whether government subsidy is the best policy to ensure skills upgrading courses are allocated efficiently. [15]

- 3 The grocery retail industry in Singapore is dominated by three big supermarkets - NTUC Fairprice, Dairy Farm International Holdings (operating Cold Storage, Giant and Marketplace) and Sheng Siong. With the development of e-commerce, supermarkets in Singapore facing competition from online grocery retailers have struggled with declining revenues, sometimes to the point of closure.
 - (a) Explain why some firms make subnormal profits when faced with a higher level of competition but remain in the market, while others shut down. [10]
 - (b) Discuss the likely effects of an increase in the level of competition in Singapore's grocery retail industry on consumers. [15]

Section B

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

- 4** Technological advancement has resulted in the adoption of labour-saving technology and capital intensive production techniques and this has affected the income gaps of different groups of workers and between urban and rural communities.
- (a) Explain how labour immobility may cause unemployment and income inequality to rise. [10]
- (b) Discuss whether improving labour mobility alone is the best policy to achieve inclusive growth. [15]
- 5** (a) Explain why a small and open economy may allow its currency to appreciate and how it may lead to an unintended consequence on its balance of trade. [10]
- (b) Discuss to what extent conflict between macroeconomic objectives is the main reason why governments pursue a mix of macroeconomic policies to achieve these objectives. [15]
- 6** (a) Explain the benefits and costs of globalisation to consumers and workers. [10]
- (b) Discuss the extent to which policies aimed to attract foreign direct investments (FDIs) in Singapore would ensure that the benefits of globalisation to consumers can be obtained while minimising the costs of globalisation to workers. [15]

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