Full name :______________________

Economics subject class : 2ec2

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

ECONOMICS 9570/02

Paper 2

2 hours 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.

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NATIONAL JUNIOR COLLEGE
Economics Department

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Section A

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

1 In February 2024, Health Minister Ong Ye Kung announced that about 29,000 nurses are set to receive up to $100,000 in payouts under a new long-term retention scheme for nurses working in the public healthcare system. However, the shortage of nurses in Singapore is set to remain, due to insufficient work-life balance for healthcare workers and an ageing society.

Source: The Straits Times, February 2024

(a) Explain why there is a shortage of nurses in Singapore and why a surge in their wages is needed. [10]

(b) Discuss possible measures that could alleviate the surge of nurses' wages in Singapore. [15]

2 Air India announced its merger with smaller rival airline Vistara in 2022. India is the fastest growing global economy, and demand for air travel is surging with passenger traffic expected to more than double over the next 10 years. The combination of Air India and Vistara would bring significant synergies. Another strategy to increase profits would be price discrimination.

(a) Explain why a profit-maximising firm's decision to shut down or expand its output in the short run depends on its costs and revenue. [10]

(b) Discuss whether merger or price discrimination is the more appropriate strategy for an airline firm to increase its profits. [15]

3 The use of public transport is often regarded as sustainable travel as it helps reduce traffic congestion and air pollution. While the public transport in Singapore is reliable, improvements are needed to make it more appealing. Singapore has implemented real-time digital displays to help reduce uncertainty and perceived waiting times when taking public transport.

(a) Explain **two** different reasons for the market failure associated with the use of public transport in Singapore. [10]

(b) Assess the effectiveness of the policies available to the Singapore government in overcoming market failure in Singapore's public transport market. [15]

Section B

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

4 Surging inflation at home and abroad since October 2021 has prompted Monetary Authority of Singapore (MAS) to allow the Singdollar to appreciate at a quicker pace within the policy band.

Source: The Straits Times, 24 July 2024

(a) Explain why the MAS policy designed to manage inflation in Singapore is different from other economies. [10]

(b) Discuss whether high rates of inflation make it harder for Singapore to achieve both inclusive and sustainable growth. [15]

5 Frequent employment shocks in Singapore come as the world faces rising uncertainties, from geopolitical tensions to inflationary pressures. A key to improving the employment rate is to equip Singaporeans with the necessary skills to compete on a global scale.

Source: Channelnewsasia.com, 3 November 2022

(a) Explain **two** possible reasons for a rise in the unemployment rate in Singapore. [10]

(b) Discuss whether supply-side policies would be effective in bringing unemployment down in Singapore in view of the challenges faced by the economy. [15]

6 United States (US) tariffs were placed on more than $300 billion in Chinese goods in 2018 based on China's alleged intellectual property theft and forced transfer technology. Across all affected sectors, the tariffs lowered Chinese imports by 13% during 2018 to 2021, raised US output by 0.4% and increased prices of US products by 0.2%.

Source: Bloomberg.com, 15 March 2023

(a) Explain how tariffs would impact consumers and producers in the United States. [10]

(b) Discuss whether protectionism is the best approach for governments to achieve their macroeconomic objectives. [15]

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