**NAME:** _____ **CLASS:** _____

**Raffles Institution**
**Year 6 H2 Economics 2026**
**T2W8 – Class Test 4**
**Macroeconomic Aims, Issues and Policies**

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*You have 45 minutes to complete the essay.*

The Covid-19 pandemic led to border lockdowns and global supply chain disruptions, forcing many firms to adjust production and restructure their operations. The outcome was recession as Singapore's GDP contracted by 4.1% and a rise in the unemployment rate to 4.1% in 2020.

a) Explain how these developments could lead to an increase in both demand-deficient unemployment and structural unemployment in Singapore. [10]

b) Discuss whether the Singapore government should adopt fiscal policy or monetary policy centred on exchange rate when faced with a recession. [15]