



YISHUN INNOVA JUNIOR COLLEGE
JC 2 PRELIMINARY EXAMINATION
Higher 1

CANDIDATE
NAME

CG

INDEX NO

ECONOMICS

8823/01

Paper 1

26 August 2022

Case Study Questions

3 hours

Additional Materials: Writing Papers

READ THESE INSTRUCTIONS FIRST

Write your name, CG and index number on the work you hand in.
Write in dark blue or black pen on both sides of the paper.
You may use an HB pencil for any diagrams or graphs.
Do not use staples, paper clips, glue or correction fluid/tape.

There are **two** questions in this paper.

Start each question on a fresh sheet of writing paper.

Hand in the answers for question 1 and 2 separately.

Attach a **cover page** and fasten your work for each question **separately**.

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

This document consists of **9** printed pages and **1** blank page.

Question 1

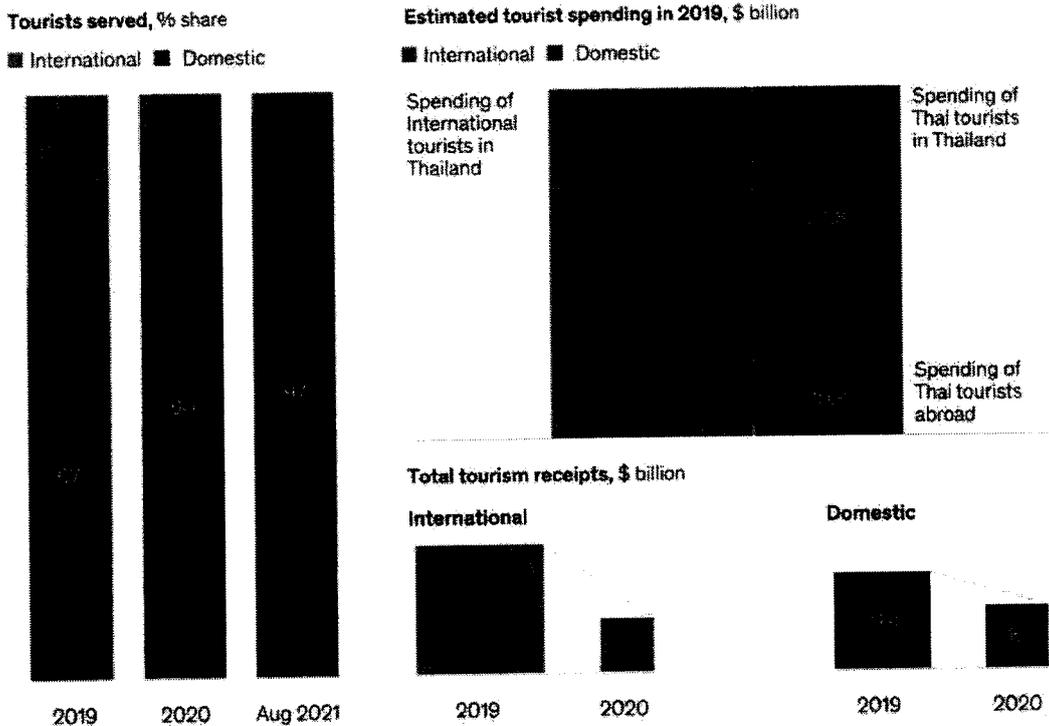
Thailand and Tourism

Figure 1: Thailand International Arrivals and Tourism revenue receipts

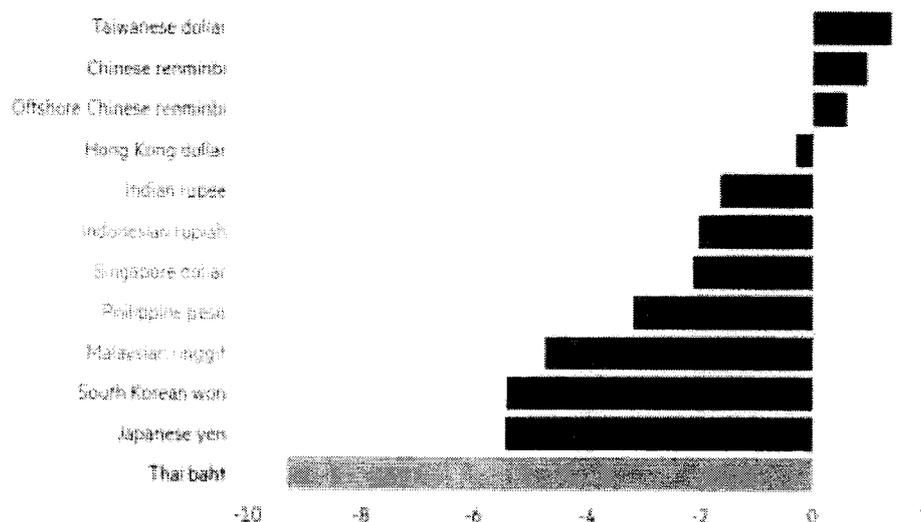


Source: ThaiWebsites.com, 2021

Figure 2: Tourists Value to Thailand



Source: Thailand Ministry of Tourism and Sport, 2022

Figure 3: Currencies' year to date % change against the US Dollar, 2021

Source: The Financial Times, 4 August 2021

Extract 1: 'Sell premium': Thailand discourages discounts, wants high value tourists

Thailand's hotels, businesses and private hospitals should refrain from offering big discounts to lure tourists and focus instead on raising the country's value as a premium travel destination, government ministers said. "We cannot let people come to Thailand and say because it's cheap. Instead they should say 'because it works, it's reasonable', that's where we can increase value," Deputy Prime Minister Anutin Charnvirakul said at an event at Bangkok's main international airport to promote tourism.

One of Asia's most popular travel destinations, Thailand welcomed a record of nearly 40 million visitors in pre-pandemic 2019, who spent 1.91 trillion baht (US\$53.53 billion), equivalent to 11 per cent of gross domestic product. Arrivals slumped to 6.7 million the following year, and down to 428,000 in 2021, despite calibrated moves to end quarantine requirements. Earlier this year, Thailand launched a long-term resident visa programme for wealthy global citizens, wealthy pensioners, work-from-Thailand professionals, and highly-skilled professionals, sticking to its plan to lure high-spending visitors, despite major jobs and business losses in tourism during the pandemic.

Source: Channel News Asia, 4 July 2022

Extract 2: Thailand's currency wilts as Covid wreaks havoc on tourism

Thailand's baht has gone from being one of Asia's strongest currencies before the pandemic to one of its worst performers this year as the coronavirus crisis ravages its crucial tourism sector. The Thai currency is down more than 9 per cent against the dollar since the end of 2020, placing it among this year's weakest performers globally. The loss of tourism dollars on which Thailand's economy relies, combined with a wave of Covid-19 infections that has

quashed hopes of a quick economic recovery, have turned formerly bullish buyers of its assets into bears.

“One of the major drivers of baht strength pre-pandemic was driven by the tourism sector,” Goh said. “That is gone now: it has completely disappeared and won’t come back for a long time, given what’s happening.” Prayuth Chan-ocha, Thailand’s prime minister, has promised to reopen the country — which sealed its borders to most travellers in March 2020 — to international visitors by October. However, arrivals have lagged tourism authorities’ more conservative forecast. Many Thais doubt Prayuth’s October reopening target will be met. On the other hand, consumers turned towards online shopping due to pandemic, leading to higher demand for Chinese goods through e-commerce giants like TaoBao and Pinduoduo.

Source: The Financial Times, 4 August 2021

Extract 3: For Planet Earth, No Tourism is a Curse and a Blessing

With flights canceled, cruise ships halted and vacations largely scrapped, carbon emissions plummeted. Wildlife that usually kept a low profile amid a crush of tourists in vacation hot spots suddenly emerged. In Koh Samui, Thailand’s second largest island, hawksbill turtles took over beaches that in 2018 hosted nearly three million tourists. The hatchlings were documented emerging from their nests and furiously moving their flippers toward the sea. For Petch Manopawitr, a marine conservation manager of the Wildlife Conservation Society Thailand, the sightings were proof that natural landscapes can recover quickly. “Both Koh Samui and Phuket have been overrun with tourists for so many years,” he said in a phone interview. “Many people had written off the turtles and thought they would not return. After Covid, there is talk about sustainability and how it needs to be embedded in tourism, and not just a niche market but all kinds of tourism.”

On the flip side, the disappearance of travelers wreaked its own strange havoc, not only on those who make their living in the tourism industry, but on wildlife itself, especially in developing countries. Many governments pay for conservation and enforcement through fees associated with tourism. As that revenue dried up, budgets were cut, resulting in increased poaching and illegal fishing in some areas. Illicit logging rose too, presenting a double-whammy for the environment. Cutting down trees that absorb and store carbon not only hurt wildlife habitats, but contributed to climate change. The question moving forward is which impacts will remain, and which will vanish, in the recovery.

Conservationists believe that countries in the cross hairs of international tourism need to mitigate the myriad effects on the natural world, from plastic pollution to trampled parks. That message apparently reached the top levels of the Thai government. In September, the nation’s natural resources and environment minister, Varawut Silpa-archa, said he planned to shutter national parks in stages each year, from two to four months. The idea is to set the stage so that “nature can rehabilitate itself.” Meanwhile, the implementation of Thailand’s tourism fee, worth 300 Baht, will be postponed to the end of 2022, said Phiphat Ratchakitprakarn, Thailand’s Minister for Tourism and Sports.

Source: The New York Times, 21 Mar 2021

Questions

- (a) Compare the trend of Thailand's international arrival with the tourism revenue from 2017 to 2019 in figure 1. [2]
- (b) With reference to an example from Extract 1, explain what is meant by a normative statement. [2]
- (c) With the aid of a diagram, explain why might 'Thailand's hotels, businesses and private hospitals want to offer big discounts' to lure tourists. [4]
- (d) Explain how 'raising the country's value as a premium travel destination' boost Thailand tourism revenue and comment on the effectiveness of 'raising the country's value as a premium travel destination' in boosting Thailand tourism revenue. [7]
- (e) Using demand and supply analysis, explain why the US dollar appreciated against the Thailand baht but depreciated against the Chinese yuan. [4]
- (f) With the aid of a production possibility curve diagram, explain how the implementation of the long-term resident visa will affect Thailand's economic growth. [6]
- (g) Using evidence from the case study, discuss the extent to which the lack of tourists brings more benefit than cost to Thailand. [10]
- (h) Discuss the policies in which Thailand government can implement to improve allocative efficiency in the tourism market. [10]

[Total: 45]

Question 2

Government Stimulus in China and Singapore

Table 1: Key Economic Data, 2021

	Population	Inflation Rate	Gini Coefficient
China	1412.6 million	1.0%	0.47 (est)
Singapore	5.45 million	2.3%	0.36

Source: World Bank, 2022

Table 2: China's Selected indicators

	2017	2018	2019	2020	2021
GDP in billions, adjusted for purchasing power parity (PPP)	19,887	21,229	22,492	23,010	24,861
Government budget (% of GDP)	-3.4	-4.28	-6.1	-10.96	-5.99 (Estimated)

Source: Statista.com, 2022

Table 3: Singapore's Selected indicators

	2017	2018	2019	2020	2021
GDP in billions, adjusted for purchasing power parity (PPP)	535	554	561	531	578
Government budget (% of GDP)	5.31	3.68	3.86	-5.86	-0.19 (Estimated)

Source: Statista.com, 2022

Extract 4: From Survival to thriving in the post COVID world

The coronavirus pandemic has reached almost every country in the world. Its spread has left national economies and businesses counting the costs, as governments struggle with new lockdown measures to tackle the spread of the virus. Most countries are in recession. The IMP estimates that global economy shrunk by 4.4% in 2020 and described the decline as the worst since the Great Depression of the 1930s. In the United States, the proportion of people

out of work hit a yearly total of 8.9%, according to the International Monetary Fund (IMF), signalling an end to a decade of jobs expansion. Millions of workers have also been put on government-supported job retention schemes as parts of the economy, such as tourism and hospitality, have come to a near standstill.

While the world works on containing the pandemic, businesses do whatever is needed to ensure business continuity and survival. In the long term, responding and recovering won't be enough, however. To grow and thrive in a post-COVID-19 world, swift digital transformation into a pandemic-proof organizational model is vital. With physical contacts kept to a minimum, it is digital that proves to be a lifeline for many organizations. Consumer brands and retailers who have embraced digital are now growing their online orders and keep their business running through home offices. Through COVID-19 it becomes visible what being digital truly means. It is not just about cool apps, but about having a solution chain that runs deep across processes, people, and technology. It's a fundamental change in the way we work, live and do business. Understanding those moments that matter to the customer now and adapting to these should be on top of the organization's agenda. Not just to sell extra, but to reshape the business value to transform into a rapid-response organization, potentially a digital company that can weather the next outbreak. It's about increasing flexibility to respond and the ability to better understand customer needs and the universal human values behind these, such as convenience and the need for control.

Source: BBC and Deloitte, accessed 2 August 2022

Extract 5: China's central bank keeps the brakes on economic stimulus

BEIJING — China's central bank policymakers pushed back Tuesday on expectations they would take aggressive measures to boost economic growth. "China's monetary policy remains within a normal range," said Pan Gongsheng, a vice governor at the People's Bank of China (PBoC). He added that China would not embark on large-scale, flood-like fiscal stimulus and would rather use measures such as releasing more money supply to implement its monetary policy to spur domestic market.

Chinese trade data for August came in far better than expected on Tuesday, with exports surging 25.6% and imports — a sign of domestic demand — climbing 33.1% from a year ago. Other economic reports have showed slowing growth in the last few months, especially in late July and August as China battled its largest outbreak of the coronavirus since the initial onset of the pandemic in early 2020. Growth will be under pressure in the third quarter, Xu Hongcai, deputy director of the Economics Policy Commission at the China Association of Policy Science. He noted that exports cannot sustain growth in the long-term, and the economy needs to rely more on consumption and industrial investment, both of which have lagged. China faced hostility from United States with the recent trade-war and looking to reduce reliance on exports. But the central banks' commentary reflects overall stability in the economy, Xu said, and he expects government spending and other fiscal policy measures will play a greater role in stimulating the economy in the next few months.

Source: CNBC, 9 September 2021

Extract 6: What you need to know about Singapore Budget 2021

After an unprecedented year in which Singapore experienced its worst recession since independence, the global battle against COVID-19 remains far from over. Deputy Prime Minister Heng Swee Keat announced that Budget 2021 will shift “from containment to restructuring” as Singapore’s economy continues to reopen. Budget 2021, with the theme Emerging Stronger Together, combines measures to help families, workers and businesses weather the COVID-19 crisis in the immediate term, with measures to accelerate structural adaptations for the long term.

A new S\$900 million Household Support Package will provide immediate relief to all Singaporean families, particularly lower- and middle-income households. For lower- and middle-income households: A one-off GST Voucher special payment of S\$200 in cash, and a special GST Voucher U-Save payment amounting to an additional 50 per cent rebate, or between S\$120 and S\$200. As part of the Government’s S\$11 billion COVID-19 Resilience Package, the Jobs Support Scheme (JSS) will be extended for sectors that continue to be hard-hit by the pandemic. Top of the list are the aviation, aerospace and tourism sectors, which will have wage support extended by six months, from April until September. The JSS extension will cost S\$700 million. The SGUnited Jobs and Skills Package will get a S\$5.4 billion boost to support the hiring of 200,000 locals and provide up to 35,000 training opportunities this year. The bulk of this, or S\$5.2 billion, will go towards extending the Jobs Growth Incentive that provides wage support for new local hires.

Singapore will accelerate its drive for early adoption of electric vehicles with a more ambitious target of 60,000 charging points deployed at public car parks and private premises by 2030, up from a previous target of 28,000. Changes to registration fees and road tax will be introduced to narrow the cost differential between electric cars and internal combustion engine cars. To catalyse partnership between the public and private sectors, the Government will also put aside S\$30 million over the next five years for electric vehicle-related initiatives. Mr Heng, who is also the Finance Minister, announced an increase in petrol duty rates by up to S\$0.15 per litre for premium petrol with immediate effect. To ease the transition for Singaporeans, especially those who rely on their vehicles for their livelihood, Mr Heng also announced a slew of road tax rebates, including a 15 per cent road tax rebate for one year for all taxis and private hire cars using petrol. Following the announcement of the Singapore Green Plan 2030¹ last week, Mr Heng identified three fronts on which the Government intends to lead the green charge in his Budget speech. Firstly, on technology, S\$60 million will go towards a new Agri-Food Cluster Transformation Fund to support technology adoption in the food sector and improve Singapore’s food resilience. On capital, the Government will issue green bonds on select public infrastructure projects, with up to S\$19 billion worth of such projects identified as a start. One such project will be the Tuas Nexus development combining waste and water treatment facilities. Thirdly, on the “actions of our people” front, the public sector will lead by example and commit to more ambitious sustainability goals under its GreenGov.SG initiative, said Mr Heng.

Source: Channel News Asia, 16 February 2022

¹ The Singapore Green Plan is a whole of nation movement to advance Singapore’s national agenda on sustainable development.

Questions

- (a) (i) Describe the changes in the GDP of China and Singapore from 2017 to 2021. [3]
- (ii) Discuss whether GDP adjusted for purchasing power parity (PPP) shown in Table 2 and 3 is sufficient to compare the level of living standards between China and Singapore. [8]
- (b) Using Extract 4, explain **two** possible types of unemployment arising from COVID 19. [4]
- (c) Using aggregate demand and supply analysis, explain how the monetary policy implemented in Extract 5 would likely impact China's economic growth in both short run and long run. [5]
- (d) With reference to Extract 5, comment on the view that Chinese economy needs "to rely more on consumption and industrial investment" for sustained growth. [7]
- (e) (i) Using Table 2 and 3, compare the budget position of China and Singapore from 2017 to 2020. [2]
- (ii) With reference to Extract 6, explain how the **two** policies implemented in Singapore can address the problem of income inequality. [4]
- (f) The Singapore Green Plan is a whole of nation movement to advance Singapore's national agenda on sustainable development. [12]

Discuss the extent to which sustainable economic growth can be achieved through the Singapore Green Plan.

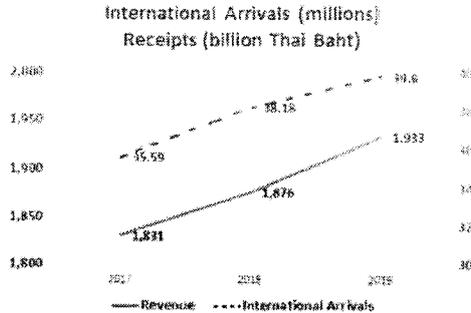
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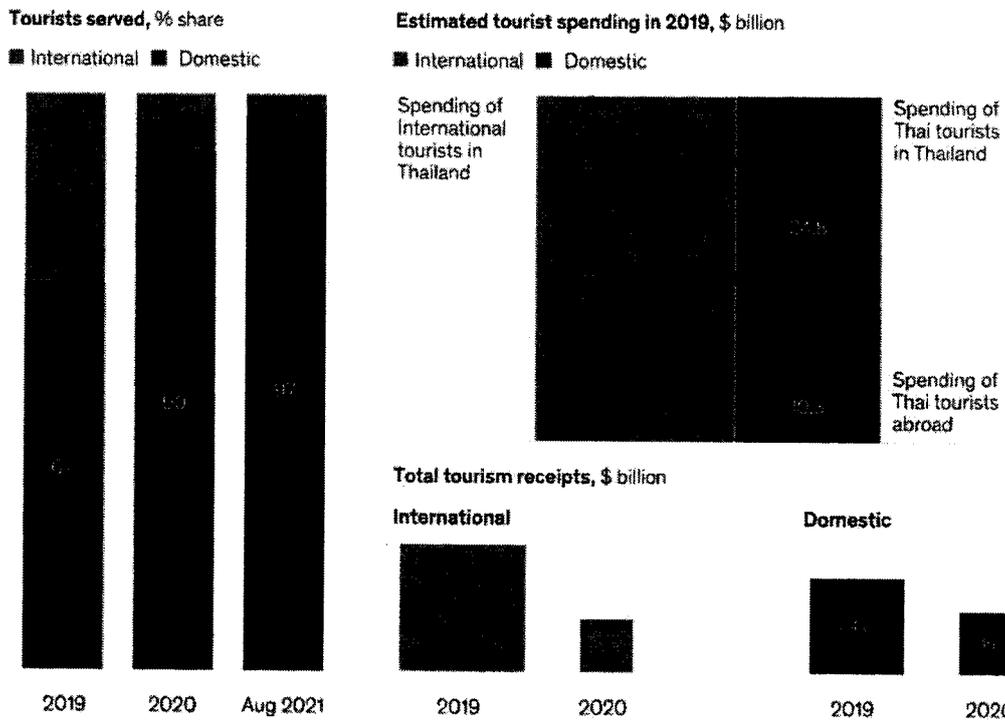
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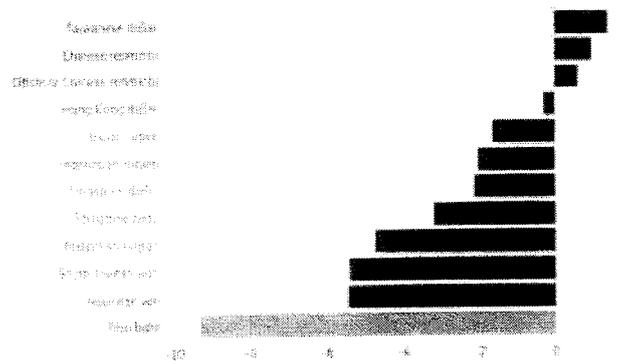


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is to set the stage so that “nature can rehabilitate itself.” Meanwhile, the implementation of Thailand's tourism fee, worth 300 Baht, will be postponed to the end of 2022, said Phiphat Ratchakitprakarn, Thailand's Minister for Tourism and Sports.

Source: The New York Times, 21 Mar 2021

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[Total: 45]

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(a)	<p>Compare the trend of Thailand's international arrival with the tourism revenue from 2017 to 2019 in figure 1.</p> <p><u>Suggested answer:</u> Similarity: Both increases. [1]</p> <p>Difference in the extent of increase: International arrivals increase by a larger extent compared to the increase in tourism revenue. [1] Difference in the rate of increase: Tourism revenue increases in an increasing rate while international arrivals increase in an decreasing rate.</p> <p>Examiners' comments:</p> <p>Majority of the candidates have no issue in providing the necessary comparison. Weaker responses went into year on year comparison instead of comparing across the entire stated period. Some also failed to recognise the difference between a large relative increase (extent of increase) and a larger absolute increase, which the first type being more applicable.</p>	[2]
(b)	<p>With reference to an example from Extract 1, explain what is meant by a normative statement.</p> <p><u>Suggested answer:</u> Define normative statement [1]: A statement of value judgment or opinion, and its accuracy cannot be tested or verified.</p> <p>Provide an example of normative statement [1]:</p> <ul style="list-style-type: none"> - Thailand's hotels, businesses and private hospitals <u>should refrain</u> from offering big discounts to lure tourists and focus instead on raising the country's value as a premium travel destination, government ministers said. - "We cannot let people come to Thailand and say because it's cheap. Instead they <u>should say</u> 'because it works, it's reasonable', that's where we can increase value," Deputy Prime Minister Anutin Chamvirakul said at an event at Bangkok's main international airport to promote tourism. <p>Examiners' comments:</p> <p>Almost all candidates did well for this question. The ones that lost marks were due to either inaccuracy of the definition or mixing up with positive statement. The examples provided were mostly accurate, containing elements for a normative statement.</p>	[2]
(c)	<p>With the aid of a diagram, explain why might 'Thailand's hotels, businesses and private hospitals want to offer big discounts' to lure tourists.</p> <p>Diagram [1]</p>	[4]

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	<p>Explain price elastic demand for Thailand tourism services because of availability of many affordable substitutes from other southeast Asian countries. [1]</p> <p>Big discounts → Reduction in price P_0 to P_1 → Leads to more than proportionate increase in quantity demanded Q_0 to Q_1 [1]</p> <p>To increase total revenue so as to earn more profit, being the reason to offer big discounts to lure tourists [1]</p> <div data-bbox="494 560 1069 896" style="text-align: center;"> </div> <p>Examiners' comments:</p> <p>Strong candidates understood the meaning of big discounts and explained a fall in the price of tourism. They then went on to apply concepts of price elasticity of demand being price elastic for tourism, such that quantity demanded can increase more than proportionately, and total revenue can increase, allowing the tourism service providers to earn greater profit, assuming cost unchanged.</p>	
(d)	<p>Explain how 'raising the country's value as a premium travel destination' in boosting Thailand tourism revenue and comment on the effectiveness of 'raising the country's value as a premium travel destination' in boosting Thailand tourism revenue.</p> <p><u>Suggested Answers:</u></p> <p>By raising the country's value as a premium travel destination can create a positive imagery impression for foreign tourists, making them want to visit Thailand for tourism → Demand for tourism services increases → Both equilibrium price and quantity increases → Tourism revenue increases.</p> <p>It can also differentiate Thailand as a travel destination, allowing Thailand to stand out from the other travel destination substitutes, making the demand for Thailand tourism to be less price elastic (more price inelastic), tourism providers can then raise the price and experience only a less than proportionate fall in quantity demanded → Tourism revenue increases.</p>	[7]

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	<p>Comment: While it can be effective in encourage more foreign tourist to visit Thailand, such that foreign tourism revenue can be boosted, there is a significant number of domestic tourists for domestic tourism too (67% in 2019). Considering that their income level may be relatively lower than the foreign tourists and tourism can be considered as a luxury to them such that demand is price elastic. If making Thailand a premium travel destination resulted in an increase in price of tourism, quantity demanded for the domestic tourism will fall more than proportionately, leading to a fall in domestic tourism revenue, dampening the increase in tourism revenue on the foreign tourists analyzed earlier.</p> <p>Examiners' comments:</p> <p>There is a mixed level of performance. The stronger ones recognized the requirement to explain how 'premium trave destination' can help to increase the demand or making demand price elastic, and went on to explain for the increase in total revenue. They then consider the limitation as they comment on its effectiveness. The weaker responses tend to be descriptive without applying demand and supply analysis.</p>	
(e)	<p>Using demand and supply analysis, explain why the US dollar appreciated against the Thailand baht but depreciated against the Chinese yuan.</p> <p>US dollar appreciated against the Thailand baht is due to the large fall in demand for baht, caused by the fall in demand for Thailand tourism service during the pandemic, given that tourism is a crucial sector in the Thailand economy.</p> <p>US dollar depreciated against the Chinese yuan is due to the large increase in demand for yuan, caused by the surge in demand for online e-commerce shopping, as pandemic lockdowns caused consumers to switch consumption patterns towards online shopping.</p> <p>Examiners' comments:</p> <p>Candidates can recognise and explain for the changing demand for Thailand tourism and Chinese goods. However, some did not make use of the same demand and supply analysis on the different foreign currencies to explain for the reasons of the stated currency outcome.</p>	[4]
(f)	<p>With the aid of a production possibility curve diagram, explain how the implementation of the long-term resident visa will affect Thailand's economic growth.</p> <p>Thailand launched a long-term resident visa programme for wealthy global citizens, wealthy pensioners, work-from-Thailand professionals, and highly-skilled professionals, assuming it is working and able to attract its intended audience.</p>	[6]

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	<p>With more wealth global citizens and pensioners in Thailand, they will be living and spending in the country, leading to increased demand for goods and services, which can create more jobs and drive actual economic growth, represented by a shift in a point within the PPC (point A) to a point closer towards the PPC (point B), or even onto the PPC (point C).</p> <p>With more work-from-Thailand professionals and highly-skilled professionals in Thailand, there will be an increase in quantity of labour in Thailand, they could also be sharing their knowledge and skills to the Thailand workers, raising the quality of the labour force in Thailand, bringing potential economic growth, represented by a shift of the entire PPC outwards.</p> <div data-bbox="512 741 1038 969" style="text-align: center;"> </div> <p>Examiners' comments: Most candidates are able to make use of the production possibility curve to explain for the potential economic growth from the implementation of the long-term resident visa but neglected on the requirement on actual economic growth. Weaker responses put 'long-term resident visa' on one of the axis in the diagram which did not make sense.</p>	
(g)	Using evidence from the case study, discuss the extent to which the lack of tourists brings more benefit than cost to Thailand.	[10]
	<p>Benefit: The lack of tourists has brought about benefit should as reducing the allocative inefficient in the market of tourism.</p> <p>Tourism creates negative externality in consumption such as disruption to the natural habitats of wildlife like the turtles causing the loss of wildlife sighting for the next generation. The existence of the negative externality will lead to the divergence of the MSC and MPC, where the MSC is greater than the MPC. In a free market without government intervention, the consumers will consume at Q_p where $MPB = MPC$ as the consumer wants to maximise their own welfare and satisfaction. However, the socially optimal level of consumption is at Q_s where $MSC = MSB$. This causes an overconsumption of $Q_s Q_p$. As the MSC is greater than MSB for quantity $Q_s Q_p$, this implies that the cost to the society for the additional unit of tourism consumed is more that the benefit that the society can enjoyed from the additional unit, Hence resulting in a deadweight loss of</p>	

area ABC and a misallocation of resources. As such, the reduction in tourist will reduce will reduce the deadweight loss and the misallocation of resources.

(Market failure diagram)

Cost:

Loss of tourism revenue and rise of unemployment:

The lack of tourist implies the demand of for tourism related services as hotel service, retail services at places of interest or tour guides to fall, resulting to the decrease in equilibrium price and quantity of tourism related services. Hence the revenue earned by the tourism-related services will fall. Assuming cost constant, the profit earned by the producers of tourism related services will also fall. As such, the Thai government will collect lesser tourism revenue as there is a fall in the fee collection from places of interest as well as fall in goods and service tax revenue collected from tourists. This increase the financial constraint faced by the government and reduced the government ability to fund conservation projects to help restore the wildlife habitat.

(DD-SS diagram)

In addition, the fall in both local and international tourists will cause a fall in the demand for tourism and tourism related services as hotel service, retail services at places of interest or tour guides, hence resulting to a fall in export and consumption and AD as tourism is one of Thailand's major contributor to their economic growth. As AD falls, the need to hire factor of production will fall as producers need to cut down their production level, hence resulting to a rise in unemployment level. In addition, as AD falls, the RNY will fall, thus a fall in actual economic growth

(AD-AS diagram)

Conclusion:

The cost of the lack of tourists may outweighs the benefit of the lack of tourists as the rise of the unemployment within the tourism sector has lead to increase illegal activities such as poaching and logging, which results in greater and immediate negative externality to the environment while the reduction in the externality from tourism is not immediate as it takes time for the natural environment to restore itself.

Level	Descriptors	Marks
L3	For a well-developed answer that uses good economic analysis to explain the cost and benefit of the lack of tourist on the Thailand. There should be good use of the case material.	6 - 8

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	L2	There should be some use of the case material. For a under-developed answer that uses economic analysis to explain explain the cost and benefit of the lack of tourist on the Thailand.	3 - 5	
	L1	An answer that shows major conceptual errors or largely do not answer the question	1 - 2	
	Evaluation			
	E	Up to 2 additional marks for evaluative comment(s) on the extent to which the lack of tourists will bring benefit than cost to Thailand.	1-2	
	<p>Examiners' comments: Candidates can recognise the need to explain the cost and benefit of lack of tourists but most answers were rather descriptive without the use of economic analysis to backup their points. Also, some candidates attempted to answer the question indirectly where they explained for the cost and benefits of having tourists in Thailand, which should be avoided.</p>			
(h)	Discuss the policies in which Thailand government can implement to improve allocative efficiency in the tourism market.			[10]
	<p>As mentioned in part (g), tourism will create negative externality in consumption and result in the overconsumption of tourist services, hence resulting in the overallocation of resource and loss of society welfare. Hence to reduce the society welfare loss and misallocation of resources, the Thai government can implement tourism fee or regulation of mandatory closing period on the places of interest</p> <p>Tourism fee: The implementation of the tourism fee, which is a form of indirect taxation on the tourist. Assuming the amount of tourism fee is equal to the amount of MEC, this will result in the rise of the cost of production for the tourism operators and a fall in supply of tourism services, which will result in a rise in the price of tourism services. As price of tourism service increases, the MPC of tourism for consumer will increase, whereby the MPC curve will shift to the MSC curve. This will disincentivize consumers to consume less tourism service and the quantity will fall to the socially optimal level Q_s and remove the deadweight loss.</p> <p>However, the Thai government may have imperfect information as the effect of the negative externality is intangible and accumulative, so it is difficult for them to determine the correct MEC. This will result in the government over or under taxing. Hence not able to remove the misallocation and deadweight loss totally.</p>			

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Regulation:

The Thai government can consider implementing the regulation that mandate a certain closing period for the places of interests such as “shutter national parks in stages each year, from two to four months”. As the temperately closure of the natural is mandatory, this will allow the natural park to have a recouperation period. This result in the fall in the MEC generated. Hence the MSC will fall and shift closer to the MPC, resulting in a fall in overconsumption and deadweight loss. In addition, the number of tourist will also fall during this closure period, so the consumption level will fall, hence reducing the overconsumption and deadweight loss.

However, the temporary closure of the natural park may lead to seasonal unemployment of workers working at the natural park. This may result to increase illegal activities such as poaching or logging if the workers are unable to find a replacement job during the closure period. In addition, the government face loss of tourism revenue to restore the natural park.

Conclusion:

The government may want to implement both the tourism fee and regulation together so they can collect additional fund from other places of interest to finance the restoration or conservation effort of the natural park during the temporary closure period.

Level	Descriptors	Marks
L3	For a well-developed answer that uses good economic analysis to explain how 2 policies works and its strength/limitation/trade-off or constraints There should be good use of the case material.	6 - 8
L2	There should be some use of the case material. For a under-developed answer that uses economic analysis to explain how 2 policies works and its strength/limitation/trade-off or constraints OR For a well-developed answer that uses good economic analysis to explain how 1 policies works and its strength/limitation/trade-off or constraints OR For a well-developed 1-sided answer that uses good economic analysis to explain how 2 policies works or its strength/limitation/trade-off or constraints	3 - 5

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L1	An answer that shows major conceptual errors or largely do not answer the question	1 - 2
Evaluation		
E	Up to 2 additional marks for evaluative comment(s) on the policies stand that the government should take.	1-2
<p>Examiners' comments: Many candidates understood the requirement of the questions and discussed at least 2 policies in improving allocative efficiency, with tax being the most popular choice. However, the discussion can be done better by taking into consideration of the case evidence, where tourist tax on consumers is considered to be imposed, rather than a generic tax imposed on the producers. Discussion of policies should anchor on economic framework too, which the weaker responses tend to lack in.</p>		

Question 2

Government Stimulus in China and Singapore

Table 1: Key Economic Data, 2021

	Population	Inflation Rate	Gini Coefficient
China	1412.6 million	1.0%	0.47 (est)
Singapore	0.00545 million	2.3%	0.36

Source: World Bank, 2022

Table 2: China's Selected indicators

	2017	2018	2019	2020	2021
GDP in billions, adjusted for purchasing power parity (PPP)	19,887	21,229	22,492	23,010	24,861
Government budget (% of GDP)	-3.4	-4.28	-6.1	-10.96	-5.99 (Estimated)

Source: Statista.com, 2022

Table 3: Singapore's Selected indicators

	2017	2018	2019	2020	2021
GDP in billions, adjusted for purchasing power parity (PPP)	535	554	561	531	578
Government budget (% of GDP)	5.31	3.68	3.86	-5.86	-0.19 (Estimated)

Source: Statista.com, 2022

Extract 4: From Survival to thriving in the post COVID world

The coronavirus pandemic has reached almost every country in the world. Its spread has left national economies and businesses counting the costs, as governments struggle with new lockdown measures to tackle the spread of the virus. Most countries are in recession. The IMP estimates that global economy shrunk by 4.4% in 2020 and described the decline as the worst since the Great Depression of the 1930s. In the United States, the proportion of people out of

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work hit a yearly total of 8.9%, according to the International Monetary Fund (IMF), signalling an end to a decade of jobs expansion. Millions of workers have also been put on government-supported job retention schemes as parts of the economy, such as tourism and hospitality, have come to a near standstill.

While the world works on containing the pandemic, businesses do whatever is needed to ensure business continuity and survival. In the long term, responding and recovering won't be enough, however. To grow and thrive in a post-COVID-19 world, swift digital transformation into a pandemic-proof organizational model is vital. With physical contacts kept to a minimum, it is digital that proves to be a lifeline for many organizations. Consumer brands and retailers who have embraced digital are now growing their online orders and keep their business running through home offices. Through COVID-19 it becomes visible what being digital truly means. It is not just about cool apps, but about having a solution chain that runs deep across processes, people, and technology. It's a fundamental change in the way we work, live and do business. Understanding those moments that matter to the customer now and adapting to these should be on top of the organization's agenda. Not just to sell extra, but to reshape the business value to transform into a rapid-response organization, potentially a digital company that can weather the next outbreak. It's about increasing flexibility to respond and the ability to better understand customer needs and the universal human values behind these, such as convenience and the need for control.

Source: BBC and Deloitte, accessed 2 August 2022

Extract 5: China's central bank keeps the brakes on economic stimulus

BEIJING — China's central bank policymakers pushed back Tuesday on expectations they would take aggressive measures to boost economic growth. "China's monetary policy remains within a normal range," said Pan Gongsheng, a vice governor at the People's Bank of China (PBoC). He added that China would not embark on large-scale, flood-like fiscal stimulus and would rather use measures such as releasing more money supply to implement its monetary policy to spur domestic market.

Chinese trade data for August came in far better than expected on Tuesday, with exports surging 25.6% and imports — a sign of domestic demand — climbing 33.1% from a year ago. Other economic reports have showed slowing growth in the last few months, especially in late July and August as China battled its largest outbreak of the coronavirus since the initial onset of the pandemic in early 2020. Growth will be under pressure in the third quarter, Xu Hongcai, deputy director of the Economics Policy Commission at the China Association of Policy Science. He noted that exports cannot sustain growth in the long-term, and the economy needs to rely more on consumption and industrial investment, both of which have lagged. China faced hostility from United States with the recent trade-war and looking to reduce reliance on exports. But the central banks' commentary reflects overall stability in the economy, Xu said, and he expects government spending and other fiscal policy measures will play a greater role in stimulating the economy in the next few months.

Source: CNBC, 9 September 2021

Extract 6: What you need to know about Singapore Budget 2021

After an unprecedented year in which Singapore experienced its worst recession since independence, the global battle against COVID-19 remains far from over. Deputy Prime Minister Heng Swee Keat announced that Budget 2021 will shift “from containment to restructuring” as Singapore’s economy continues to reopen. Budget 2021, with the theme Emerging Stronger Together, combines measures to help families, workers and businesses weather the COVID-19 crisis in the immediate term, with measures to accelerate structural adaptations for the long term.

A new S\$900 million Household Support Package will provide immediate relief to all Singaporean families, particularly lower- and middle-income households. For lower- and middle-income households: A one-off GST Voucher special payment of S\$200 in cash, and a special GST Voucher U-Save payment amounting to an additional 50 per cent rebate, or between S\$120 and S\$200. As part of the Government’s S\$11 billion COVID-19 Resilience Package, the Jobs Support Scheme (JSS) will be extended for sectors that continue to be hard-hit by the pandemic. Top of the list are the aviation, aerospace and tourism sectors, which will have wage support extended by six months, from April until September. The JSS extension will cost S\$700 million. The SGUnited Jobs and Skills Package will get a S\$5.4 billion boost to support the hiring of 200,000 locals and provide up to 35,000 training opportunities this year. The bulk of this, or S\$5.2 billion, will go towards extending the Jobs Growth Incentive that provides wage support for new local hires.

Singapore will accelerate its drive for early adoption of electric vehicles with a more ambitious target of 60,000 charging points deployed at public car parks and private premises by 2030, up from a previous target of 28,000. Changes to registration fees and road tax will be introduced to narrow the cost differential between electric cars and internal combustion engine cars. To catalyse partnership between the public and private sectors, the Government will also put aside S\$30 million over the next five years for electric vehicle-related initiatives. Mr Heng, who is also the Finance Minister, announced an increase in petrol duty rates by up to S\$0.15 per litre for premium petrol with immediate effect. To ease the transition for Singaporeans, especially those who rely on their vehicles for their livelihood, Mr Heng also announced a slew of road tax rebates, including a 15 per cent road tax rebate for one year for all taxis and private hire cars using petrol. Following the announcement of the Singapore Green Plan 2030¹ last week, Mr Heng identified three fronts on which the Government intends to lead the green charge in his Budget speech. Firstly, on technology, S\$60 million will go towards a new Agri-Food Cluster Transformation Fund to support technology adoption in the food sector and improve Singapore’s food resilience. On capital, the Government will issue green bonds on select public infrastructure projects, with up to S\$19 billion worth of such projects identified as a start. One such project will be the Tuas Nexas development combining waste and water treatment facilities. Thirdly, on

¹ The Singapore Green Plan is a whole of nation movement to advance Singapore’s national agenda on sustainable development.

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the "actions of our people" front, the public sector will lead by example and commit to more ambitious sustainability goals under its GreenGov.SG initiative, said Mr Heng.

Source: Channel News Asia, 16 February 2022

Questions

(a)	(i)	Describe the changes in the GDP of China and Singapore from 2017 to 2021.	[3]
		<p>[1] Both generally increase from 2017 to 2021. [1] China's GDP increases at a faster rate than Singapore from 2017 to 2021. [1] Singapore experienced a fall in GDP from 2019 to 2020 while China still increases.</p> <p>Marker's comment: Generally, most students were able to give 3 accurate descriptors for the changes in China and Singapore. However, some students mentioned the GDP value for China is higher than SG, which is not a description of a change but rather absolute value comparison only.</p>	
	(ii)	Discuss whether GDP adjusted for purchasing power parity (PPP) shown in Table 2 and 3 is sufficient to compare the level of living standards between China and Singapore.	[8]
		<p>Using GDP adjusted for PPP to compare level of living standards between China and Singapore is sufficient, but it also has its limitations.</p> <p><u>GDP adjust for PPP is sufficient</u> Since GDP refers to the total monetary value of all final goods and services produced within a country's geographical boundary, regardless of the ownership of factors of production, during a given period of time and before adjustment for depreciation. As the GDP figures are denominated in local currencies, hence by converting GDP of different economies to a common currency, like the US\$. Even then, the relative prices (or cost of living) in the two countries are very different. Some goods that are expensive in the one country may cost very little in another country. The problem arises because the exchange rate only reflects the relative price of traded goods and not necessarily non-traded domestic goods and services. To compensate for this, GDP values in each country can be converted into a common currency at a "purchasing power parity rate". This is a rate of exchange that would allow a given amount of money in one country to buy the same amount of goods in another country.</p> <p>Hence PPP-adjusted GDP values can reflect the relative costs of goods and services in various countries, representing the relative cost of living in each country better by using the international currency. Based on Table 2 and 3, since China has a higher GDP adjusted for PPP as compared to Singapore from 2017 to 2021, it is generally said to have a higher level of living standards whereby higher GDP(PPP adjusted) values suggested that higher production of gds& srvc→ more goods and services available for consumption, hence higher material standard of living.</p> <p><u>Limitations of GDP adjusted for PPP</u> For comparison of level of living standards between Singapore and China using GDP adjusted for PPP is insufficient and rather limited. As the value of GDP adjusted for PPP as it does not take into account of price changes over the years and the amount an average person living in China and Singapore has, thus there is a need to take into account of inflation and population size.</p> <p>Table 2 and 3 provided GDP adjusted for PPP which are nominal values and over the years prices might have changed, hence the effects of price changes have to be removed to accurately assessed whether China really has a higher total value of output</p>	

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	<p>of final goods and services produced after adjustment for PPP compared to Singapore over the years. But China has a lower inflation rate compared to Singapore in year 2021. So the ability of consumers to purchase more quantity of goods and services over the years are not accurately reflected and hence insufficient to just look at GDP(PPP adjusted) as the cost of living might have increased and hard to differentiate the which country have a higher material SOL.</p> <p>Furthermore, based on Table 1, China has a larger population size compared to Singapore in year 2021. Hence a higher GDP(PPP adjusted) might not mean that an average person SOL is higher in China than Singapore as higher GDP values could be due to more production by the large population size. Hence to accurately compare an average person mat SOL, it will be good to take into account Tables 1-3. Hence in year 2021, Singapore has a higher GDP adjusted for PPP per capita than China, which indicated living standards in terms of material aspect is higher in Singapore.</p> <p>Overall, GDP adjusted for PPP data provided are not sufficient to assess level of living standards between China and Singapore over the years. In order to better assess the material SOL between China and Singapore, real GDP(adjusted for PPP) per capita should be used.</p> <p><u>Not Sufficient: Need other social indicators</u> GDP adjusted for PPP itself is not sufficient to measure living standards between countries as living standards take into account of non-material aspect too. Social indicators are required to reflect changes in the non-material SOL. For example, information on the level of pollution or the amount of leisure time enjoyed by residents in China and Singapore are not measured hence it will be insufficient to compare level of living standards. High levels of GDP(PPP adjusted) could be due to long labour hours put in and also increase in production of good using pollutive methods. These are important as too much pollution can adversely affect the health conditions of the people, while fewer leisure hours due to longer working hours will adversely affect their non-material well-being.</p> <p><u>Conclusion:</u> Stand: While we can use GDP adjusted for PPP to compare the level of living standards in terms of material SOL to some extent between China and Singapore, but it is not sufficient. Substantiate: Standard of living is a broad concept. Living standards consists of both material and non-material aspect and level of living standards can change over time and affected by population size changes. Hence, the use of GDP figures is insufficient and there is a need to supplement it with other indicators to provide a more comprehensive assessment of standard of living. Suggestion: The inclusion of other data such as inflation rate and population growth between 2017 -2021 and social indicators levels of pollution may allow for a more accurate assessment of which country level of living standards is better.</p> <table border="1" data-bbox="367 1780 1332 1834"> <thead> <tr> <th data-bbox="367 1780 497 1834">Levels</th> <th data-bbox="497 1780 1216 1834">Descriptors</th> <th data-bbox="1216 1780 1332 1834">Marks</th> </tr> </thead> </table>	Levels	Descriptors	Marks
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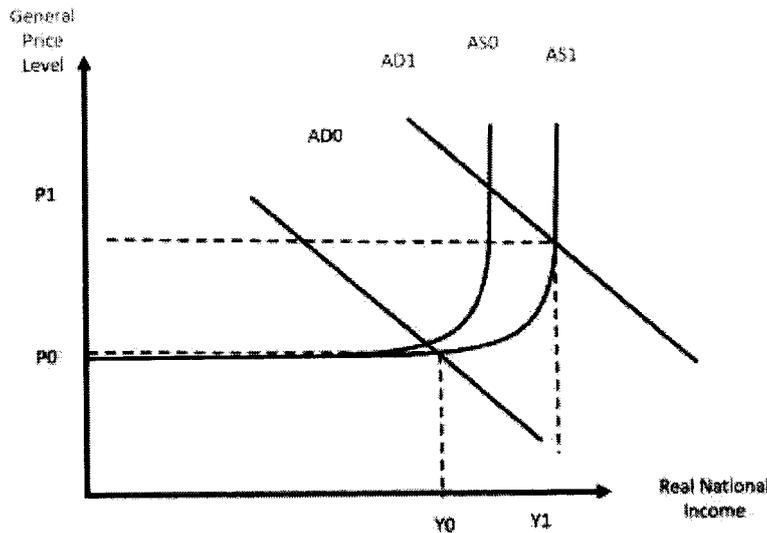
		L2	For a <u>well-developed</u> balanced answer which thoroughly explains how GDP adjusted to PPP can be used to compare level of SOL between China and Singapore and also explain the limitations of GDP adjusted PPP and how other indicators are also required to sufficiently assess the change in level of living standards.	4-6		
		L1	For an <u>underdeveloped</u> answer which attempts to explain how GDP adjusted to PPP can be used to compare level of SOL between China and Singapore and consider its limitations. Max 3m for one-sided answer. Smattering of points/ factors or answer that is irrelevant.	1-3		
Evaluation 2m						
		E2	Well justified judgement with economic reasoning.	2		
		E1	Provide a judgement with no justification.	1		
		<p>Marker's Comment:</p> <p>Students did not explain the meaning of GDP(adjusted for PPP) well and how it can reflect material SOL. Many students were able to recognize the size of population matters to how an average person SOL in China and Singapore fared respectively.</p> <p>Students were able to identify limitations of GDP(adjusted for PPP) in measurement of material SOL but when it comes to explaining GDP(adjusted for PPP) unable to demonstrate about non-material aspects, most answers only listed indicators that can be used. Students should explain such indicators and elaborate how it demonstrate to compare non-mat SOL between China and Singapore.</p> <p>A small minority of students compared the change in SOL rather than the level of SOL between China and Singapore.</p>				
(b)	Using Extract 4, explain <u>two</u> possible types of unemployment arising from COVID 19.				[4]	
	<p>Cyclical unemployment. [2m] Evidence: lockdown measures in economies, most countries are in recession, Explain: Fall in consumer confidence due to poor economic outlook, lockdown restricted movements and fall in consumption, AD in the economy falls, resulting in a fall in the national income. Firms will find that they cannot sell all their current output leading to an accumulation in stocks (or inventories). Firms will cut back on production and attempt to cut losses and they hire fewer factor inputs, including labour leading to a rise in cyclical unemployment.</p> <p>Structural unemployment [2m] Evidence: swift digital transformation and growing e-commerce and work from home Explain: Digital transformation and adoption of technologies will lead to structural unemployment as there is a mismatch of skills between those seeking a job and employers as covid 19 resulted in a shift away from retail stores towards online shopping, hence there</p>					

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	<p>is a higher demand for workers who are skilled in digital marketing and data analytics rather than just retailing experience, hence there is a mismatch of skills leading to structural unemployment.</p> <p>Marker's comment: Majority of the students were able to do well to link evidence from extract to identify the type of unemployment, especially for structural unemployment. Weaker answers were demonstrated for explaining cyclical unemployment as many did not anchor on a fall in AD and thus lesser demand for labour.</p>	
(c)	<p>Using aggregate demand and supply analysis, explain how the monetary policy implemented in Extract 5 would likely impact China's economic growth in both short run and long run.</p>	[5]
	<p>increase MS → Lower i/r → Lower COB [1]</p> <p>Link to C, I → Increase in AD [1] → via k effect RNY increase more than initial increase in C&I → Actual EG (SR) [1]</p> <p>Link to Qty of Capital [1] → Increase productive capacity → Increase LRAS → Potential EG (LR) [1]</p> <p>Marker's comment: Majority of students were able to explain how expansionary interest rate policies work that lead to actual and potential economic growth. Some answers focused only on actual economic growth and failed to explain the impact on long run economic growth (potential economic growth). Minority answers mistaken increase in money supply as exchange rate policy.</p>	
(d)	<p>With reference to Extract 5, comment on the view that Chinese economy needs "to rely more on consumption and industrial investment" for sustained growth.</p>	[7]
	<p>Chinese economy needs "to rely more on consumption and industrial investment" for sustained growth.</p> <p>Extract 5: Growth will be under pressure in the third quarter, Xu Hongcai, deputy director of the Economics Policy Commission at the China Association of Policy Science. He noted that exports cannot sustain growth in the long-term, and the economy needs to rely more on consumption and industrial investment, both of which have lagged.</p> <p>Table 1: With China having a population size of 1.4 billion, it has a sufficiently huge domestic market that could easily drive domestic consumption and attract investments in the economy, there would be lesser need to depend on X, which opens China to the vulnerability to economic fluctuations in the global market. Therefore considering the size of China economy, she should rely more on consumption and industrial investment</p> <p>Economic Analysis:</p> <ul style="list-style-type: none"> - Increase in C, I - Increase in AD (AD0 to AD1) - Increase actual economic Growth - Increase in industrial investment - Increase Qty of Capital 	

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- Increase in productive capacity of economy-> Increase LRAS-> Potential Economic growth
- Increase in RNY (Y0 to Y1) -> Sustained Economic Growth
- Increase in GPL (P0 to P1)



Chinese economy need not “to rely more on consumption and industrial investment” for sustained growth.

Extract 5: Chinese trade data for August came in far better than expected on Tuesday, with exports surging 25.6% and imports — a sign of domestic demand — climbing 33.1% from a year ago.

Economic Analysis:

- As economies recover from COVID 19
- Higher economic growth
- Higher income level
- Higher purchasing power
- Higher demand for G&S
- Higher demand for Exports from China
- Increase in Export revenue
- Increase in new export and AD
- Increase in RNY by the multiplier effect
- Achieve actual economic growth

The surging exports are able to drive the increase in actual economic growth, however, unable to drive potential economic growth in the economy, therefore in order to achieve sustained growth, there is a need for Chinese economy to rely more on consumption and industrial investment. Furthermore, to be dependent on domestic drivers of growth would ensure more stability for China to achieve sustained economic growth.

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<p>Conclusion:</p> <p>STAND: While export revenue is rising, China should rely more on consumption and industrial investment to achieve sustained economic growth.</p> <p>SUBSTANTIATE: Extract 5 mentioned that China faced hostility from United States with the recent trade-war, explaining how exports revenue is vulnerable to the external politics and fluctuations where there might not be stable flow of export revenue, therefore to achieve sustained growth, the reliance on domestic drivers of growth is essential.</p> <p>SUGGEST: In order to ensure growth remains sustained, it is essential that China stays open to all factors driving growth, to diversify across different components of AD is the best way forward.</p>		
Levels	Descriptors	Marks
L2	For a <u>well-developed</u> answer which thoroughly explains balanced viewpoints that Chinese economy needs "to rely more on consumption and industrial investment" for sustained growth.	4-5
L1	For an <u>underdeveloped</u> answer which attempts to explain the view that Chinese economy needs "to rely more on consumption and industrial investment" for sustained growth. Max 3m for one well explained view Smattering of points/ factors or answer that is irrelevant.	1-3
Evaluation 2m		
E2	Well justified judgement with economic reasoning.	2
E1	Provide a judgement with no justification.	1
<p>Marker's comment:</p> <p>Majority of the answers were able to use evidence from case materials to explain why there is a need for China to focus more on domestic C and I due to the trade wars with US with economic analysis, however failed to consider the other viewpoint that is required in this question. The alternative viewpoint whereby China also have to focus on exports were not explained by most students.</p>		
(e)	(i)	Using Table 2 and 3, compare the budget position of China and Singapore from 2017 to 2020. [2]
		<p>Sim: Both China and Singapore government budget positions had worsen over the years.[1]</p> <p>Diff:</p> <p>China government budget position has always been in a deficit while Singapore budget position changed from surplus to deficit in year 2020. [1]</p> <p>Or</p> <p>Singapore's government budget position worsen more than China over the years. [1]</p>

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		<p>Note: Description like positive and negative budget position will not be accepted.</p> <p>Marker's comment: Students were not able to accurately compare the changes in budget position using accurate deficit or surplus descriptive words.</p>					
	(ii)	<p>With reference to Extract 6, explain how the two policies implemented in Singapore can address the problem of income inequality.</p>	[4]				
		<p>Policy 1: For lower- and middle-income households: A one-off GST Voucher special payment of S\$200 in cash, and a special GST Voucher U-Save payment amounting to an additional 50 per cent rebate, or between S\$120 and S\$200.</p> <p>Transfer payments given to lower income household families will increase their disposable income, thereby reducing income inequality.</p> <p>Policy 2: The SGUnited Jobs and Skills Package will get a S\$5.4 billion boost to support the hiring of 200,000 locals and provide up to 35,000 training opportunities this year. – enhance occupational mobility.</p> <p>Low skilled workers are encouraged to go for further training and upgrading with such subsidies. Such workers are newly trained in relevant skills are now able to switch to jobs that are in need of workers and thus able to command higher wages with their upgraded skills and reduces the income gap.</p> <p>2 marks for each policy.</p> <p>Note: Job support scheme will not be accepted as example of policy to address income inequality as it's main objective is to address unemployment issues arising from pandemic.</p> <p>Marker's comment: Most of the answers were able to identify the relevant policies from extract but lacked depth in explaining how it can address income inequality. Some answers choose Job Support Scheme but it does not directly address income inequality. For example, by providing firms with subsidies leads to worker remained employed does not address income inequality directly but rather address unemployment by preventing massive cyclical unemployment. Hence a better response will be anchoring on low skilled workers who are employed in low paying job, gets trained and has occupational mobility to a higher pay jobs due to better skillset, will lead to address the income inequality instead.</p>					
	(f)	<p>The Singapore Green Plan is a whole of nation movement to advance Singapore's national agenda on sustainable development.</p> <p>Discuss the extent to which sustainable economic growth can be achieved through the Singapore Green Plan.</p>	[12]				
		<table border="1"> <tr> <td>Command</td> <td>Discuss</td> </tr> <tr> <td>Content</td> <td>Policies to achieve sustainable economic growth</td> </tr> </table>	Command	Discuss	Content	Policies to achieve sustainable economic growth	
Command	Discuss						
Content	Policies to achieve sustainable economic growth						

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Context	Singapore
Trigger	Singapore Green Plan
End	Sustainable economic growth <ul style="list-style-type: none"> - Sustained Economic Growth - Environmental sustainability

Sustainable economic growth can be achieved through the Singapore Green Plan, through the influence in the vehicle market via the actual economic growth and sustainable environment.

Extract 6:

- Target of 60,000 charging points deployed at public car parks and private premises by 2030, up from a previous target of 28,000.
- Changes to registration fees and road tax will be introduced to narrow the cost differential between electric cars and internal combustion engine cars.
- Government will also put aside S\$30 million over the next five years for electric vehicle-related initiatives.

Economic Analysis:

- Better infrastructure for electric cars will be able to better meet taste and preference in the economy-> Increase the demand for electric cars-> reduction in the use for fuel powered cars-> Focus on the use of electric cars will reduce the pollution caused by vehicles
- Reduces the MEC from vehicles
- For the same quantity of vehicles used in the economy, there is lesser pollution created
- Reduction in the environmental degradation in the economy
- Improvement in the sustainability of the environment while using the same number of vehicle
- Policy is more targeted on the sustainability of the environment
- Does not explicitly explain the change in potential economic growth in the economy
- Although the spending on electric cars-> Increase Government Spending-> Increase AD-> Increase in RNY by the multiplier effect-> Increase actual economic growth

Strength: In achieving the environmental sustainability and actual growth, the policy is successful due to the two prong approach the government has implemented, targeting both the ability and willingness to purchase electric cars.

Limitation: The implementation of the policy is not targeted at achieving potential economic growth, the focus is more on environmental sustainability. Most vehicles in Singapore are running with catalytic converters, therefore the extent of the pollution might not be significant in the first place.

Sustainable economic growth might not be able to be fully achieved through the Singapore Green Plan, due to unintended consequences.

Extract 6:

- An increase in petrol duty rates by up to S\$0.15 per litre for premium petrol with immediate effect.

Economic Analysis:

- Increase in petrol duty-> Increase the cost to use petrol fueled car-> increase demand for electric cars-> XED>1 (Close substitutes)
- Reduce the amount of pollution created from vehicles
- Reduces the MEC from vehicles
- For the same quantity of vehicles used in the economy, there is lesser pollution created

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<ul style="list-style-type: none"> - Reduction in the environmental degradation in the economy - Improvement in the sustainability of the environment while using the same number of vehicle - Higher petrol duty-> increase transport cost-> higher unit COP-> upward shift in SRAS-> reduction in RNY and actual economic growth - Higher petrol duty-> increase transport cost-> higher unit COP-> reduce investments-> reduce qty of capital-> reduce productive capacity of economy-> reduce LRAS-> reduce potential economic growth <p>Strength: In achieving the environmental sustainability and actual growth, the policy is successful given that electric cars and petrol fueled cars are deemed to be close substitutes of each other, therefore with an increase in the price of fuel, making it more expensive to drive petrol fueled cars, consumers will be more likely to switch to electric cars, better achieving the goal of environmental sustainability in sustainable economic growth.</p> <p>Limitation: The policy conflicts with the achievement of potential economic growth where the higher cost would discourage investments in the economy which does not help economies achieve potential economic growth, therefore unable to achieve sustained economic growth that is necessary for sustainable economic growth. This is a policy with high opportunity cost of a slower actual growth and cost push inflation.</p> <p>Sustainable economic growth might able to be fully achieved through the Singapore Green Plan in the long run with the advancement in green and sustainable technology.</p> <p>Extract 6: Firstly, on technology, S\$60 million will go towards a new Agri-Food Cluster Transformation Fund to support technology adoption in the food sector and improve Singapore's food resilience.</p> <p>On capital, the Government will issue green bonds on select public infrastructure projects, with up to S\$19 billion worth of such projects identified as a start. One such project will be the Tuas Nexus development combining waste and water treatment facilities.</p> <p>Economic Analysis:</p> <ul style="list-style-type: none"> - improve Singapore's food resilience-> increases the sustainability of food resources available for future generation - waste and water treatment facilities-> reduction in water pollution-> maintains the quality of the environment-> maintains the sustainability of environment - Increase Government Spending-> Increase AD-> Increase in RNY by the multiplier effect-> Increase actual economic growth - Technology adoption in the food sector-> Better production methods-> lower cost-> better quality or higher quantity of food-> higher possible revenue-> Higher profits-> attract more investments-> increase in AD and increase in the quantity of capital -> Increase in productive capacity of economy-> increase in LRAS-> increase in potential economic growth <p>Strength: In achieving the environmental sustainability and actual growth, the policy is successful to achieve sustainable economic growth with both growth and environment sustainability. The Singapore Green Plan is effective in this aspect with the well endowed high skilled labour available in Singapore that supports the development of new technology, enhancing the success rate.</p>
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<p>Limitation: The effectiveness of the policy can only be enjoyed in the long run and it is dependent on the success rate of the green technology. Successful R&D takes time where there is a need for multiple attempts and trials for the final product to be ready and available in the market.</p> <p>Conclusion</p> <p>Stand: The extent to which the Singapore Green Plan can achieve sustainable growth would be high when government is able to complement multiple policies in the Green Plan in the consideration of achieving sustainable economic growth.</p> <p>Substantiate: In the attempt to achieve sustainable economic growth, there is a concurrent expectation of three goals, actual and potential economic growth and environmental sustainability. Considering the Tinbergen Rule that states that in order to achieve multiple aims, there needs to be multiple policies implemented, therefore the Singapore Green Plan will be successful in achieving sustainable economic growth if it includes multiple policies targeted at the three goals.</p> <p>Suggest: The multiple sets of policies should be implemented in consideration of the nature of Singapore economy, with the current focus on electric vehicles, food, water and waste according to the extract, there could be more focus on the development of sustainability in energy production via the use of renewable energy.</p>		
Level	Descriptors	Marks
L3	<p>For a well-developed answer that uses good economic analysis to explain how 2 policies in the Singapore Green Plan helps Singapore achieve sustainable economic growth and its strengths/limitations.</p> <p>There should be good use of the case material.</p>	6 - 9
L2	<p>There should be some use of the case material.</p> <p>For a under-developed answer that uses good economic analysis to explain how 2 policies in the Singapore Green Plan helps Singapore achieve sustainable economic growth and its strengths/limitations.</p> <p>OR</p> <p>For a under-developed answer that uses good economic analysis to explain how 2 policies in the Singapore Green Plan helps Singapore achieve sustainable economic growth and without its strengths/limitations.</p> <p>OR</p> <p>For an answer that uses good economic analysis to explain how 1 policy in the Singapore Green Plan helps Singapore achieve sustainable economic growth and its strengths/limitations.</p> <p>OR</p> <p>For a under-developed answer that uses good economic analysis to explain how 2 policies in the Singapore Green Plan helps</p>	3 - 5

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	Singapore achieve sustained economic growth or environmental sustainability and its strengths/limitations.	
L1	An answer that shows major conceptual errors or largely do not answer the question	1 - 2
Evaluation		
E	Up to 3 additional marks for evaluative comment(s) on how policies in the Singapore Green Plan helps Singapore achieve sustainable economic growth.	1-3
<p>Marker's Comment:</p> <p>Most students were able to pick out evidence from case study to explain with economic analysis how actual and potential growth can be achieved. However, most students were unable to use appropriate economic analysis to explain how Green Plan prevent further environmental degradation or preservation of raw materials for future generation use, leading to cursory answers. Strengths and limitations of Green Plan were well considered by students who managed their time well.</p>		