**Questions for discussion**

4. Economists say that Singapore should not be unduly worried about its economybeing overtaken in terms of real GDP per capita.

(a) Explain why economists no longer consider the above indicator to be sufficient to assess Singapore’s living standards. [10]

“We are on an irreversible journey to pursue growth based on productivity and innovation.”

Ong Ye Kung, Minister of Education, 24 January 2017.

(b) Discuss the extent to which an increase in Singapore’s living standards is dependent on raising productivity and innovation. [15]

5. Explain how discretionary fiscal measures and automatic stabilisers can work concurrently to achieve inclusive economic growth and assess whether possible conflicts between macroeconomic objectives is the key factor affecting a government’s choice of policy to achieve its aims. [25]