SEPT HOLIDAY TEST

Question 1

Governments around the world frequently turn to fiscal policy as a tool to stimulate their stagnating economies.

1. Explain what could restrict the effectiveness of fiscal policy as a tool to stimulate stagnating economies. [10]
2. In view of these restrictions, assess the extent to which demand-side policies might be less appropriate than supply-side policies in arriving at a low rate of unemployment in Singapore. [15]

Question 2

Economic performance of a country is measured by the ability to achieve sustained economic growth, price stability, full employment and favourable position of balance of payments.

(a) Explain the possible conflicts between government objectives. [10]

(b) Discuss the appropriate policies that the Singapore government could adopt to maintain strong economic performance into the future.[15]