ANGLO-CHINESE JUNIOR COLLEGE

2026 JC2 PRELIMINARY EXAMINATIONS

ECONOMICS	**9570/01**
Higher 2	26 August 2026
Paper 1	2 hours 30 minutes

Additional materials: Writing papers
2 cover sheets

READ THESE INSTRUCTIONS FIRST

Write your exam index number and name on all the answers you hand in.
Write in dark blue or black ink pen on both sides of the paper.
You may use a soft pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid / tape in your answers.

Answer **all** questions.

Begin Question 2 on a **fresh** sheet of writing paper.

At the end of the examination, arrange your answers in order.
Fasten your answers for Question 1 and Question 2 **separately** using the cover sheets provided.

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

Answer **all** questions

Question 1: The Economics of Live Entertainment Event Market

Extract 1: Singapore's pursuit of mega concerts

Singapore has sought to strengthen its position as a regional hub for major live entertainment events. Singapore's continued investment in its transport system, infrastructure and expertise in management of crowd make it a preferred destination for concerts and events. In recent years, global acts such as Blackpink, Coldplay, Ed Sheeran and Taylor Swift have performed sold-out shows in Singapore.

Taylor Swift's Eras Tour attracted particular attention because Singapore was the only Southeast Asian stop. The Singapore Tourism Board confirmed that the event was supported through a grant, estimated to be close to S$2.6 million to S$3.8 million but the exact terms were not fully disclosed.

More than 300,000 tickets were sold for the six Singapore shows. Analysts estimated that about seven in ten concertgoers were from overseas. Overseas concertgoers were expected to spend on hotels, food, transport, shopping and entertainment. One economist estimated that such spending could amount to S$350 million to S$500 million. Travel and accommodation businesses also reported strong demand during the concert period. Supporters of the grant argued that the concerts helped raise tourist spending and reinforced Singapore's reputation as a destination for world-class events which could bring about benefits for future tourism, business events and related sectors.

However, such support has also invited criticisms. Public funds used to attract mega concerts could have been used for other purposes, such as public transport, healthcare, education or environmental protection. At the same time, it can place additional pressure on transport networks, public spaces and the environment. Around the venues where such mega concerts are held, large crowds may also contribute to congestion, noise and litter.

Source: Adapted from Channel NewsAsia, 1 March 2024 and Reuters, 2 March 2024

Extract 2: When official tickets disappear

Tickets for major concerts are usually released in stages, such as presales, general sales and special packages. For highly popular concerts, the number of tickets available is limited by venue capacity and the number of show dates.

Demand for Taylor Swift's The Eras Tour in Singapore was unprecedented, with a virtual queue of over 22 million people attempting to secure tickets for the six shows at the National Stadium. Presale tickets sold out in about three hours, while general sale tickets sold out in about eight hours. The unprecedented demand for tickets created opportunities for resale. Although the official price of a Singapore VIP ticket was reported at S$1,228, some resale listings on unofficial platforms later appeared at up to S$16,000. Similar patterns were seen overseas, with official general admission tickets for Taylor Swift's London shows costing about £110 (S$190), while some resale listings ranged from £400 (S$692) to more than £3,000 (S$5,200).

Some fans who failed to obtain tickets through official platforms were willing to pay much higher prices on resale platforms, especially if they saw the concert as a rare opportunity to enjoy a world-class concert. This allowed resellers, commonly known as scalpers, to buy tickets with the intention of selling them later for profit. While resale through unauthorised platforms, including online marketplaces such as Carousell, may not necessarily be illegal, tickets are frequently listed at prices well above their official price. As a result, the resale market may resemble a black market, as buyers often have less protection and face a greater risk of fraud or invalid tickets.

The long queues, limited ticket availability and short purchase windows may have placed fans under pressure to make quick decisions. Fans who had already spent hours queuing, or had made travel and accommodation plans, may have been reluctant to give up on attending, even when ticket prices rose sharply.

Source: Adapted from The Guardian, 7 February 2024 and Reuters, 20 February 2024

Table 1: Market share of ticketing platforms in the United States (by gross revenue)

Ticketing Platform	Market share (%)
Ticketmaster	83.4
AXS	9.3
Paciolan	2.1
SeatGeek	0.8
Others	4.4

Source: American Economic Liberties Project, accessed July 2026

Extract 3: Ticketing services for major live entertainment events in the United States

For major concerts, the venue organiser usually works with a ticketing platform to sell tickets when they are first released. Concertgoers have to use the platform selected for that event by the venue organiser, even if they have used a different platform for other concerts.

In the United States, Ticketmaster is the largest provider of primary ticketing services for major concerts and is several times larger than its closest competitors. Other platforms, such as AXS, Paciolan and SeatGeek, operate in the wider ticketing market, but are more commonly associated with smaller events or particular venues. Unlike Ticketmaster, they may find it difficult to secure contracts for high-demand concerts held at major venues.

Running a large ticketing platform requires substantial upfront spending before any tickets are sold. Platforms need to develop and maintain secure payment systems, online queue-management tools, fraud detection software, and technology capable of handling very high volumes of purchases within a short period. Once ticket sales begin, the platform also incurs additional costs. These may include payment-processing charges, customer enquiries, refunds, and support for venue-entry verification.

The choice of ticketing platform by venue organisers affects more than ticket prices. It also shapes concertgoers’ buying experience, including the time spent in online queues, the reliability of secure payment processing, and the clarity of information about the final price before purchase. During highly popular ticket sales, a reliable platform may reduce failed transactions, delays and the risk of fraud. However, if there are no realistic alternative platforms for a particular concert, concertgoers may have little ability to avoid high fees, unclear pricing or poor service.

Concerns have been raised about agreements between ticketing platforms and venue organisers. The United States Department of Justice alleged that Ticketmaster used long-term exclusive agreements that prevented some venue organisers from using rival platforms or switching to alternative providers. A venue organiser may be reluctant to change platform if it fears losing access to popular tours, established technology or a large pool of potential buyers. Smaller ticketing firms may therefore struggle to gain access to major venues, even when they offer lower fees or additional services such as clearer price displays, more flexible ticket-transfer arrangements or stronger anti-fraud features.

Where venue organisers have limited alternatives, large ticketing platforms may face less pressure to reduce fees, improve service quality or provide clearer information about the final price of tickets. Regulators in the United States have therefore challenged some of the arrangements used by large ticketing platforms, arguing that greater competition could give venue organisers more choice.

However, greater competition may also impose costs as well. Using multiple ticketing platforms may raise coordination costs, as venue organisers have to manage different systems for payments, customer support and venue-entry checks. Smaller platforms may also lack the technology, customer database or experience needed to handle sudden surges in demand for major concerts. System failures could lead to delays, fan complaints and reputational damage for venue organisers.

Source: Adapted from United States Department of Justice, 23 May 2024, Reuters, 15 April 2026

1 **(a)** With reference to Extract 2, explain how a cognitive bias may cause consumers to be willing to pay much higher prices for concert tickets on resale platforms. [2]

(b) With reference to Extract 2 and with the aid of a demand and supply diagram, explain how a shortage of concert tickets at the official ticketing platform can lead to relatively higher ticket prices in the resale market. [3]

(c) Identify the type of market structure that Ticketmaster is likely to operate in. Justify your answer. [4]

(d) Using examples from Extract 3, explain the difference between fixed cost and variable cost of a firm providing ticketing services. [3]

(e) "The United States Department of Justice alleged that Ticketmaster used long-term exclusive agreements that prevented some venues from using rival platforms or switching to alternative providers" (Extract 3).

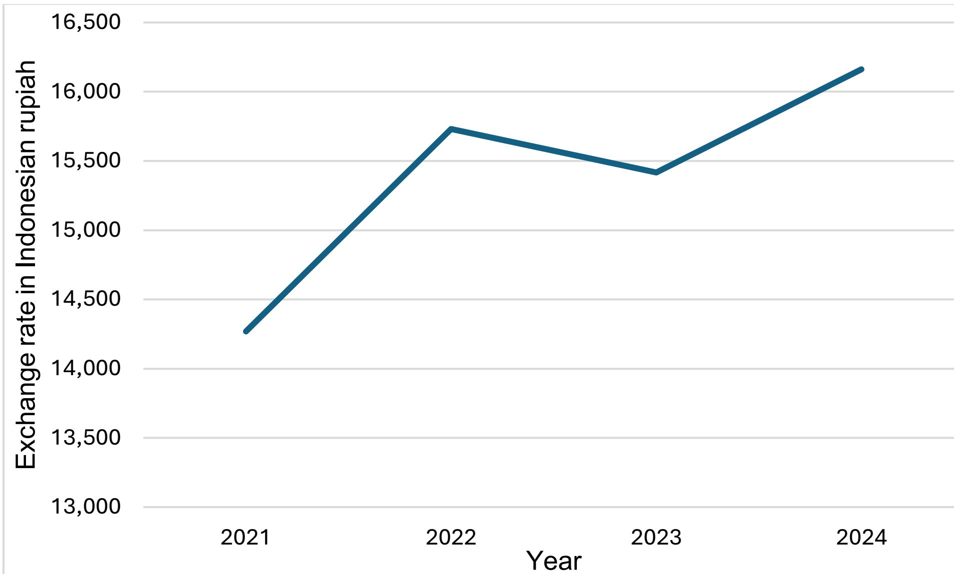
Discuss whether the removal of long-term exclusive agreements used by ticketing platform would benefit concertgoers. [8]

(f) Discuss whether the use of public funds to attract mega concerts can ever be justified. [10]

[Total:30]

Question 2: Indonesia's economic challenges and opportunities

Figure 1: US dollar to Indonesian rupiah exchange rate, 2021 to 2024



Source: statista.com

Extract 4: The Indonesian Economy

Indonesia's economic model, which has long relied on natural resource exports, leaves the country vulnerable to fluctuations in global commodity markets and growing environmental concerns. To achieve its goal of becoming a high-income country by 2045, Indonesia is seeking to leverage on its abundant natural resources to develop a competitive electric vehicle and clean energy industry.

Table 2: Components of Aggregate Demand, Indonesia, 2020 to 2024*

	Rupiah (trillion) in current prices	% changes			
	2020	2021	2022	2023	2024*
Private consumption	9101.4	2.0	5.0	4.9	5.2
Gross fixed capital formation	4897.0	3.8	3.9	4.4	6.8
Government consumption	1491.2	4.3	-4.5	2.9	5.0
Net exports	261.0	-0.4	0.8	0.7	0.2

**forecast*

Source: OECD Economic Outlook, Volume 2024 Issue 1, 2 May 2024

Table 3: Selected Macroeconomic Indicators for Indonesia, 2021 to 2024*

Indicator	2021	2022	2023	2024*
Real GDP growth (% change)	3.7	5.3	5.1	5.0
Consumer price index (% change)	1.9	5.5	2.6	2.8
Unemployment rate (%)	6.5	5.86	5.3	5.1
Government budget balance (% of GDP)	–4.7	–2.4	–1.7	–2.7

**forecast*

Sources: IMF World Economic Outlook Database and Bank Indonesia, both October 2024

Extract 5: Indonesia's demographic opportunities and challenges

Indonesia currently has a large working-age population which gives the country a valuable opportunity to achieve faster economic growth. However, this opportunity is not guaranteed and can only be realised through effective government policies. The key question is whether Indonesia can make full use of its large workforce to achieve sustained economic growth, or whether existing structural weaknesses will hold the country back.

One major concern is the shrinking middle class. The middle class was once the main driver of Indonesia's consumption-led economy, it makes up more than 66% of the population and accounts for over 81% of national consumption. However, since 2018, millions of households have fallen out of the middle-income group, raising concerns about whether consumer spending can continue to support Indonesia's economic growth.

Another challenge is the growing number of working-age Indonesians seeking better opportunities overseas. One key reason is high unemployment, especially among university graduates and other educated workers. If this outflow of skilled workers continues, Indonesia could lose many talented individuals who contribute to innovation, productivity and economic growth. This could weaken domestic consumption and make it harder for the country to fully benefit from its large workforce.

Source: Adapted from The Jakarta Post, 1 August 2025

Extract 6: Unemployable youth put Indonesia's manufacturing dream at risk

Despite having the world's fourth largest workforce, more than a third of Indonesian youth have attained only a primary school education or lower, resulting in a persistent shortage of skilled workers and high unemployment among young people who find themselves lacking the skills companies need. The proportion of youth who are neither in employment nor in education, a widely used indicator of unutilised human capital, stands at over 20%, one of the highest rates in Southeast Asia.

Observers have noted that the Indonesian government has invested heavily in physical infrastructure such as road networks. However, investment in human capital, education and healthcare has not kept pace.

Indonesia has implemented structural reforms to address these issues, such as the extension of compulsory education from 12 to 13 years and the introduction of skill development programmes with financial incentives. However, the economy's labour productivity, a key indicator of economic growth and international competitiveness, continues to lag behind its regional peers.

Source: Adapted from Straits Times, 11 March 2025

Extract 7: Rethinking Indonesia's FDI policy

Indonesia has attracted more foreign direct investment (FDI) than many other ASEAN countries over the past five years. This is because the government has offered attractive incentives to foreign firms, such as tax breaks and subsidised land and infrastructure.

However, these investments have not significantly improved the skills and knowledge of Indonesia's workforce. Limited spending on higher education and research and development (R&D) has meant that the economy continues to depend mainly on natural resource exports and low-value manufacturing. As a result, many workers do not have the advanced skills needed to fully benefit from the technology and expertise brought in by foreign companies.

If this continues, Indonesia may remain a location for lower-value industries instead of moving into higher-value sectors. In contrast, countries such as South Korea and Singapore have achieved sustained economic growth by investing heavily in education, R&D and high-tech industries.

To encourage greater investment in R&D and human capital, the Indonesian government could require foreign firms to meet certain conditions when investing in the country. For example, firms could be required to transfer technology to local companies, hire and train more local workers, or invest in R&D activities within Indonesia. However, such conditions may make Indonesia less attractive to foreign investors. The government must also ensure that these requirements comply with international trade agreements and do not lead to trade disputes or retaliation from other countries.

Source: Adapted from the East Asia Forum, 2 February 2024

2 **(a)** With reference to Figure 1:

(i) State the change in the exchange rate of the Indonesian Rupiah against the US dollar from 2021 to 2024. [1]

(ii) Explain how the change in the exchange rate of the Indonesian Rupiah against the US dollar from 2021 to 2024 might have affected Indonesia's balance of trade. [4]

(b) With reference to Extract 6, explain one example of an opportunity cost of the Indonesian government's spending on physical infrastructure. [3]

(c) Explain why roads in a country should not be classified as a public good. [4]

(d) Discuss the extent to which Indonesia should rely on increasing consumption expenditure to achieve sustained economic growth. [8]

(e) Discuss whether structural reforms are more effective than attracting foreign direct investment (FDI) as a policy approach to reduce youth unemployment in Indonesia. [10]

[Total: 30]