**ANGLO-CHINESE JUNIOR COLLEGE**

**2026 JC2 PRELIMINARY EXAMINATIONS**

**ECONOMICS** **8843/01**

**Higher 1** 26 August 2026

Paper 1 3 hours

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.

This document consists of 8 printed pages (including this page).
Please check that your question paper is complete.

Answer **all** questions

## Question 1: Mega Concerts and Tourism in Singapore

### Extract 1: Singapore's pursuit of mega concerts

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 although 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 and 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 growth during the concert period. Even before tickets were released, hotel room rates at some three- and four-star hotels in Singapore had already risen by more than 20% for the concert period. This might seem like good news for the travel and accommodation businesses, but businesses have shared that they are struggling to meet this sudden pickup in demand in the face of rising costs and labour shortage.

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 concerts could have been used for other purposes, such as public transport, healthcare, education or environmental protection.

*Source: Adapted from The Business Times, 30 June 2023, Channel NewsAsia, 1 March 2024 and Reuters, 2 March 2024*

### Extract 2: The market for mega concert tickets

The number of seats available for a concert is limited by the size of the venue, stage layout, safety requirements and the number of show dates. Even when more shows are added, the total number of tickets may still be far below the number of fans who want to attend.

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. Although the official price of a Singapore VIP ticket was reported at S$1,228, some unofficial resale platforms later appeared at up to S$16,000.

The unprecedented demand for tickets created significant shortage leading to fervent fans turning to resale platforms. Some fans who failed to obtain tickets through official platforms were willing to pay significantly higher prices on resale platforms, especially if they saw the concert as a rare opportunity to enjoy a world-class concert. This allowed resellers to buy tickets with the intention of selling them later for profit. However, there are supporters who argue that resellers perform a useful function by reallocating scarce tickets to those who value them most highly and are most willing to pay.

However, not all consumers responded to higher ticket prices in the same way. Some budget-conscious fans may have decided not to attend once prices rose sharply while overseas fans may still attend the concert because Singapore was the only Southeast Asian stop, especially so for those who had already booked flights, accommodation or leave from work. They may have been less willing to abandon their plans even when tickets became more expensive.

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

**Extract 3: Managing the wider impact of concert tourism**

Large international concerts can attract visitors from across the region. During Taylor Swift's six sold-out shows in Singapore, more than 300,000 tickets were sold, with many fans travelling from overseas, increasing additional pressure on transport networks, public spaces and the environment. Around major venues, large crowds may also contribute to congestion, noise and litter.

Some countries have introduced measures to make visitors contribute more directly to the costs of tourism. In Bali, foreign tourists have been required to pay a tourism levy of IDR150,000 (S$10) since February 2024. The levy is intended to support the protection of Balinese culture and the natural environment, as well as improve the quality of tourism services. Similarly, New Zealand increased its International Visitor Conservation and Tourism Levy from NZ$35 (S$26) to NZ$100 (S$75) in October 2024. The revenue is used to fund tourism infrastructure and conservation projects.

Singapore's approach has placed less emphasis on a broad tourist levy and more emphasis on sustainable tourism planning, infrastructure and crowd management. The Singapore Tourism Board's sustainable tourism strategy aims to make Singapore a "City in Nature" where large experiences can have smaller environmental footprints. This includes encouraging the tourism sector to adopt environmentally friendly infrastructure that save energy and cut waste and businesses to develop more sustainable products and experiences. For large events, crowds may also be managed through public transport access, clearer signages and advice for visitors to arrive early, especially as event days can involve heavier traffic and station congestion.

*Source: Various*

**Extract 4: Free public music events**

Not all live music events require paid tickets. In Singapore, the Singapore Symphony Orchestra organises free concerts as part of its public outreach efforts. For example, Music In The Meadow is held at The Meadow, Gardens by the Bay, as a free open-air concert. Members of the public can enjoy the performance without paying an admission fee.

However, free concerts are not costless to organise. Performers, equipment, security, crowd control, cleaning and venue arrangements still have to be funded by organisers, sponsors or public support. In addition, some free events may become crowded. For example, an indoor free concert may still require ticket collection on a first-come, first-served basis because the venue has limited seating capacity. Even open-air concerts may become less comfortable when attendance is very high, as crowding can reduce visibility, space and enjoyment for all concertgoers.

*Source: Adapted from Singapore Symphony Orchestra, 2026*

**Questions**

**(a)** With reference to Extract 2:

**(i)** Explain why the price elasticity of demand for concert tickets may differ between budget-conscious fans and overseas fans. [3]

**(ii)** Explain how an increase in ticket prices would affect the total expenditure on concert tickets for budget-conscious fans. [3]

**(b)** With reference to Extract 1 and with the aid of a demand and supply diagram, explain the likely effects of hosting mega concerts and facing a shortage of labour on the market for hotel rooms in Singapore. [6]

**(c)** Explain how the resale of tickets allows the price mechanism to perform its signalling and rationing functions in the market for mega concert tickets. [4]

**(d)** Explain the meanings of both non-rivalry and non-excludable, and comment on the extent to which free public music events have these characteristics. [6]

**(e)** Discuss whether the use of public funds to attract mega concerts can ever be justified. [8]

**(f)** With reference to Extract 3, discuss whether imposing a tourism levy would be the best policy for Singapore to manage the negative externalities arising from concert tourism. [10]

[Total: 40]

**Question 2: Economic Development and Challenges in Southeast Asia**

**Table 1: Inflation rates (%) in Indonesia and the Philippines, 2022–2023**

| Country | 2022 | 2023 |
|---|---|---|
| Indonesia | 5.51 | 2.61 |
| Philippines | 5.82 | 6.00 |

*Source: Adapted from Asian Development Bank, February 2024*

**Table 2: Selected indicators for Indonesia, 2022–2023**

| Indicator | 2022 | 2023 |
|---|---|---|
| Real GDP growth (% change) | 5.30 | 5.05 |
| Consumer price index (% change) | 5.51 | 2.61 |
| Unemployment rate (%) | 5.86 | 5.32 |
| Gini coefficient | 0.355 | 0.361 |
| Air quality index (µg/m3)[1] | 30.4 | 37.1 |
| Government budget balance (% of GDP) | -2.35 | -1.65 |

*Source: Various*

**Extract 5: Inflation and the cost of living in Southeast Asia**

Inflation has been a significant concern across Southeast Asia in 2023. In the Philippines, headline inflation peaked at 8.7% in January 2023, driven by rising food and energy prices. Vietnam experienced inflation of around 3.25% in 2023, remaining relatively contained due to government price controls on fuel and electricity. Indonesia's inflation rate moderated to 2.61% by end-2023, after the government intervened to stabilise rice and cooking oil prices.

Rising food prices have disproportionately affected lower-income households, who spend a larger share of their income on necessities like food. In the Philippines, the central bank raised interest rates aggressively from 2.0% in early 2022 to 6.5% by late 2023 to combat inflation. However, higher interest rates also dampened business investment and slowed credit growth, raising concerns about the trade-off between price stability and economic growth.

*Source: Adapted from Asian Development Bank, February 2024; Bloomberg, November 2023*

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[1] The Air Quality Index is based on measurement of the amount of particulate matter ($PM_{2.5}$ and $PM_{10}$), Ozone ($O_3$), Nitrogen Dioxide ($NO_2$), Sulfur Dioxide ($SO_2$) and Carbon Monoxide (CO) emissions in the air.

**Extract 6: Indonesia's economic opportunities and challenges**

Indonesia has been one of Southeast Asia's fastest-growing major economies, with its growth driven largely by strong domestic consumption and commodity exports. The country has benefited from its vast natural resources, including coal, palm oil, and nickel, which have been in high demand globally.

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.

One major concern is the shrinking middle class. Once the main driver of Indonesia's consumption-led economy, the middle class 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 economic growth.

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.

Most recently, government spending has been a key driver in GDP growth, with generous fuel and electricity subsidies, transport discounts and food aid. Observers have noted also 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 implementation of compulsory education 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 The Jakarta Post and Straits Times, 1 August 2025 and 11 March 2025*

**Extract 7: Balancing growth with sustainability and inclusivity in Indonesia**

Indonesia's growth has raised sustainability concerns. The country remains heavily reliant on coal for over 60% of its electricity generation. Deforestation linked to palm oil plantations has accelerated environmental degradation, threatening biodiversity and contributing to carbon emissions. Critics argue that Indonesia's growth model prioritises short-term commodity revenues over long-term environmental sustainability.

Despite strong GDP figures, income inequality in Indonesia remains a persistent challenge. The Gini coefficient stood at 0.388 in 2023, reflecting a wide gap between urban and rural households. Workers in agriculture, which employs around 29% of the labour force, earn significantly less than those in manufacturing or services. The government has acknowledged that growth has not been sufficiently shared across all segments of society.

In response, President Joko Widodo's administration launched the "Downstream Indonesia" initiative, which aims to ban the export of raw commodities such as nickel ore and instead develop domestic processing industries. The goal is to capture more value-added production domestically, create higher-paying jobs, and diversify the economy away from raw material dependence.

*Source: Adapted from World Bank, January 2024; Reuters, March 2024*

**Extract 8: 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 research and development (R&D) and higher education 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*

**Questions**

**(a)** **(i)** With reference to Table 1, compare the inflation rates between the Philippines and Indonesia in 2022 and 2023. [2]

**(ii)** With reference to Extract 5, explain one reason why rising inflation may be particularly harmful to lower-income households compared to higher-income households. [4]
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**(b)** With reference to Extract 5 and using an aggregate demand and aggregate supply diagram, explain how the Philippines' central bank's monetary policy decision could 'combat inflation' **and** comment on its likely effectiveness. [6]

**(c)** Using the information provided, explain **one** benefit and **one** constraint that the Indonesian government should consider in relying on increasing consumption expenditure to achieve higher economic growth in Indonesia. [6]

**(d)** Extract 6 mentioned that 'Observers have noted that the Indonesian government has invested heavily in physical infrastructure such as road networks.'

With reference to Table 2, explain how the Indonesian government's budget balance may impact the country's current **and** future standard of living. [6]

**(e)** Using the information provided, discuss whether Indonesia's economic growth between 2022 and 2023 can be considered sustainable and inclusive. [8]

**(f)** 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: 40]