2026 NYJC Prelims (H2 Econs)

Section A

Q1) Online food delivery platforms face high rider-related operating costs and the market is dominated by a few large players. While generative AI tools may lower barriers to entry by cutting customer-support, marketing and administrative costs, established platforms retain significant advantages through their large customer, restaurant and rider networks.

(a) Explain how a rise in rider payments would affect an online food delivery platform's profit and shutdown decision.

(b) Discuss the most appropriate strategy for an established online food-delivery platform to maintain its market share as generative AI tools lowers barriers to entry.

Q2) Singapore's semiconductor industry has expanded rapidly, creating a persistent shortage of engineers with specialised technical skills. The government has responded by allowing firms to hire qualified foreign professionals more readily, expanding local education and training pathways and encouraging firms to adopt automation and AI-enabled technologies to raise productivity.

(a) Using relevant elasticity concepts, explain how the signalling, incentive and rationing functions of rising wages may reduce but not necessarily eliminate the shortage of semiconductor engineers in the long run.

(b) Discuss whether expanding local education and training is the most effective way of alleviating the shortage of semiconductor engineers in Singapore in the long run.

Q3) Research and development (R&D) in SIngapore's pharmaceutical and biomedical sector acts as a massive economic multiplier, transforming the city-state into a premier global hub. It drives advancements that directly benefit other businesses, national exports and everyday consumers.

(a) Explain two different reasons for the market failure associated with research and development by a firm.

(b) Discuss the factors that a government might consider in deciding whether subsidising firms to undertake R&D would be beneficial for Singapore.

Section B

Q4) Media reports highlight growing anxiety among fresh graduates, who are taking longer to land full-time jobs. In addition to the trade war with the United States (US), China's aggressive pivot toward electric vehicles and clean energy has created a changing technological landscape and job losses.

- **(a)** Explain how the China-US trade war might lead to one type of unemployment while changing technological landscape might lead to a different type of unemployment in China.

- **(b)** Discuss whether interest rate based monetary policy is e best way to reduce unemployment in China.

Q5) Over the years, many economies have experienced periods of rapid economic growth. Governments have implemented a range of policies to promote and sustain strong and stable economic growth. However, the benefits of such rapid growth may not be evenly distributed, particularly where longstanding industrialisation strategies have concentrated investment and government support in selected industries, such as the technology sector.

- **(a)** Explain why such rapid economic growth may be undesirable.

- **(b)** Discuss whether contractionary fiscal policy is the most effective way to address the problems arising from rapid economic growth

Q6) The global trading environment has become increasingly fragmented. Disruptions such as the geopolitical tensions between theUnited States and China have prompted the restructuring of global supply chains, while the Red Sea shipping crisis and China's economic slowdown have highlighted the vulnerabilities of economies that rely heavily on a narrow range of trading partners or supply routes.

- **(a)** Explain how disruptions to global trade flows may affect an economy's balance of payments and internal economy.

- **(b)** Discuss whether free trade or protectionism is the more appropriate policy for countries to adopt when global trade is disrupted.