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|  | **Entrance Examination**  **May 2021** |
| **ECONOMICS**  Time allowed: 1.5 hours (90 minutes)  **Answer any TWO questions**  Standard non-programmable calculators are allowed | |

1. Discuss the economic implications of the Covid-19 pandemic. What policies would you suggest to redress the negative economic consequences? **(50 marks)**
2. Should the policymakers be concerned about the relative decline of manufacturing industry share of the output in the UK? Explain your answer. **(50 marks)**
3. Answer parts (a) and (b):
   1. Explain what is known as the Tragedy of the Commons and give examples of the concept. **(25 marks)**
   2. How would you suggest resolving the Tragedy of the Commons? What policies would you recommend? **(25 marks)**
4. Using the example of the European Monetary Union (EMU), discuss the benefits and costs of monetary integration and using a single currency for countries joining the monetary union. **(50 marks)**
5. Discuss the effectiveness of fiscal and monetary policies under a fixed exchange rate system. **(50 marks)**
6. Answer parts (a) and (b):
   1. Discuss what is meant by the concept of a standard of living. What dimensions should be included in determining the standard of living? **(25 marks)**
   2. Explain the difficulty in making comparisons of standards of living across countries.

**(25 marks)**

*Please see over*

1. Answer parts (a) and (b):
2. Innovative activities carried out by firms impose a positive externality on other firms. Discuss the need for public provision of innovation. **(25 marks)**
3. Discuss the ways innovation can be incentivised. What approaches can the government take? **(25 marks)**

1. Explain what a trade war is. Discuss the economic consequences of a trade war.

**(50 marks)**