Prelim Preparation: Market Failures

Essay Question 1

Single-use plastics are associated with negative effects on the environment through littering and greenhouse gas emissions. The Israeli government requires its supermarket chains to charge 3 cents for each plastic bag. In contrast, the Singapore government rejected the move to impose a tax but believe that plastic pollution should be tackled through public education.

Source: Various

(a) Explain two policies that can be used to eliminate welfare loss from the consumption of single-use plastics. [10]

(b) Discuss the constraints and unintended consequences of such policies. [15]

Essay Question 2

The proposed Cross Island MRT line would run though the Central Catchment Nature Reserve. An alternative route going round the reserve’s southern edge would preserve Singapore’s natural heritage and serve a much larger number of residents. The Land Transport Authority, LTA, says that the alternative route would entail longer travelling time, higher costs, more land acquisition and possibly bigger engineering challenges.

Source: *The Straits Times*, accessed 24 May 2017

(a) Explain what needs to be considered when a government makes rational spending decisions about such projects. [10]

(b) Discuss whether the government should proceed with the proposed the alternative route for the Cross Island MRT. [15]