

DO NOT REMOVE THE QUESTION PAPER FROM THE EXAMINATION HALL

UNIVERSITY OF LONDON

CENTRE FOR FINANCIAL AND MANAGEMENT STUDIES

MSc Examination
Postgraduate Diploma Examination
for External Students

91DFMC305

FINANCE (ECONOMIC POLICY)
PUBLIC FINANCIAL MANAGEMENT
PUBLIC POLICY AND MANAGEMENT

Public Financial Management: Revenue

Specimen Examination

*This is a specimen examination paper designed to show you the type of examination you will have at the end of the year for **Public Financial Management: Revenue**. The number of questions and the structure of the examination will be the same but the wording and the requirements of each question will be different. Best wishes for success on your final examination.*

The examination must be completed in **THREE** hours.

Answer **THREE** questions. The examiners give equal weight to each question; therefore, you are advised to distribute your time approximately equally between three questions.

PLEASE TURN OVER

Answer **THREE** questions.

1. Explain the main differences in taxation as between the advanced economies and developing countries.
2. Describe what is meant by the 'distortionary impact of taxes'. What solutions are available to remedy this impact?
3. To what extent is tax policy an appropriate instrument to implement public policy?
4. How suitable is a Value Added Tax (VAT) in the economic and social context of developing countries?
5. Discuss the benefits and disadvantages of the use of tax incentives in seeking to attract foreign direct investment (FDI). Does the evidence on tax competition suggest it is an effective policy?
6. Outline the desirable characteristics of a local tax. To what extent do property taxes meet these criteria? What other alternative tax bases might be suitable for local taxes?
7. Assess the benefits and difficulties in the use of fiscal policy to stabilise the macro-economy.
8. Explain the causes and effects of volatile aid flows as a source of government revenues. Is volatility always a bad thing?

[END OF EXAMINATION]