



ICM

JUNE 2016

PUBLIC SECTOR ECONOMICS

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FIVE questions
 - c) All questions carry equal marks. Marks for each question are shown in []
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- 1. Various approaches and measures have been developed to define poverty. Review the approaches that have been developed. [20]
 - 2. Income tax is now a core element of government revenue raising strategies. This is despite the fact that there are widely recognised disincentives associated with income tax. Analyse these disincentives. [20]
 - 3. Direct democracy is an almost universally popular system of government. However, it has a number of inefficiencies. Analyse these inefficiencies. [20]
 - 4. Identifying the demand for public goods is, by their very nature, difficult. However, policymakers have developed methods to tackle this challenge. Evaluate the methods that have been developed to identify the true demand for public goods. [20]
 - 5. Explain the concept of monopoly bureaucracy and assess its strengths and weaknesses. [20]
 - 6. One of the key challenges facing governments worldwide is the rising costs of healthcare. Review the reasons for the rising costs and assess the impact on government policy. [20]
 - 7. Review the reason for governments around the world adopting a policy of privatising organisations. [20]
 - 8. Review the methods that have been developed to define inequality. [20]