

Ollscoil na hÉireann, Gaillimh

*National University of Ireland, Galway***Semester II Examinations, 2004/2005**

Exam Code(s)	1EF1, 1EP1
Exam(s)	Master of Economic Science (Economic Policy Evaluation and Planning), M.Econ.Sc. (Economic Policy Evaluation and Planning)
Module Code(s)	EC526
Module(s)	Public Sector Economics
Paper No.	1
Repeat Paper	Special Paper
External Examiner(s)	Professor Vincent Munley
Internal Examiner(s)	Professor Michael P. Cuddy Dr. Cathal O'Donoghue

**1. INSTRUCTIONS:**

Duration 3 hrs.  
No. of Answer books

**Requirements:**

Handout  
MCQ  
Statistical Tables  
Graph Paper  
Log Graph Paper  
Other Material

No. of Pages 3 (including cover sheet)  
Department(s) Economics

OLISCOIL NA hEIREANN, GAILLIMH  
THE NATIONAL UNIVERSITY OF IRELAND, GALWAY

SEMESTER II EXAMINATIONS 2004/2005  
M.Econ.Sc. Economic Policy and Planning

EC526 Public Sector Economics

Professor Vincent Munley  
Professor M.P. Cuddy  
Dr. Cathal O'Donoghue

**3 Questions, Attempt All Questions.**

**TIME ALLOWED: 3 HOURS**

**1. Applied Public Economics**

- (i) What measurement dimensions may influence our measurement of poverty?
- (ii) Describe a measure of inequality, redistribution and progressivity based upon the Lorenz Curve. Show how they inter-relate.
- (iii) What are replacement rates? What do they measure? How are they calculated?
- (iv) Consider table 1. Calculate a number of appropriate statistical measures to evaluate the impact of the instrument on poverty reduction. Discuss in relation to the degree of targeting and expenditure of each instrument.

**Table 1 Impact of different instruments on poverty (in million €)**

	Child Benefit	Social Assistance	Social Insurance
Amount of Transfer going to individuals below the poverty line before the transfer bringing them up to at most the post transfer poverty line	2500	5500	3500
Amount of Transfer going to individuals below the poverty line before the transfer bringing them over the post transfer poverty line	600	500	1000
Amount of Transfer going to Individuals above the post transfer poverty line before the transfer	3800	600	10000
Pre-Transfer Poverty Gap	6000	9000	7000
Post-Transfer Poverty Gap	3500	3500	3500

## 2. Poverty Reduction Strategy

Describe the main characteristics of Poverty Reduction Strategies (PRSPs). Critique PRSPs and show how do they compare to Stability Adjustment Programs?

## 3. Child Transfers

Describe an instrument aimed at reducing child poverty, increasing education participation and reducing child labour in Brazil. Consider the reforms identified by Bourguignon, Ferreira and Leite. Discuss their impact.