

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

91DFM C213
91DFM C313

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

The IMF and Economic Policy

Specimen Examination

This is a specimen examination paper designed to show you the type of examination you will have at the end of this module. The number of questions and the structure of the examination will be the same, but the wording and requirements of the questions will be different.

Answer **THREE** questions.

Answer at least **ONE** question from Section A and at least **ONE** question from Section B.

The examiners give equal weight to each question; therefore, you are advised to distribute your time approximately equally between three questions. The examiners wish to see evidence of your ability to use technical models and of your ability to critically discuss their mechanisms and application.

PLEASE TURN OVER

Answer **THREE** questions. Answer at least **ONE** question from **Section A** and at least **ONE** question from **Section B**. Answer all parts of multi-part questions.

Section A

Answer at least ONE question from this Section.

1. Describe the major roles and functions of the IMF. Using historical references and country examples, explain how these have changed since the establishment of the IMF over 60 years ago.
2. Describe and critically comment on the key identities and behavioural assumptions used in the IMF's financial programming approach, and explain the steps followed in applying this approach.
3. 'In conditions of perfect capital mobility and a floating exchange rate, fiscal policy is likely to be ineffective, while monetary policy may be effective in achieving both internal and external balance.'
Discuss this statement with reference to the Mundell-Fleming Model.
4. Compare and comment critically on the IMF's responses to the emerging market crises of the late-1990s and the global financial crisis from 2007.

Section B

Answer at least ONE question from this Section.

5.
 - a) Explain and discuss the IMF's approach to conditionality.
 - b) Using country examples, describe how the IMF's policy on conditionality has changed in recent years.
6. The IMF's approach to stabilization has been widely criticised. Describe and discuss the major criticisms and controversies and comment on how this approach can be improved.
7. 'The IMF quota system is the key reason for the under-representation of developing countries in the IMF.' Discuss.
8.
 - a) Describe the role played by the IMF in providing financing for its low-income country members.
 - b) What other roles does it play in these countries?

[END OF EXAMINATION]