

FIELD EXAM: Political Economy – Berkeley 2023

Name: _____

You must always show your thinking to get full credit.

You have two hours and thirty minutes to complete 3 out of the 5 questions.

Question 1

Bandits

By Tyler Cowen, George Mason University

“ — Some time ago, [Mancur] Olson started work on the fruitful distinction between a stationary and a roving bandit. A stationary bandit has some incentive to invest in improvements, because he will reap some return from those improvements. A roving bandit will confiscate wealth with little regard for the future. Olson then used this distinction to help explain the evolution of dictatorship in the twentieth century, and going back some bit in time, the rise of Western capitalism.

I have never found this approach fully convincing. Is the stationary bandit really so much better than the roving bandit? Much of Olson's argument assumes that the stationary bandit is akin to a profit-maximizer. In reality, stationary bandits, such as Stalin and Mao, may have been maximizing personal power or perhaps something even more idiosyncratic. Second, the stationary bandit might be keener to keep control over the population, given how much is at stake. He may oppose liberalization more vehemently, for fear that a wealthier and freer society will overthrow him.[..]”

Do you share Cowen’s skepticism? Discuss briefly the statement that although roving bandits may be more detrimental in terms of economic growth and stability, their short-term horizon could signal that they may be easier to overcome (alternatively you can assume that stationary bandits may progressively entrench more over time). How does your view of Olson’s (1993) stationary vs. roving bandit dichotomy change if you consider that the time horizon of a bandit is actually endogenous? (20 pts.)

Question 2

Citizen-candidate model (Persson and Tabellini)

Consider a society with a continuum of citizens whose incomes, y_i , are uniformly distributed between 0 and 2 (i.e. each citizen has a different known income with the smallest income being 0 and the largest being 2). Each citizen i has preferences over private consumption c and a public good g :

$$u_i = c_i^{1/2} + g^{1/2}$$

The public good g is financed by a proportional income tax τ and individuals consume their disposable income $c_i = (1 - \tau)y_i$. The government budget constraint is:

$$\int \tau y_i = g$$

Assume voters vote sincerely. Consider the following timing: 1) Any citizen may become a political candidate at a cost $\varepsilon > 0$. 2) An election is held and the candidate with the majority of the votes wins the election (a tie is resolved by coin toss). 3) The winning candidate selects the tax rate; if there are no candidates, then a default tax rate τ_0 is implemented.

a) What policy would a winning candidate with income y_i implement? (15 pts.)

b) Suppose that $\varepsilon = 2^{1/2} - (3/4)^{1/2} - (1/4)^{1/2}$. In what region must the status quo policy, τ_0 , lie in order for an equilibrium to exist in which the only candidate is the citizen with the median income? (15 pts.)

c) Are there other one-candidate equilibria? (15 pts.)

Question 3

State Capacity

Present in brief an overview of the main interpretative approaches to state capacity, focusing on one paper that represents the bleeding edge of the research frontier in your opinion. (30 pts.)

Question 4

Constitutional regime typologies

Ranking different regime types according to the degree of concentration of power of the executive versus the legislative branch is not straightforward. Can you make a case for the following ranking from low concentration to high concentration of power as presented by Colomer in his chapter of the Oxford Handbook of Political Institutions?

1. Parliamentary-proportional (e.g. Germany, the Netherlands)
2. Checks and balances (e.g. USA, Indonesia)
3. Semi-presidential (e.g. France, Poland)
4. Presidential (e.g. Argentina, Mexico)
5. Parliamentary-majority (e.g. UK, Canada)

5 is the highest concentration. Note that at point 2 the system is presidential-majority with the possibility of divided government and in 4 we should consider presidential-proportional representation.

Discuss in particular how the electoral rule may interact with the form of government and if you do not agree with this ranking present and discuss your own. (25 pts.)

Question 5**Democracy and Autocracy**

Acemoglu and Robinson's (2001, 2006) model of democratization focuses on the role of conflict between the elite and the poor.

- a. The model rationalizes democratizations as a commitment device for the rich elite through which it is possible to avoid revolutions. Explain this last statement and if possible provide historical examples. (15 pts.)

- b. The Acemoglu-Robinson model has relatively less bite on a particular subset of democratization episodes where the threat of “storming the Bastille” seemed mute, like the extension of the suffrage to women in the West or the enfranchisement of black voters in the US during the 1960’s. What do you think would be a more fitting model of democratization? In particular, do you see as relevant the assumption of the elite as a monolithic entity instead of a conglomerate of different groups who can form different types of alliances? (15 pts.)