Public Econonomics Midterm

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ECON 410 – Spring 2018

Choose **four (4)** out of the following questions to answer. Your answers, given the time and resources at your disposal, should be complete yet concise (optimally, around perhaps 2-3 paragraphs each, as a rough rule of thumb).

You will be graded both on your use of reasoning and economic analysis, and ability when relevant to accurately describe the arguments in the readings.

You do *not* need to quote authors in your responses, but you must be able to talk with some familiarity about what they each argue in the readings, when relevant.

Each question is worth 25 points. This assignment is due to me by **email by 8:00 PM on Friday March 1**.

1. Why is the United States not a pure democracy? Answer using relevant insights from the readings and from class.

2. What is the function of a constitution? Use relevant insights from the readings.

3. Explain, in your own words, the problem of credible commitment, and several methods by which this problem can be solved. Demonstrate with two examples (not the ones in the slides!) – they need not be in game theory form.

4. James Buchanan argued for an amendment to the United States Constitution that says "Congress shall make no law authorizing government to take any discriminatory measures of coercion." How does this fit with Buchanan and Tullock's ideas regarding constitutional economics?

5. How does vote cycling (Condorcet's paradox) undermine democracy? Under what conditions does it occur? Under what conditions can we avoid it? How do real world political institutions avoid cycling?

6. Explain Buchanan and Tullock's optimal decision rule model. Give examples of cases where rules near unanimity are optimal, where rules far from unanimity are optimal, and when it is optimal to not decide collectively.