1. (20 pts, 1-4 sentences each) Identify and define the following:

    A. Rational ignorance

    B. Cyclic majority

    C. Pareto optimal

    D. Niskanen model

2. (25 points) Use a median voter model to analyze the American social security program. Assume that their are just three kinds of voters (young, middle aged, and old). Under the current rules, this implies that the marginal benefit curves for typical young, middle aged, and old voters are different. The present value of the marginal tax cost of benefits also tends to be higher for young voters than for middle aged voters, and the marginal tax cost for older voters tends to be zero.

    A. (7 pts) Characterize the optimal benefit level for the median voter, and explain the logic of your diagram(s).

    B. (4 pts) Why does the median voter not "give" more to the retired persons than this amount?

    C. (3 pts) How would an increase in the median voter's age affect the size of program benefits? (Which curves in part A shifts? Explain.)

    D. (3 pts) How would an increase in the number of retired persons--other things being equal--affect the median voter's preferred average benefit level?

    E. (3 pts) In what sense, if any, can the median voter be said to adopt overly generous public pension programs?

3. (15 points) In a pure electoral model of democratic politics, interest groups can only influence public policies through persuasion, and the groups most likely to be persuasive will be those that have the most resources--other things being equal.

    A. (5 points) Use marginal cost and marginal benefit curves to characterize an individuals interest in donating time and money to a persuasive interest group.

    B. (3 points) Explain how the curves in your diagram are affected by the "effectiveness" of such groups, that is to say how likely they are to influence voter opinion on the policies of interest.

    C. (3 points) Use a prisoners-dilemma type of diagram to illustrate the free rider problem of political interest group activity emphasized by Mancur Olson.

    D. (4 points) Given C, B, and A, what kinds of groups are most likely to successfully organize? Explain briefly.

4. (15 points) In rent seeking contests, resources are devoted to "contests" in which resources are consumed through a process of conflict.

    A. (5 points) Gordon Tullocks model of rent-seeking can be used to demonstrate that losses from ordinary economic policies adopted to advance the interests of interest groups tend to be larger than most purely economic models suggest. Use a diagrame to illustrate the losses associated with contests to secure monopoly privileges. (Label all important details and briefly describe the logic of your version of Tullock's diagram.)

    B. (5 points) In many cases, the resources invested in the game can be said to be wasted. Why?

    C. (5 points) Briefly discuss alternative electoral procedures and other rules that can reduce the deadweight losses from rent seeking.

5. (25 points) Write ONE of the following one or two-page essays:

A. Use a rational choice model to explain the key features of some area of US public policy (environmental protection, social security expenditures, anti-terrorism, etc.). In your second to last paragraph, discuss the weaknesses of your analysis. Are their other factdors that should be taken into account which your analysis neglects? Could these factors have beeen incorporated into a rational choice analysis given mor e time and space? In your last paragraph, assess how well your analysis explains the policies focused on.

B. Use rational choice models to compare and contrast the politics and policies of Denmark and the United States. (Focus on a single policy area or some aggregate measure of government services such as total government spending or transfer payments.) How much of the difference in policies (if any exists) reflect differences in voter preferences? How much reflects differences in political institutions? Are there other factors that a rational chioce model predicts to be important or which tends to be neglected, but could not be addressed in your essay?

* All the questions except for the final essay require just a few sentences to answer completely.