

August 2011

Political Economy Field Exam
Department of Political Science
Yale University

Answer one question from Part 1 and two questions, chosen as you please, from Parts 2 and 3.

Part 1

1. The most commonly used model of political competition predicts that political candidates or parties will propose the *same policy* in equilibrium. Yet this appears to be contradicted by history, because typically parties in advanced democracies offer the voters significant policy alternatives. Or do they?

A. Discuss and critique the Downsian model. Which of its premises are suspect? Do its merits outweigh its defects, or not?

B. Discuss alternative models which escape the Downsian conclusion. Be as thorough and precise as possible.

C. What is your evaluation of the state of the explanation of political equilibrium in contemporary political science? What are the desiderata of a good explanation (model), and how close have we come to constructing such an explanation?

2.

A. Political economy involves two categories of phenomena: the effect of *politics on economics*, and the effect of *economics on politics*. Discuss critically two examples of each of these effects, citing the relevant literature.

B. In a complete explanation of the politics and economics of a state, both of these kinds of effect should be united. Can you give examples of this kind of unified explanation or theory or model? What are some of the best attempts on offer? Do you have ideas of how to approach this question? Or do you think providing such a unified theory is too ambitious a goal for social science?

Part 2

3. Income and Democracy. What is the relationship between economic development and the emergence or persistence of democracy? Provide a survey of theories of modernization and discuss the empirical evidence supporting each theory. In particular, discuss whether there is evidence of an asymmetric effect of income on the emergence and persistence of democracy and why such an asymmetric effect may or may not exist.

4. Inequality and Democracy. What is the relationship between economic inequality and the emergence or persistence of democracy? Provide a survey of theories and discuss the empirical evidence. In particular, discuss how democracies and dictatorships differ in

their redistributive policies, according to these theories, and whether there is strong evidence supporting this characterization.

Part 3

5. What has been the effect, if any, of the GATT/WTO on the trade policies of states during the second half of the twentieth century? Rose (*American Economic Review* 2004) argues that there is little evidence that the GATT/WTO has increased trade between states during this period. Explain Rose's empirical strategy (this should include a discussion of his overall approach, the data, the main estimating equations, identifying assumptions, and important robustness tests), his results, and evaluate the strengths and weaknesses of his analysis and interpretation. In general, what are the challenges to evaluating the effect of the GATT/WTO on trade and what alternative research strategies may be productive for this evaluation?

6. Why do international investors lend to sovereign governments? Why do governments usually pay them back? Explicate repeat play, issue linkage, and reputation answers for these two questions. Compare and contrast the theories with reference to empirical evidence. Comment on the strength of the empirical evidence in the literature and suggest future extensions.