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UNIVERSITY OF LONDON

279 0087 ZA

BSc degrees and Diplomas for Graduates in Economics, Management, Finance and the Social Sciences, the Diploma in Economics and Access Route for Students in the External Programme

Public Choice and Public Management

Friday, 26 May 2006 : 10.00am to 1.00pm

Candidates should answer **THREE** of the following **SIXTEEN** questions: **ONE** from Section A, **ONE** from Section B and **ONE** further question from either section. All questions carry equal marks.

PLEASE TURN OVER

SECTION A

Answer **one** question from this section, and **one** further question if you answer only one from Section B.

1. Is utility maximizing a necessary feature of rational action?
2. What is the collective action problem and what are its implications for understanding the role of interest groups in policy-making ?
3. Using examples, analyse the welfare effects of vote-trading.
4. Explain how individually rational actions can lead to collectively sub-optimal outcomes.
5. Explain the median voter theorem and how it can be used to explain the dynamics of party competition
6. Explain the concept of Pareto efficiency. Can there be egalitarian efficient distributions?
7. Describe three simple games. How might they be used to illustrate collective action or collective choice problems?
8. How might the structure of a legislature mitigate the effects of vote cycles?

PLEASE TURN OVER

SECTION B

Answer **one** question from this section, and **one** further question if you answer only one from Section A.

9. Explain what is rent-seeking. Is it always bad for society?
10. To what extent is Hirschman's 'exit, voice and loyalty' framework useful for explaining political behaviour?
11. 'Budget maximising is really a problem of informational asymmetry'. Discuss.
12. Does fragmentation increase efficiency in local government?
13. According to the bureau-shaping model, under what conditions might bureaus be happy to delegate responsibility for programme budgets to others?
14. To what extent are clubs a solution to collective good problems?
15. Is the principal agent framework useful for understanding problems of accountability in government?
16. 'Who regulates the regulators?' Can the problem of regulation ever be solved?

END OF PAPER