# *UNIVERSITY OF OSLO*
# *DEPARTMENT OF ECONOMICS*

## Part I (weight 1/3)
*Answer briefly (one half to one page) two of the following three questions*
1. How do you define fractionalization (e.g. between racial groups). Explain briefly how fractionalization may influence public policy.
2. Explain how politicians in office can use debt to influence politics after they are out of office.
3. Explain how a uniform tax rate used to finance a lump sum redistribution determined in a median voter framework depends on the pre-tax distribution of income. If taxes were allowed to be progressive, what would the equilibrium look like?

## Part II (weight 2/3)
*Answer each of the following four questions*
1. Consider first the case where politics is one-dimensional, each voter's position is known, and there are two parties that can commit to their platforms and only care about getting into office. Explain why the parties converge to proposing the same platform.
2. Explain the main differences between the set up and assumptions in question 1 (of Part II) and the set up of a citizen candidate model (as in e.g.  Besley and Coate (1997)).
3. Explain why and under what conditions we can get the following equilibria in a citizen candidate model:
    a. No candidate runs for office
    b. One candidate runs for office
    c. Two candidates run for office
    d. More than two candidates run for office
4. Consider a citizen candidate model where the policy is a uniform tax rate on income used to produce a public good. Income is unevenly distributed. What is the effect of a mean preserving spread in income on the implemented tax rate?