Problem set 4 – ECON 4921, October 19, 2009

1) How would you describe the main building blocks of Acemoglu and Robinson's theory of democratization? Discuss.

2) Consider the model presented at the lectures.
        a) What is the role of q and μ in the model?
        b) What does it mean to say that "the revolution constraint is binding"?

3) Comparative statistics
        a) μ is assumed to vary stochastically between μ^l and μ^h . What happens if μ^h increases?
        b) What happens if home production becomes more effective?
        c) Is more equal or more unequal societies more likely to democratize in this model?