



Exam Preparation

Overview – Strategies – Answers

Ana Helena Cavalcante

University of Freiburg
Department of Economic Policy and Constitutional Economic Theory

Readings



Overview of the exam

- All previous exams since 2004 are at the chair's website: www.wipo.uni-freiburg.de → Teaching → Previous exams
- **Format:**
 - 5 questions in total
 - Part I: 3 questions about lecture part → you must answer exactly 2
 - Part II: 2 questions about tutorial part → you must answer exactly 1
 - 90 minutes → about 30 min. per question
- **Date:** Friday, July 29, 2016, 14-16h, Audimax KG II.
 - Disclaimer: check homepage of the examination office at a later point in time - their publication is the official one.

Strategies for the exam I

Most important:

■ 1. Be concise!

□ $c = s+p$ *

* concise = short + to the point


- You gain more points with **short, precise answers** than with long, imprecise text which may even contain irrelevant or wrong aspects.

→ Think about your answers to all subquestions before you write! Be concise!

■ 2. Show that you have understood the material, not just learnt by heart!

- You gain more points, if your answers show that you've understood the material
- ... rather than simply reprinted the slides.

Strategies for the exam II

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- (1) First, **read all** questions & make your choices (2x lecture, 1x tutorial).
 - (2) Analysing the question:
 - What's the general **gist of the question**? What is exactly asked (**details** of the question)?
 - Identify the sub-questions.
 - Terms, concepts, facts, mechanisms, discussing ...
 - Don't waste your time on **irrelevant aspects!**

Strategies for the exam III

(3) Developing your answer:

- Draw a **brief sketch** of your answer (these 3-5 minutes of brainstorming/structuring are well-invested time!) → draft paper provided.
- Mind the **sub-questions** to structure your answer.
- Ensure that the line of arguments is **logically consistent**; make sure to point out what's an assumption, and what's a conclusion!
→ Be sure that there is a **logical chain** in your argumentation.

(4) Checking back:

- Does your draft really answer the (sub-)questions?
- **No points** for correct statements (or parts of such) if not related to the question!

Strategies for the exam IV



(5) Writing down your answer

- Only **complete** sentences!
- **Don't repeat** yourself!
- **Do not reproduce the slides!!!** Show that you have understood the material (rather paraphrasing, not reproducing, where you have to present material from the course).

Strategies for the exam V

- Leave **correction margin**.
- **Manage your time!** (and bring a **watch** since cell-phones are not allowed).
- @ Tutorial #12(July 19, 2014): “Summary, Review and Exam Prep II”
 - ➔ If you have questions to be discussed in the last tutorial, please send them to me **until Thursday, July 14**.

Review of previous exam questions

1 - Summer 2012, retake exam, Q2

Does democracy prevent societies from politicization? Explain the collective problem of politicization and discuss relevant (additional) constraints on government behavior. Show that the productive state is the critical area of politicization strategies.

1- Summer 2012, retake exam, Q2

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Does democracy prevent societies from politicization? Explain the collective problem of politicization and discuss relevant (additional) constraints on government behavior. Show that the productive state is the critical area of politicization strategies.

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1 - Summer 2012, retake exam, Q2

Solution sketch

- **(1) Does democracy prevent societies from politicization?**
 - No, not per se. Depends on the quality of the democratic institutions.

- **(2) Explain the collective problem of politicization**
 - Tendency of government to (over)extend its domain & risk that majority exploits minority.
 - → private sphere and minority rights under pressure.
→ need for constitutionally defined limits of governmental behaviour.

1- Summer 2012, retake exam, Q2

Solution sketch (cont'd)

- **(3) Discuss relevant (additional) constraints on government behavior**
 - Defined & enforceable basic rights.
 - Separation of powers/ checks and balances.
- **(4) Show that the productive state is the critical area of politicization strategies.**
 - Governments in their productive state capacity might want to extend governmental activity by providing more and more goods publicly
 - ...in order to legitimize the collection of taxes and (individual side-benefit:) to appropriate rents of public provision (e.g. offices, staff, salary, societal influence).

2- Summer 2013, exam, Q5

Users of natural resources such as fisheries, pasture lands, and groundwater basins are continuously facing the risk of being caught in the ‘tragedy of the commons’. Many of the long-enduring governance systems for natural resources include institutional arrangements which provide (i) access for local resource users to collective choice arenas where they may influence the rules for their operational activities. Secondly, institutions of long-enduring systems often feature (ii) the positions of monitors who observe the resource as well as the behaviour of resource users and who are accountable to the resource users. Please **explain why the features (i) and (ii) support sustainable governance of natural resources**. Next, suppose that a community of resource users observes a need to reform the current rules governing the resource system. Please **discuss three features that increase the feasibility of such a reform according to Dixit’s approach** of transaction-cost politics.

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2- Summer 2013, exam, Q5

- **(1a) Relevance of collective choice arrangements for sustainable resource governance:**
 - Governance system is more likely to tailor rules to the local circumstances
 - use of local knowledge about the resource system, technologies, needs of the resource users
 - ... and to craft rules that are perceived as fair by participants
 - fairness as an inherent value and conducive for compliance and institutional effectiveness

2- Summer 2013, exam, Q5

- **(1b) Relevance of monitoring for sustainable resource governance**
 - Presence of monitoring positions:
 - Strong disincentives to comply with rules, if no monitoring (detection of rule breaking).
 - Conditional co-operators are assured that somebody is checking on the conformance of others to local rules
 - Learning about the biophysical condition of the resource (collect environmental information) → e.g. to adapt rules.
 - Accountability of monitoring personnel:
 - Monitors may not perform satisfactorily if they do not directly benefit from improved resource conditions.
 - → accountability or resource users themselves.

2- Summer 2013, exam, Q5

- **(2) Feasibility of reforms** (discuss 3 out of the following)
 - Incentive for individuals to reveal information (adverse selection and moral hazard)
 - Participation constraint for veto-players
 - Type of policy issue
 - Crisis as a window of opportunity
 - Endogenous creation of special interest groups (→ long-term adaptiveness of the polity)

3- Summer 2014, exam, Q5

Asymmetries of power (e.g. between state agencies and citizens; between economic actors) give rise to exploitation and social inequalities. First, **explain why competition has been termed the “most magnificent and most ingenious instrument in history to deprive power”**. Second, **explain why (i) fiscal federalism and (ii) fiscal referenda are constitutional options to help align incentives of state agencies with the preferences of citizens for levels of public spending, revenue and debt**. Third, **explain why sustainable governance of local natural resources is facilitated, if state authorities recognize rights of local resource users to self-organize and to create own institutions**.

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3- Summer 2014, exam, Q5

- **(1) On the importance of competition**
 - Two market sides:
 - Competitive setting means that actors on *the other market side* have **options to choose** between alternatives.
 - **Limits to exploitative strategies** of market actors through offering actors on the other side of the market alternatives (no limits through rules, but through competition).
 - Impartiality of competition
 - Places the entrepreneur's pursuit of profit in the direct service of the consumer

3- Summer 2014, exam, Q5

- **(2) why (i) fiscal federalism and (ii) fiscal referenda are constitutional options to help align incentives of state agencies with the preferences of citizens for levels of public spending, revenue and debt**
 - Fiscal federalism
 - Federalism is a way to implement **interjurisdictional competition**
 - offers citizens an **option to exit a jurisdiction** in case of highly unfavorable legislation/ package of taxes and public goods
 - Fiscal referenda
 - Option to **raise voice**; veto-rights for citizens against unfavorable legislation.
 - Extra point: Direct; indirect effect on public finance.
 - **Direct effect**: Citizens can **override unaccepted public spending**
 - **Indirect effect**: **Threat of overriding** sufficient to compel government to behave according to dominant citizen preferences

3- Summer 2014, exam, Q5

- **(3) explain why sustainable governance of local natural resources is facilitated, if state authorities recognize rights of local resource users to self-organize and to create own institutions**
 - Making use of **local knowledge** about the resource system, actors and appropriateness of rules
 - higher likelihood of rules that fit local circumstances.
 - **Perceived fairness** of self-organized institutions in contrast to externally imposed rules
 - Compliance and effectiveness; inherent value.