

UNIVERSITY OF MARYLAND  
Department of Economics

**Economics 754 – Political Economy in Macroeconomics**

Exercise 6

1. Derive equation (7.6) in the text. Discuss intuitively how the results of the Ferejohn model would differ if there were both differences in competence across policymakers and endogenous effort, as in the original model.
2. Derive (7.13) and (7.14) in the Nordhaus model.
3. Derive (7.22) and (7.23) in the Alesina model.
4. Suppose policymakers are partisan as in Hibbs, but also manipulate the economy *ala* Nordhaus. What would the economy look like in the quarter before an election under both left-wing and right-wing policymakers?