

Course Descriptions Master 2013-2014

Course Title Political Economy
 Course Code EBC4096
 ECTS Credits 6,5
 Assessment None

Period	Start	End	Mon	Tue	Wed	Thu	Fri
2	28-10-2013	20-12-2013	X			X	

Level Advanced
 Coordinator Kaj Thomsson For more information:k.thomsson@maastrichtuniversity.nl
 Language of instruction English
 Goals

Taxation, expenditure and regulatory policies enacted by the government have significant impact on economic outcomes. Do these policies reflect the preferences of the people of the country? Democratic governments are formed by politicians chosen through an electoral process. How do the motivations of the politicians affect their choice between providing efficient levels of public goods and retaining rents for themselves? Do elections check the rent-seeking activities of the politicians and result in a more competent government? Which electoral rules are more successful in achieving this goal? Different constitutions lay out different procedures for political decision making. What are the effects of different constitutions on policy? Some policies can have a large impact on a small group of people resulting in the formation of special-interest groups who lobby to affect policy in their favor. How does lobbying influence policy?

We study these questions by modeling the political institution as a game between voters and politicians. Different political institutions are modeled by appropriately defining the rules of the game. Finally, we use game-theoretic equilibrium concepts to analyze the nature and economic implications of this strategic interaction.

Description See Learning Outcomes and Competences

Literature Persson, T. and Tabellini (2000). Political economics: Explaining economic policy. Mit press, selected articles.

Prerequisites Compulsory: Knowledge of microeconomics at level of Wetzstein "Microeconomic Theory", Varian "Intermediate Microeconomics" or higher; (consumers, producers, welfare economics, equilibrium in games). Knowledge of public economics at level of Mosen "Public Finance" or higher; (Public goods, externalities, taxation, social insurance). GAME THEORY (Nash, Bayesian-Nash, Subgame Perfect Equilibria), CALCULUS.

Teaching methods PBL / Presentation / Lecture / Groupwork

Assessment methods Participation / Written Exam

Evaluation in previous academic year For the complete evaluation of this course please click <http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM>

This course belongs to the following programme / specialisation

Master Economic Studies	Electives
Master Economic Studies	Public Economics
Master Fiscale Economie	Economics Electives