

Course Descriptions Exchange 2015-2016

Course Title Political Economy
 Course Code EBC4096
 ECTS Credits 6,5
 Assessment Whole/Half Grades

Period	Start	End	Mon	Tue	Wed	Thu	Fri
2	26-10-2015	18-12-2015	X			X	

Level Advanced
 Coordinator Kristof Bosmans For more information:k.bosmans@maastrichtuniversity.nl
 Language of instruction English

Goals The goal of this course is for the students to understand how economic theory can be used to better understand collective decision-making and interactions between economics and politics.

Description 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 favour. How does lobbying influence policy?

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

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

Prerequisites Knowledge of microeconomics from a master's level course, including game theory concepts such as Nash Equilibrium and subgame perfect equilibrium, is required. The ideas developed in the course are related to the concepts introduced in the course Public Policy Evaluation, though neither of these is a strict prerequisite for the other.

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 Economics	Electives
	Master Economics	Public Economics
	Master Fiscale Economie	Economics Electives
	SBE Exchange Master	Master Exchange Courses
	SBE Non Degree Courses	Master Courses