

Course Descriptions Exchange 2016-2017

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

Period	Period	Start	End	Mon	Tue	Wed	Thu	Fri
2		31-10-2016	22-12-2016	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 to gain understanding in how economic theory can be used to study collective decision-making and the interactions between economics and politics.

Description Taxation, expenditure and regulatory policies enacted by the government have a 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 and related questions by modeling the interactions between politics and economics as a game between voters and politicians. Different political institutions are modeled by appropriately defining the 'rules' of the game. We use game theory to analyze the nature and economic implications of this strategic interaction. Furthermore, we analyze how (some of) the theoretical predictions hold up to empirical testing.

Literature Persson T and G Tabellini, 2000. Political Economics: Explaining Economic Policy. Cambridge: MIT Press. In addition, we will use a number of articles.

Prerequisites A microeconomics course at the master's level is a required prerequisite. The course assumes an understanding of standard game-theoretic equilibrium concepts, of multivariable calculus, and of statistics and econometrics.

Teaching methods PBL / Presentation / Lecture / Groupwork

Assessment methods Final Paper / 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