Legislative bargaining in a general equilibrium framework: The case of the CAP

Christian H.C.A. Henning ∗ and Carsten Struve†


Abstract

This paper derives an applied general political economy model incorporating a model of political decision-making into a computable general economic equilibrium model. Political decision-making among a set of legislators is modeled via a mean voter decision rule derived from a modified non-cooperative legislative bargaining game of a Baron-Ferejohn type. The model allows a simultaneous analysis of political and economic factors determining policy outcome and is applied to simulate future Common Agricultural Policy (CAP) under various political and economic scenarios.

Keywords: Political economy of the EU, comparative politics, common agricultural policy, legislative norms

∗Department of Agricultural Economics, Christian-Albrechts-University of Kiel, Germany, Tel.: +49-431-8804453, Fax: +49-431-8801397, chenning@ae.uni-kiel.de
†John Deere, Mannheim, Germany