

The logic of the CAP: Politics or Economics?

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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

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