

“Gordon Rausser et al.’s *Political Power and Economic Policy* tells us what everybody wants to know in this new world where lobbying and political maneuvers have replaced economic sense. What is the relation between economic rationality and political maneuvering? And how do we contain the interest groups that have trumped the public well-being to accomplish their selfish ends?”

– George A. Akerlof, *Nobel Laureate in Economics, 2001*

“This tightly packed volume helps us better understand why economic policy outcomes never satisfy everyone. It provides a conceptual framework for analyzing the forces at work in the political power game and tests a wide range of policy areas affecting agriculture, natural resources, and the environment. A must-read for graduate students.” – Kym Anderson, *University of Adelaide, Australia*

“This book develops a comprehensive theory of political economy that elevates the existing literature to new heights by providing wide-ranging insights applied to many different real-world contexts while at the same time providing exciting empirical applications.” – Harry de Gorter, *Cornell University*

“I expect this book to become the premier trusted reference for both conceptual and empirical analyses of governance structures, political power, its redistribution, and related issues of mechanism design.” – Richard E. Just, *University of Maryland*

“A fascinating gem that, once picked up, is difficult to put down. It makes difficult materials in political economy easily accessible and is quite useful for the practitioner.” – John List, *University of Chicago*

“Rausser, Swinnen, and Zusman have produced an authoritative text that is likely to remain a standard reference for many years to come. They examine how political power, interest groups, and institutions affect the allocation of resources and the distribution of income in static and dynamic frameworks. The volume contains applications to policy issues from R&D to quality standards, land reform, and natural resource management.” – Justin Yifu Lin, *The World Bank*

“Rausser, Swinnen, and Zusman show once again the fruitfulness of analyzing the interaction between the political and economic spheres.” – Gérard Roland, *University of California, Berkeley*

“A must-read for individuals interested in political economy, the economics of agriculture, and natural resources. It weaves together theory and empirical case studies to introduce a creative, practical approach to explain the emergence and performance of institutions and economic policies.”

– David Zilberman, *University of California, Berkeley*

Gordon C. Rausser is the Robert Gordon Sproul Distinguished Professor at the University of California, Berkeley.

Johan Swinnen is Professor of Economics and Director of the LICOS Institute for Institutions and Economic Performance at the Catholic University of Leuven, Belgium.

The late Pinhas Zusman was Professor Emeritus in the Department of Agricultural Economics at Hebrew University in Jerusalem.

Cover images:

Top: Howard Chandler Christy, *The Signing of the Constitution*.

Location: Private Collection. Photo Credit: Art Resource, NY

Bottom: © Thomas Hole / Getty Images

Cover design by James F. Brisson

RAUSSER  
SWINNEN  
ZUSMAN

Political Power and Economic Policy

# Political Power and Economic Policy

## *Theory, Analysis, and Empirical Applications*



Gordon C. Rausser • Johan Swinnen  
Pinhas Zusman

CAMBRIDGE  
UNIVERSITY PRESS  
www.cambridge.org

ISBN 978-0-521-14800-9



CAMBRIDGE