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Agency Problems in Political Decision Making

Phongthorn Wrasai

Due to a lack of time and expertise, policy makers often rely on others, such as bureaucrats, experts, or advisers, when policy decisions have to be made. A non-trivial problem is that those who possess information have a vested interest in the policy outcome; this gives them an incentive to manipulate or conceal information. In this book, we examine a penalty for lying and the power to replace an advisor as a means of restraining information providers from information manipulation. We argue that these two institutional arrangements may not always help a policy maker to attain a better decision (Chapters 2 and 3). Inasmuch as consequences of policies are complicated and difficult to foresee, small groups like committees often assist policy makers to collect information, deliberate over policies, and devise policy recommendations. As information is not for free, committee members must be motivated to collect it. We shed some light on how deliberation affects committee members' incentives to gather the costly information, and thus the quality of collective decision-making (Chapter 4). Outside the political arena, agency problems between politicians and voters also exist. In Chapter 5, we examine how elections play their role of disciplining and selecting politicians and how policy choices are made when politicians differ in their motivations in running for political office.

Phongthorn Wrasai graduated in Economics at Thammasat University in 1995. In December 1999 he joined the Tinbergen Institute for his Ph.D. research, with financial support from Thammasat University and her Faculty of Economics. Later, he was granted M.Phil. in Economics in 2002. A part of his thesis has been accepted in the *Journal of Economic Behavior & Organization*. Currently, he is affiliated with the Faculty of Economics, Thammasat University, Bangkok, Thailand.



Invitation

Phongthorn Wrasai

cordially invites you to
the public defence of
his doctoral thesis

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The ceremony will be held at
11.00 hrs on Thursday
22 December 2005
in the Senaatszaal (Building A) of
Erasmus Universiteit Rotterdam
Complex Woudestein
Burgemeester Oudlaan 50
Rotterdam

After the ceremony, a reception
will be held at TI Coffee Room
(H-Building, 9th Floor, Room 26)

Paranimfen:

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