

Exam Political Business Strategy Januari 2019

the exam consist of reading three articles and answering questions about the articles.

Article 1) something about the evolution of smaller spaces in planes (between your knee and the passenger in front) -> 4 or 5 questions

- 1) is there a way for both passengers to be happy?
coase theorem -> by giving whichever passenger the entitlement you create incentive to bargain and thus you can have social efficiency
- 2) is there need for airplanes to set up guidelines for space between seats?
yes, you need to assign entitlement because of difference in social costs
- 3) give a graphic something -> see notes on coase theory
- 4) what would be the political environment if there were to make this a political issue?
not sure about this one -> i wrote down what the political competition would be like -> entrepreneurial

article 2) something about belgian politics, NVA (centre-right) left the government because of the migration pact

1. in the local elections, the extreme right party in belgian (they have a strong anti-immigration agenda) gained significant support. how does this influence the decision of NVA to leave the government?
 - a. Increase of nationalism in belgian-> NVA afraid it will lose the votes of the more right-minded voters in coming election -> leaving government as protest to migration pact to show their stand on migration in hope to win coming elections.
2. use a graphical way to show how NVA stand on migration?
 - . spatial theory, NVA used to be centre-right -> by leaving they try to move toward the right on the axis
3. (forgot)
4. suppose that both NVA and extreme right party will have relatively the same votes as in the local election, does NVA need to worry?
 - . no, in class => often parties start more extreme to gain the votes of the more extreme voters but towards the end they move more towards centrum -> meaning that later down the line, the more extreme party will struggle to gain extra votes while NVA can move towards centrum. NVA is a sort of buffer that stops extreme right parties to gain votes.

article 3) something about vapers and e-cigs that doesn't help people cut on regular cigs. Instead it's used as a stepping stone towards regular cigs.

1. is there economic efficiency for government to intervene?
 - a. no economic reasons to intervene -> not sure about this one but in my opinion there was none (no natural monopoly, no externalities -> maybe you can 1) argue about the right for people who don't like the smoke vs right to smoke but a bit thin in my opinion, no info asymmetry -> maybe you can argue about information asymmetry for health insurance but once again a bit thin in my opinion
2. what should the government to then?
3. (forgot)
4. what is the political environment?
 - . i thought once again entrepreneurial not sure though

5. Alcohol is as bad or even worse than cigarettes, why is the not as much of a issue about alcohol consumption? in the political environment different?
 - . i thought because of less demand for political action -> the numbers of alcohol drinkers > than smokers => more organizational costs