Class Evaluation 1

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Class Evaluation 1: The Economics of Collective Choice

Economics is the field of social science that deals with all the problems and issues related to the economy and economic agents. Government is considered as one of the key economic agents in the field of economics as it has the power of decision making, to implement and change economic policies that may affect the country in one way or another. In this essay, the summary of a book "The Economics of Collective Choice" written by Joe B. Stevens published recently in 2018 is analyzed with respect to all the crucial concepts of the economics of collective decision making (Stevens, 2018). This book is the in-depth description of all the matters concerning the government's ability and role in the economics markets, rational public choice and the collective decision making for the economy. The book comprises of eleven chapters, all of which are addressing the different dimensions of political economy.

The chapters relate to the concept of collective choice in economics covering the elements and examples with the linkages (Stevens, 2018). The basic objectives of the book are to make the students understand the strengths and shortcomings of the political system under the economic efficiency criterion. The main idea behind the comprehension of those concepts in the book is to inform the readers about the economic reasoning behind certain political actions. All the political representatives that take charge of the official seat they are appointed to work according to the efficiency and equity criterion of economics models. Political institutions and economic approaches strive together only when the entities like voters, entrepreneurs, elected representatives, firms and markets have self-interests in the political outcomes (Hardin,2015). This is not a favorable situation but it still exists due to the mechanism of how markets actually work.

The problems we have in the economy today is the interaction of government with the markets and conflicts that arise due to their clash. Not always will be the markets efficient and same goes to fairness. Markets can also give unfair competition due to the unequal distribution of incomes which will lead to market failure at this point. This is why here political stance comes into play to turn the self-interest into collective interest and the joint provision of public goods and services to reduce the unfairness. The government will intervene in this case and will participate to make some entities worse off by voluntary acceptance of coercion and through voting (Tideman, 2017). Due to this reason, there is a need to have a representative government which can tackle the problems he markets failed to solve for the economy (Brim, 2017). There is a strong demand of citizens and firms both for political actions as they want to be protected under the shadow of an institution that has the power to bring legislative change. The supply for this political action is provided by the legislators when they are elected in the elections with the help of voting done by citizens, interest groups, firms, and businessmen.

Like markets, governments often fail too and the leading reason behind this failure is their shift from collective interest to self-interest. They are formed to serve the collective interests of the whole economy and not the self-interests of the legislators. The objectives of the markets and government are entirely different from each other and they should be used to facilitate one another not to replace each other in competition. Working of market and government together is very e essential for the whole economy as one will ensure the efficiency and effectiveness while other institution will manage to bring equity and fairness in the economic system.

**References**

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