

The research I have undertaken falls within the broader framework of macroeconomic theory, particularly in the areas of economic growth models, economic policy, and political economy. The methodology involves applying game theory to these subjects. My research is also primarily connected with fiscal policy issues such as debt and deficit. Specifically, I am developing a discrete time, overlapping generations model with time-consistent economic policy, in the context of a small open economy. In this context policy is decided based on the probabilistic voting model. Such models are often used in the literature to study the influence of demographic characteristics on economic policy choices and are most commonly combined with the empirical method of calibration to determine the extent to which their predictions interpret empirical data. The purpose of this research project is to help in understanding how the distribution of political power among generations and its changes affect the size and evolution of debt as well as the structure of the fiscal deficit/surplus.