List of symbols

- $x$: Barred variable: subsistence level
- $x^*$: Starred variable: equilibrium or steady state value
- $(t)$: Variable between brackets: time index

Indices

- $c$: Private production or capital owners
- $c_j$: Index for social groups of capital owners of sector $j$
- $d$: Disabled individuals
- $d$: Domestic commodity
- $f$: Foreign commodity
- $g$: Index for public production sectors
- $i$: Index for (a representative member of) social groups
- $j$: Index for production sectors or private production sectors
- $K$: Capital
- $L$: Labor
- $l$: Leisure
- $r$: Retirees
- $w$: Workers

Parameters

- $\alpha_{ci}$: Preference weight for private commodities in utility function of members of social group $i$
- $\alpha_{ji}$: Preference weight for private commodity $j$ in utility function of members of social group $i$
- $\alpha_{dji}$: Preference weight for domestic private commodity $dj$ in utility function of members of social group $i$
- $\alpha_{fji}$: Preference weight for foreign private commodity $fj$ in utility function of members of social group $i$
- $\alpha_{gi}$: Preference weight for the public consumption good in utility function of members of social group $i$
List of symbols

\( \alpha_i \) Preference weight for leisure in utility function of members of social group \( i \)

\( \gamma_i \) Elasticity of substitution between private commodities, leisure and public consumption good in utility function of members of social group \( i \)

\( \gamma_{i,ij} \) Elasticity of substitution between private commodities of type \( i \) and type \( j \) in utility function of members of social group \( i \)

\( \gamma_{ij} \) Elasticity of substitution between domestic and foreign private commodities of type \( j \) in utility function of members of social group \( i \)

\( \delta_{ij} \) Production elasticity of public production good (infrastructure) in production function of sector \( j \)

\( \delta_{k,j} \) Production elasticity of capital in production function of sector \( j \)

\( \delta_{l,j} \) Production elasticity of labor in production function of sector \( j \)

\( \eta_{ij} \) Scaling parameter in export function of sector \( j \)

\( \eta_{ij} \) Export elasticity in export function of sector \( j \)

\( \theta_i^h \) Motives of other-directedness of members of social group \( i \) for social group \( h \)

\( \mu_i \) Political influence weight of social group \( i \)

\( \varphi_{ij} \) Scaling parameter in adjustment cost function of sector \( j \)

\( \varphi_{ij} \) Adjustment cost parameter of sector \( j \)

\( \Omega_{j} \) Scaling parameter in production function of sector \( j \)

Variables

\( c_i \) Demand for private commodity by members of social group \( i \)

\( c_{ij} \) Demand for private commodity \( j \) by members of social group \( i \)

\( c_{dij} \) Demand for domestic private commodity \( dj \) by members of social group \( i \)

\( c_{fij} \) Demand for foreign private commodity \( fj \) by members of social group \( i \)

\( d_j \) Dividend received by a capital owner of social group \( j \)

\( D_j \) Dividend paid by private sector \( j \)

\( dep_{ij} \) Depreciation rate in production sector \( j \)

\( E_j \) Exports by private sector \( j \)

\( f_i \) Disposable full income of members of social group \( i \)

\( G_p \) Production level of public production good

\( G_s \) Production level of public consumption good

\( I_j \) Investment in production sector \( i \)

\( k^0_{j} \) Capital endowment of capital owners of social group \( j \)

\( K_j \) Capital demand by production sector \( j \)
List of symbols

$K^0$  Fixed capital stock for public consumption sector
$L_j$  Labor demand by production sector $j$
$L_i$  Leisure demand by members of social group $i$
$N_i$  Numerical strength of social group $i$
$p_e$  Exchange rate
$p_j$  Price of private commodity $j$
$p_{dj}$  Price of domestic private commodity $dj$
$p_{pj}$  Price of foreign private commodity $fj$
$p_i$  Price of investment good
$p_K$  Price of capital
$p_L$  Wage rate
$p_t$  Shadowprice of leisure
$p_{uk}$  Probability that a member of social group $s$ votes for candidate $k$
$q_j$  Shadowprice of capital (marginal $q$)
$r$  Interest rate
$s_h$  Uniform lump sum tax
$s_i$  Lump sum tax for members of social group $i$
$T$  Total tax revenues
$V_j$  Value of the firms in sector $j$
$X_j$  Production level in private sector $j$
$z_{ik}$  Appreciation of candidate $k$'s nonpolicy characteristics by voter $i$

$\eta$  Risk premium
$\xi$  Marginal social costs of public revenues
$\Pi_j$  Profits in private sector $j$
$\rho$  Discount rate in public sector
$\sigma_d$  Benefit for individuals that are incapable to work
$\sigma_i$  Special provisions for members of social group $i$
$\sigma_r$  Public pension benefit
$\tau_c$  Corporate income tax
$\tau_d$  Premium for disability insurance
$\tau_h$  Income or household tax
$\tau_l$  Labor income tax
$\tau_r$  Premium for public pension
$\tau_s$  Sales tax
$\tau_v$  Value-added tax
Functions

$D(x, y)$ Distance function: distance between a voter’s most preferred policy $x$ and a candidate’s policy proposal $y$

$F_j$ Production function of sector $j$

$H_j$ Hamiltonian of production sector $j$

$P$ Political interest function

$Q_k(x, y)$ Total number of votes caught by candidate $k$ if it proposes $x$ and if its opponent proposes $y$

$R(t, s)$ Discounting factor from period $s$ to period $t$

$U_i$ Utility function of members of social group $i$

$V_i$ Indirect utility function of members of social group $i$

$V_i'$ Indirect utility function of members of social group $i$, containing utility from own consumption and neglecting utility from motives of other-directedness

$W_i$ Utility function of members of social group $i$, containing utility from own consumption and neglecting utility from motives of other-directedness

$\Phi_j$ Adjustment cost function of production sector $j$