

PUBLIC CHOICE

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Course Structure: This course is introducing students to several topics of research on political economy and public economics. However, it aims to benefit students interested in different fields of applied microeconomics since the methodologies presented are relevant across fields. In other words, each topic will combine both the presentation of (seminal) theoretical models with testable empirical implications as well as their experimental or empirical counterparts. Empirical papers will pay close attention to different state-of-the-art identification strategies while experimental papers on recurrent experimental designs. The concept of “model” plus “evidence” guiding this course is a common denominator in applied microeconomics and can be beneficial for students across fields.

Assessment: Referee report on a paper of interest and presentation of this paper.

TOPICS & READINGS

The reading list is subject to change and serves as an indication of the tentative plan.

Textbook (mainly for secondary reference):

Persson Tabellini, *Political Economics: Explaining Economic Policy*, MIT Press

1. Voting

We will discuss voter turnout, voting in multi-candidate elections, and voting with incomplete information.

Turnout

- Battaglini, M., R. Morton and T. Palfrey, “The Swing Voter’s Curse in the Laboratory,” *Review of Economic Studies*, 2010.
- Coate, S., Conlin, M. and A. Moro, “The Performance of Pivotal-Voter Models in Small-Scale Elections: Evidence from Texas Liquor Referenda,” *Journal of Public Economics*, 2008.
- Feddersen, T., “Rational Choice Theory and the Paradox of Not Voting,” *Journal of Economic Perspectives*, 2004.
- Feddersen, T. and W. Pesendorfer, “The Swing Voter’s Curse,” *American Economic Review*, 1996.
- Herrera, Helios, Massimo Morelli, and Salvatore Nunnari. 2015. “Turnout across Democracies.” *American Journal of Political Science*. DOI: 10.1111/ajps.12215.
- Palfrey, T. and H. Rosenthal, “Voter Participation and Strategic Uncertainty,” *American Political Science Review*, 1985.
- Shachar, R. and B. Nalebuff, “Follow the Leader: Theory and Evidence on Political Participation,” *American Economic Review*, 1999.

Voting in multi-candidate elections

- Degan, A. and A. Merlo, "Do Citizens Vote Ideologically," *Journal of Economic Theory*, forthcoming.
- Myatt, D., "On the Theory of Strategic Voting," *Review of Economic Studies*, 2007.
- Myerson, R., "A Comparison of Scoring Rules in Poisson Voting Games," *Journal of Economic Theory*, 2002 .

Voting with incomplete information

- Battaglini, M., R. Morton and T. Palfrey, "The Swing Voter's Curse in the Laboratory," *Review of Economic Studies*.
- Feddersen, T. and W. Pesendorfer, "The Swing Voter's Curse," *American Economic Review*, 1996.
- Tommaso Nannicini, "How Do Voters Respond to Information? Evidence from a Randomized Campaign" (joint with Chad Kendall and Francesco Trebbi), April 2013, mimeo
- Coate S., and S. Morris, 1995, "On the Form of Transfers to Special Interests," *Journal of Political Economy*, 103, 1210-36.
- Dal Bo, E., 2007, "Bribing Voters," *American Journal of Political Science*, 51, 789-803.
- Gavazza, A. and A. Lizzeri, 2008, "Transparency and Economic Policy," *Review of Economic Studies*.
- Levy, G., 2005, "Decision Making in Committees: Transparency, Reputation and Voting Rules," *American Economic Review*, 97, 150-168.
- Prat, A., 2005, "The Wrong Kind of Transparency," *American Economic Review*, 95, 862-77.

2. Candidates

We consider candidate positioning in two candidate elections under various assumptions about candidate objectives. We then discuss candidate entry. Finally, we discuss candidate policy choices in dynamic models of elections.

Candidate positioning in two candidate elections

P&T: 47-58.

- Callendar, S., "Political Motivations," *Review of Economic Studies*, 2007.
- Dixit, A. and J. Londregan, "Ideology, Tactics, and Efficiency in Redistributive Politics," *Quarterly Journal of Economics*, 1998.
- Gerber, E. and J. Lewis, "Beyond the Median: Voter Preferences, District Heterogeneity, and Political Representation," *Journal of Political Economy*, 2004.
- Larcinese, V., J. Snyder and C. Testa, "Testing Models of Distributive Politics Using Exit Polls to Measure Voter Preferences and Partisanship," mimeo, Royal Holloway College, 2006.
- Lee, D., E. Moretti, and M. Butler, "Do Voters Affect or Elect Policies? Evidence

from the U.S. House,” *Quarterly Journal of Economics*, 2004.

- Ledyard, J., “A Pure Theory of Large Two-Candidate Elections,” *Public Choice*, 1984.
- Lindbeck, A. and J. Weibull, “Balanced-Budget Redistribution as the Outcome of Political Competition,” *Public Choice*, 1987.
- Londregan, J., “Political Income Redistribution,” Ch 5 in W & W.
- Stromberg, D., “How the Electoral College Influences Campaigns and Policy: The Probability of Being Florida,” *American Economic Review*, 2008.

Candidate entry (Citizen Candidate Models)

P&T: 97-104; G&H: Ch 2.2.

- Besley, T. and S. Coate, “An Economic Model of Representative Democracy,” *Quarterly Journal of Economics*, 1997.
- Osborne, M. and A. Slivinski, “A Model of Political Competition with Citizen-Candidates,” *Quarterly Journal of Economics*, 1996.
- Grosser, Jens, and Thomas R. Palfrey. 2013. “Candidate Entry and Political Polarization: An Antimedial Voter Theorem.” *American Journal of Political Science* 58(1): 127–43.

3. Voting Rules, Impossibility Theorems, and Electoral Systems

A discussion of alternative voting rules. Results regarding the non-existence of voting rules satisfying relevant properties. Alternatives to elect the parliament and effects on several economic and political outcomes.

- Austen-Smith, David, and James Banks. 1988. “Elections, Coalitions, and Legislative Outcomes.” *American Political Science Review* 82(2): 405–22.
- Baron, D. and D. Diermeier, “Elections, Governments, and Parliaments in Proportional Representation Systems,” *Quarterly Journal of Economics*, 2001.
- Cox, G., “Electoral Equilibrium under Alternative Voting Institutions,” *American Political Science Review*, 1987.
- Funk, Patricia, and Christina Gathmann. 2013. “How Do Electoral Systems Affect Fiscal Policy? Evidence from Cantonal Parliaments, 1890–2000.” *Journal of the European Economic Association* 11(5): 1178–1203.
- Morelli, M., “Party Formation and Policy Outcomes under Different Electoral Systems,” *Review of Economic Studies*, 2004.
- Myerson, R., “Theoretical Comparisons of Electoral Systems: 1998 Schumpeter Lecture,” *European Economic Review*, 1999.
- Persson, T., G. Roland and G. Tabellini, “Comparative Politics and Public Finance,” *Journal of Political Economy*, 2000.
- Persson, T. and G. Tabellini, “Electoral Systems and Economic Policy,” Ch 40 in W & W. Taagepera, R. and M. Shugart, *Seats and Votes*, Yale University Press, 1989. Chp 3.

4. Campaigns, Lobbying & Media

Contributions

- Coate, S., 2004, "Pareto Improving Campaign Finance Policy," *American Economic Review*, 94(3), 628-655.
- Grossman, G. and E. Helpman, 1996, "Electoral Competition and Special Interest Politics," *Review of Economic Studies*, 63(2), 265-286.
- Galeotti, A. and A. Mattozzi, 2009, "Personal Influence: Social Context and Political Competition," *American Economic Journal: Microeconomics*, forthcoming.
- Palfrey, T. and R. Erikson, 2000, "Equilibrium in Campaign Spending Games: Theory and Data," *American Political Science Review*, 94, 595-609. Prat, A., 2002, "Campaign Advertising and Voter Welfare," *Review of Economic Studies*, 69(4), 999-1018.
- Snyder, J., 1990, "Campaign Contributions as Investment," *Journal of Political Economy*, 98:1195-1227.

Contest Theory

- Corchon, L. C. (2007): "The theory of contests: a survey," *Review of Economic Design*, 11, 69–100.
- Konrad, K. A. (2009): *Strategy and Dynamics in Contests*, Oxford UK: Oxford University Press.
- Tullock, Gordon. 1980. "Efficient Rent Seeking." In *Toward a Theory of the Rent-Seeking Society*, ed. James M. Buchanan, Robert D. Tollison, and Gordon Tullock. College Station: Texas A&M University Press, 97–112.