

PUBLIC CHOICE

Course coordinator and lecturer: Orestis Troumpounis (troumpounis@gmail.com)

Course Structure: The course comprises of two weekly lectures. Lectures will combine presentation of seminal papers and current research on a given topic. All topics will involve presentation of different theoretical models. When possible experimental or empirical approaches will provide empirical evidence.

Assessment: 20% referee report on a paper of interest. 80% research “paper”. This could be a proposal for a theoretical model, experiment, empirical application, or a combination of the above. Preliminary results as well as contribution to the literature are expected.

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. Public Choice: Voting

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

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. Public Choice: 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.

3. Electoral Systems

We begin with a discussion of alternative electoral systems.

- Baron, D. and D. Diermeier, "Elections, Governments, and Parliaments in Proportional Representation Systems," *Quarterly Journal of Economics*, 2001.
- Coate, S. and B. Knight, "Government Form and Public Spending: Theory and Evidence from U.S. Municipalities," mimeo, Cornell, 2009.
- Cox, G., "Electoral Equilibrium under Alternative Voting Institutions," *American Political Science Review*, 1987.
- 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. Political Institutions and Economic Policy

- Besley, T. and A. Case [2003], “Political institutions and policy choices: Evidence from the United States”, *Journal of Economic Literature* 41, 7-73
- Persson, T. and G. Tabellini [2004a], “Constitutions and economic policy”, *Journal of Economic Perspectives* 18, 75-98.
- Austen-Smith, D. [2000], “Redistributing income under proportional representation”, *JPE* 108, 1235-1269.
- Coate, S. and B. Knight [2009], “Government Form and Public Spending: Theory and Evidence from U:S: Municipalities”, mimeo, Cornell University.
- Lizzeri, A. and N. Persico [2001], “The provision of public goods under alternative electoral incentives”, *AER* 91, 225-245.
- Milesi-Feretti, G-M, Perotti, R., and M. Rostagno [2002], “Electoral systems and the composition of government spending”, *QJE* 117, 609-657.
- Myerson, R. [1993], “Effectiveness of electoral systems for reducing government corruption: A game theoretic analysis”, *Games and Economic Behavior* 5, 118-132.
- Persson, T., G. Roland, and G. Tabellini [2000], “Comparative politics and public finance”, *JPE* 108, 1121-1161.
- Acemoglu, D. [2005], "Constitutions, Politics and Economics: A Review Essay on Persson and Tabellini's *The Economic Effects of Constitutions*". *Journal of Economic Literature* 43, 1025-1048.
- Persson, T. and G. Tabellini [2004b], “Constitutional rules and fiscal policy outcomes”, *AER* 94, 25-46.
- Persson, T., Tabellini, G. and F. Trebbi [2003], “Electoral rules and corruption”, *Journal of the European Economic Association* 1, 958-989.

5. Campaign Contributions & Contests

- 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.