

MECS 466-0

Social Choice and Voting Models

Spring 2016

Time: Tuesdays, 9am-noon (first class: March 29)

Location: Jacobs Center 561

Professor Georgy Egorov (Kellogg – MEDS)

## Description

This course is about collective decision-making, both on the micro level (how people aggregate information or preferences through voting) and on the big picture level (how societies choose institutions to live under). We first overview some classical results from social choice, and find limitations of the cooperative approach. We then look at models of strategic behavior in collective decision-making, voting over binary agendas, and models of legislative bargaining. The next big topic is elections, where we plan to talk about all aspects – decisions whether and how to vote, whether to run, and how to campaign. The last big topic is institutions. We will talk about revolutions and coup d'états, how countries democratize, when and why. Ultimately, we will study models of forward-looking behavior in collective decision-making and dynamics of institutions.

Students are expected to participate in classroom, present a paper from the reading list, and write a research proposal on a related topic, or a critical review of several related papers. There is no textbook, though the material we will cover in the first two-three classes is largely covered in Austen-Smith and Banks "Positive Political Theory (I, II)".

The tentative reading list for each of the ten classes is below.

### Lecture 1. Social choice. Aggregation of preferences. Discrete and spatial cases.

Austen-Smith, D. and J.S. Banks. 1999. *Positive Political Theory I*. Ann Arbor: Michigan University Press.

Gans, J. and M. Smart. 1996. Majority voting with single-crossing preferences. *Journal of Public Economics*, 59:219-237.

Grandmont, J-M. 1978. Intermediate preferences and majority rule. *Econometrica*, 46: 317-330.

McKelvey, R. 1979. General conditions for global intransitivities in formal voting models. *Econometrica*, 47: 1086-1112.

McKelvey, R and N. Schofield. 1987. Generalized symmetry conditions at a core point. *Econometrica*, 55: 923-34.

Nakamura, K. 1979. *The vetoers in a simple game with ordinal preferences*. *International Journal of Game Theory*, 5:55-61.

\* Arrow, K. 1963. *Social choice and individual values (2ed)* New Haven: Yale University Press.

\* Sen, A.K. 1986. Social choice theory. In: K.J. Arrow and M. Intriligator (eds.), *Handbook of Mathematical Economics vol. III*. Amsterdam: North Holland.

\* Banks, J.S., J. Duggan and M. Le Breton. 2006. Social choice and electoral competition in the general spatial model. *Journal of Economic Theory*, 126: 194-234.

\* Plott, C. 1967. A notion of equilibrium and its possibility under majority rule, *American Economic Review*, 57: 787-806.

## **Lecture 2. Strategic behavior in voting. Gibbard-Satterthwaite theorem. Binary agendas.**

Austen-Smith, D. and J.S. Banks. 2005. *Positive Political Theory II*. Ann Arbor: Michigan University Press.

Moulin, H. 1979. Dominance solvable voting schemes. *Econometrica*, 47: 1337-1351.

Banks, J. 1985. Sophisticated voting outcomes and agenda control. *Social Choice and Welfare*, 1: 295-306.

Shepsle, K and B. Weingast 1984. Uncovered sets and sophisticated voting outcomes with implications for agenda institutions. *American Journal of Political Science*, 28: 49-74.

\* Duggan, J. 2006. Endogenous voting agendas. *Social Choice and Welfare*, 27: 495-530.

\* Reny, P.J. 2001. Arrow's theorem and the Gibbard-Satterthwaite theorem: a unified approach. *Economics Letters*, 70: 99-105.

\* Peleg, B. 1978. Consistent voting systems. *Econometrica*, 46(1): 153-161.

## **Lecture 3. Legislative bargaining.**

Baron, D. and J. Ferejohn (1989) Bargaining in legislatures. *American Political Science Review*, 83: 1181-206.

Baron, D. 1991. Majoritarian incentives, pork barrel programs and procedural control. *American Journal of Political Science*, 34: 57-90.

Banks, J.S. and J. Duggan 2000. A bargaining model of collective choice. *American Political Science Review*, 94: 73-89.

Eraslan, H. 2002. Uniqueness of stationary equilibrium payoffs in the Baron-Ferejohn model. *Journal of Economic Theory*, 103: 11-31.

Kalandrakis, A. 2004. A three-player dynamic majoritarian bargaining game. *Journal of Economic Theory*, 116: 294-322.

Diermeier, D. and R. Myerson. 1999. Bicameralism and its consequences for the internal organization of legislatures. *American Economic Review*, 89: 1182-1196.

Diermeier, D., and P. Fong. 2011. Legislative bargaining with reconsideration, *Quarterly Journal of Economics*, 126 (2): 947-985.

\* Diermeier, D., G. Egorov, and K. Sonin. 2013. Endogenous property rights. *NBER WP 19734*.

\* Baron, D.P., and R. Bowen. Dynamic coalitions, *mimeo*.

\* Banks, J.S. and J. Duggan. 2006. A general bargaining model of legislative policy-making. *Quarterly Journal of Political Science*, 1: 49-85.

\* Morelli, M. 1999. Demand competition and policy compromise in legislative bargaining. *American Political Science Review*, 93: 809-820.

#### **Lecture 4. Classical models of electoral competition. Political parties.**

Ferejohn, J. 1986. Incumbent performance and electoral control, *Public Choice*, 50(1): 5-25.

Calvert, R. 1985. Robustness of the multidimensional voting model: candidate motivations, uncertainty, and convergence, *American Journal of Political Science*, 29(1): 69-95.

Besley, T. 2007. *Principled Agents?: The Political Economy of Good Government*, Oxford University Press.

Van Weelden, R. (2013) Candidates, credibility, and re-election incentives, *Review of Economic Studies*, 80(4): 1622-1651.

Eguia, J. X. 2011. Voting blocs, party discipline and party formation, *Games and Economic Behavior*, 73(1), 111-135.

Levy, G. 2004. A model of parties. *Journal of Economic Theory*, 115: 250-277.

Jackson, M.O., and B. Moselle. 2002. Coalition and party formation in a legislative voting game. *Journal of Economic Theory*, 103: 49-87.

\* Barro, R. 1973. The control of politicians: An economic model, *Public Choice*, 14(1): 19-42.

\* Caillaud, B., and J. Tirole. 1999. Party Governance and Ideological Bias. *European Economic Review*, 43: 779-789.

- \* Caillaud, B., and J. Tirole. 2002. Parties as Political Intermediaries. *Quarterly Journal of Economics*, 117(4): 1453-1489.
- \* Osborne, M.J., and R. Tourky. 2008. Party formation in single-issue politics. *Journal of the European Economic Association*, 6(5): 974-1005.
- \* Snyder, J.M., and M.M. Ting. 2002. An Informational Rationale for Political Parties. *American Journal of Political Science*, 46(1): 90-110.
- \* Aldrich, J. H. 1995. *Why parties? The origin and transformation of party politics in America*. Chicago: University of Chicago Press..
- \* Acemoglu, D., G. Egorov, and K. Sonin. 2013. A Political Theory of Populism. *Quarterly Journal of Economics*. 2013. 128(2): 771-805.
- \* Beath, A., F. Christia, G. Egorov, and R. Enikolopov. Electoral Rules and Political Selection: Theory and Evidence from a Field Experiment in Afghanistan. *Review of Economic Studies*, forthcoming.

#### **Lecture 5. Participation in elections. Candidate entry and voter turnout.**

- Besley, T., and S. Coate. 1997. An economic model of representative democracy, *Quarterly Journal of Economics*, 112(1), 85-114.
- Osborne, M.J., and A. Slivinski. 1996. A model of political competition with citizen-candidates, *Quarterly Journal of Economics*, 111(1), 65-96.
- Feddersen, T.J., and A. Sandroni. 2006. A theory of participation in elections. *American Economic Review* 96(4): 1271-1282.
- Ali, S.N., and C. Lin. 2013. Why people vote: ethical motives and social incentives. *American Economic Journal: Microeconomics*, 5(2): 73-98.
- Feddersen, T.J. and W. Pesendorfer. 1996. The swing voter's curse. *American Economic Review*. 86(3): 408-424.
- Krasa, S., and M.K. Polborn. "Is mandatory voting better than voluntary voting?." *Games and Economic Behavior*, 66(1): 275-291.
- Riker, W.H., and Peter C. Ordeshook. "A theory of the calculus of voting." *American Political Science Review*, 62(1): 25-42.
- Herrera, H., M. Morelli, and T. Palfrey. Turnout and power sharing. *Economic Journal*, 124: F131-F162.
- \* Feddersen, T.J. 2004. Rational choice theory and the paradox of not voting. *Journal of Economic Perspectives*, 18(1): 99-112.

\* Besley, T., and S. Coate. 1998. Sources of inefficiency in a representative democracy. *American Economic Review*, 88(1): 139-156.

\* Feddersen, T.J., S. Gailmard, and A. Sandroni. 2009. Moral bias in large elections: theory and experimental evidence, *American Political Science Review*, 103(2): 175-192.

\* Burke, J., and C.R. Taylor. 2008. - What's in a poll? Incentives for truthful reporting in pre-election opinion surveys. *Public Choice*, 137: 221-244.

\* Meirowitz, A. 2005. Polling games and information revelation in downsian framework. *Games and Economic Behavior*, 51: 464-489.

### **Lecture 6. Information aggregation in voting and communication.**

Feddersen, T. and W. Pesendorfer. 1998. Convicting the Innocent: The inferiority of unanimous jury verdicts. *American Political Science Review*, 92(1): 23-35.

Persico, N. 2004. Committee design with endogenous information. *Review of Economic Studies*, 71: 165-191.

Ahn, D.S., and S. Oliveros. 2012. Combinatorial voting. *Econometrica*, 80(1): 89-141.

Galeotti, A., C. Ghiglino, and F. Squintani. 2013. Strategic information transmission networks. *Journal of Economic Theory*, 148(5): 1751-1769.

\* Austen-Smith, D. 1990. Information transmission in debate. *American Journal of Political Science*, 34(1).

\* Feddersen, T. and W. Pesendorfer. 1999. Abstention in Elections with Asymmetric Information and Diverse Preferences. *American Political Science Review*, 93(3): 381-398.

\* Dewan, T., A. Galeotti, C. Ghiglino, and F. Squintani. 2014. Information aggregation and optimal structure of the executive. *American Journal of Political Science*, 59(2): 475-494.

### **Lecture 7. Formal models of political campaigns.**

Aragonès, E., M. Castanheira, and M. Giani. 2012. Electoral competition through issue selection. *American Journal of Political Science*, 59(1): 71-90.

Polborn, M.K., and D.T. Yi. 2006. Informative positive and negative campaigning, *Quarterly Journal of Political Science*, 1: 351-371.

Egorov, G. Single-issue campaigns and multidimensional politics, *NBER WP 21265*.

Kartik, N., and R. Van Weelden. Informative cheap talk in elections, *mimeo*.

\* Feddersen, T.J., and F. Gul. Polarization and income inequality: a dynamic model of unequal democracy, *mimeo*.

\* Dragu, T, and X. Fan. An agenda-setting theory of electoral competition, *mimeo*.

\* Amorós, P, and M. Socorro Puy. 2013. Issue convergence or issue divergence in a political campaign. *Public Choice*, 155: 355-371.

\* Casella, A., A. Llorente-Saguer, and T.R. Palfrey. 2012. Competitive equilibrium in markets for votes. *Journal of Political Economy*, 120(4): 593-658.

### **Lecture 8. Democracies and dictatorships. Extending franchise, revolutions, and coup d'états.**

Acemoglu, D., and J.A. Robinson. 2000. Why did the West extend the franchise? Democracy, inequality, and growth in historical perspective. *Quarterly Journal of Economics*, 115(4): 1167-1199.

Acemoglu, D., and J.A. Robinson. 2001. A theory of political transitions. *American Economic Review*, 91(4): 938-963.

Egorov, G., and K. Sonin. 2011. Dictators and their viziers: endogenizing the loyalty-competence trade-off. *Journal of the European Economic Association*, 9(5): 903-930.

Edmond, C. 2013. Information manipulation, coordination, and regime change. *Review of Economic Studies*, 80: 1422-1458.

Shadmehr, M., and D. Bernhardt. 2015. State censorship. *American Economic Journal: Microeconomics*, 7(2): 280-307.

Bueno de Mesquita, E. 2010. Regime change and revolutionary entrepreneurs. *American Political Science Review*, 104(3): 446-466.

\* Carlsson, H, and E. Van Damme. 1993. Global games and equilibrium selection. *Econometrica*, 61(5): 989-1018.

\* Morris, S., and H.S. Shin. 1998. Unique equilibrium in a model of self-fulfilling currency attacks, *American Economic Review*, 88(3): 587-597.

\* Persson, T., and G. Tabellini, 2009. Democratic capital: the nexus of political and economic change, *American Economic Journal: Macroeconomics*, vol. 1(2), pages 88-126. (formal model available in the NBER version: NBER WP 12175.

\* Egorov, G., and K. Sonin. Incumbency advantage in non-democracies. *NBER WP 20519*.

\* Egorov, G., and K. Sonin. 2015. The killing game: a theory of non-democratic succession. *Research in Economics*, 69: 398-411.

### **Lecture 9. Forward-looking behavior in collective decision-making.**

Barberà, S. and M. Jackson. 2004. Choosing how to choose: self-stable majority rules and constitutions, *Quarterly Journal of Economics*, 119(3): 1011-1048.

Barberà, S., M. Maschler, and J. Shalev. 2001. Voting for voters: a model of the electoral evolution, *Games and Economic Behavior*, 37: 40-78.

Acemoglu, D., G. Egorov, and K. Sonin. 2008. Coalition formation in non-democracies. *Review of Economic Studies*. 75: 987-1009.

Roberts, K. 2015. Dynamic voting in clubs. *Research in Economics*, 69: 320-335.

\* Acemoglu, D., G. Egorov, and K. Sonin. 2010. Political selection and persistence of bad governments. *Quarterly Journal of Economics*. 125(4): 1511-1575.

\* Diermeier, D., G. Egorov, and K. Sonin. Endogenous property rights. *NBER WP 19734*.

\* Strulovici, B. 2010. Learning while voting: determinants of collective experimentation. *Econometrica*, 933-971.

### **Lecture 10. Dynamics of Institutions.**

Acemoglu, D., G. Egorov, and K. Sonin. 2014. Political economy in a changing world, *Journal of Political Economy*, 123(5): 1038-1086.

Acemoglu, D., G. Egorov, and K. Sonin. Social mobility and stability of democracy: re-evaluating De Tocqueville, *mimeo*.

\* Bidner, C., P. Francois, and F. Trebbi. A theory of minimalist democracy. *NBER WP 20552*.

\* Acemoglu, D., G. Egorov, and K. Sonin. 2012. Dynamics and stability of constitutions, coalitions, and clubs, *American Economic Review*, 2012, 102(4): 1446-1476.