

MA-WW-VWL-0903
D-WW-WIWI-0903

Master Seminar Current Topics in Public Economics: The Political Economy of Elections

The seminar focuses on elections from a political economy perspective. The motivation of candidates and the decision making process of voters is discussed. Further the role of elections within the democratic process is addressed. Students will choose whether to discuss either one theoretical paper or one state-of-the-art empirical paper (see below).

Participants can gain 5 ECTS points. Course requirements include the submission of an essay, no longer than 5 pages per person and a presentation of 30 minutes followed by a short discussion. A meeting with your supervisor within six weeks after topic assignment is mandatory. The seminar will be held in English.

Preliminary Time Schedule

Kick-Off Meeting – Topic assignments

18th of April 2016, 4.40 pm, Room SCH C 363

Seminar/Presentations

8th and 9th of July 2016

Submission of Papers

24th of July 2016

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Topics

1. Electing candidates

The seminar starts with the question how voters choose whom to vote, and why voting won't necessarily lead to a first best solution.

Theory: Reed, W. R. and J. Cho (1998): A comparison of prospective and retrospective voting with heterogeneous politicians, Public Choice (96), pp. 93-116.

Empirics: Arnold, F. and R. Freier (2016): Only conservatives are voting in the rain: Evidence from German local and state elections, *Electoral Studies* (41), pp. 216-221.

2. Candidate Behavior

Next, students discuss what might motivate politicians to act in voters' best interest or follow their own agenda.

Theory I: Persson, T., G. Roland, G. Tabellini (1997): Separation of Powers and Political Accountability, *The Quarterly Journal of Economics* (112, 4), pp. 1163-1202.

Theory II: Van Weelden, R. (2013): Candidates, Credibility, and Re-election Incentives, *Review of Economic Studies* (80), pp. 1622-1651.

Empirics: Potrafke, N. (2010): The growth of public health expenditures in OECD countries: Do government ideology and electoral motives matter?, *Journal of Health Economics* (29, 6), pp. 797-810.

3. Election Rules

Elections can be organized through majoritarian rules or proportionally. Majoritarian systems are associated with a small number of parties. Proportional elections on the other hand often allow a large number of parties, leading to a higher amount of fragmentation within the government. As fragmentation has a strong impact on policy choices, election rules are relevant for policy outcomes.

Theory: Velasco, A. (2000): Debt and deficits with fragmented fiscal policymaking, *Journal of Public Economics* (76), pp. 105-125.

Empirics: Dinas, E and F. Foos (2013): The national effects of subnational representation: How parties' access to regional parliaments shapes national elections, mimeo.

4. Presidentialism vs. Parliamentarism

There is a long standing discussion of the favors and downfalls of presidential and parliamentary government forms. Lately this discussion has shifted to the question why one or the other form is implemented.

Theory: Robinson, J. A. and R. Torvik (2012): Endogenous Presidentialism, NBER Working Paper (14603).

Empirics: Ade, F. (2014): Do constitutions matter? Evidence from a natural experiment at the municipality level, *Public Choice* (160, 3), pp. 367-389.

5. Electoral uncertainty

As we head into polling day, there appears to be only one certainty and that is the uncertainty of election results. The students discuss the role of electoral uncertainty for economic outcomes.

Theory: Heckelman, Jac (2002): Variable Rational Partisan Business Cycles: Theory and some Evidence, *Canadian Journal of Economics* 35(3), pp. 568-585.

Empirics: Heckelman, Jac (2006): Another look at the evidence for rational partisan cycles, *Public Choice* 126, pp. 257–274.