

Introduction to Priorat Workshop in Theoretical Political Science (Falset, Spain - June 6-8, 2013)

The first session of the workshop was devoted to the design of different kinds of political institutions and the analysis of their performance. It opened with **Jenna Bednar and Scott Page** (University of Michigan), who discussed how the particular culture of a society affects the functioning of a given political institution. The features of a given culture determine the attitudes of society members when interacting with each other through existing political institutions. Their work explains how political institutions should be optimally designed for each type of culture. **John Londregan** (Princeton University) focused on a dilemma that autocrats face when new technologies, such as internet, become available. On the one hand, they would like to take advantage of these new technologies, but on the other hand they are afraid that such technologies could be used to coordinate a rebellion. He finds evidence that the internet is more extensively used in countries that are considered more democratic. However, he does not find a clear causal link that greater access to the internet will make a country more democratic. **Catherine Hafer** (New York University) developed a new model to compare different possible international responses to rogue state actions under alternative scenarios. In particular, she compared a strong UN setting in which only a unified coalition of the willing is allowed, with a weak UN setting where small break-away coalitions are also allowed. Her model suggests that some countries that decide to join a breakaway coalition would actually be better off if such coalitions were not allowed in the first place. However, if such breakaway coalitions are possible, these countries would be better off being in the coalition than outside it.

Steven Brams (New York University) opened the second half of the first session with a study of approval voting. He identified conditions under which approval voting leads to optimal group decisions. If individual decisions are sufficiently independent then approval voting leads to optimal group decisions with increasing probability as the size of the group increases; however, this is not the case if decisions are interdependent, for example if voters use a following-a-leader strategy. Finally, **Dimitri Landa** (New York University) discussed a time inconsistency problem when there is a sequence of policy decisions. He finds that the best strategy of voters when trying to control the actions of politicians depends on the amount of information that voters have on the institutional features. The more information they have about institutional functioning, the more rewarding the control they impose on their delegates.

The second session of the conference dealt with government decisions, ranging from legislation to government formation. **T. Renee Bowen** (Stanford Graduate School of Business) led off the session comparing different rules that govern budget negotiation. She finds that the provision of public goods made through discretionary spending (a sequence of annual budgets) is lower than if it is made through mandatory spending (last year's budget determines all future budgets unless it is explicitly changed). In addition, she finds that mandatory programs are more efficient as long as the voters

are sufficiently patient. **Gary Cox** (Stanford University) was the next presenter, and compared the effects of different constitutional provisions to determine the extent to which the legislative or executive branch had more budgetary authority. He showed that there have been interesting and important historical trends in this aspect of electoral democracy. For many countries there has been a significant shift in budgetary authority away from the legislative branch toward the executive branch, and he identifies some particular mechanisms that have led to this. The third speaker was **Nolan McCarty** (Princeton University), who proposed a new theoretical framework for studying government regulation of firms, and tradeoffs between regulation and industry self-regulation. He focuses on two forces: the degree to which the firms being regulated have superior information, and the divergence of preferences. His model suggests that policies in complex domains will generally be biased toward the preferences of the firms, because of the severe monitoring difficulties for the regulator in such domains.

David Baron (Stanford Graduate School of Business) opened the second part of the second session with an analysis of the features of legislative coalitions, focusing on the longevity and relative stability of coalitions. He characterized a class of Markov perfect equilibrium in a dynamic legislative bargaining game, in which coalitions persist because of potential risks to the coalition members in the event the coalition breaks up. His model also explores the robustness of durable coalitions in the face of stochastic shocks or crises. He analyzed existing experimental evidence of such robustness. Following Baron's lecture, **Michael Laver** (New York University) provided a novel classification of all possible multiparty legislative systems. He finds that most of the empirical cases are very close to the boundary conditions, which can be loosely interpreted as countries that have essentially hybrid systems. This hybridization takes shape in historical time series, in which the same country will bounce back and forth over time across the different classes of legislative system. This suggests strong incentives for strategic behavior in order for parties to shape favorable party system to their favor.

The third part of the second session was on "Spanish Politics", a topic that we hope to continue to include in our future Priorat Workshops. There were two speakers. First, **Steve Ansolabehere** (Harvard University) analyzed why regional parties are so successful in elections to the Basque autonomous community. He finds that *nationalism* and traditional left-right *ideology* have about the same effect on voting behavior and party positioning, but these two effects are considerably smaller than the primary effect of *identity*. He argues, and the data supports this, that identity and nationalism are two very different factors, and that for regional politics in the Basque country these two factors have quite different effects on elections, voting, and parties. In particular, identity makes it difficult for centrist parties to gain strength and attract moderate voters, and explains much of people's voting behavior. The second speaker, **Laia Balcells** (Duke University), explained the relationship between preferences for regional redistribution and the wealth of a region. Using experimental data obtained through an internet survey in Spain, she only finds significant evidence for such a relationship in the Basque Country and Catalonia. In other regions of Spain, the connection is weak.

The third session also explored the behavior of parties and voters in elections, but using a theoretical approach. **Benoit Crutzen** (Erasmus School of Economics) offered a positive rationale for the large number of accounted uncontested primaries. If the party leader is an incumbent that has proved to be very competent when in office, then the challenger prefers not to run, because he realizes that most likely he will lose. **David Myatt** (London Business School) presented a model of *protest voting*. He analyzes the complicated decision of voters who want a particular candidate in power but at the same time may want to show their dissatisfaction with this candidate on some particular dimension. In this case the voter may (optimally) decide to cast a protest vote *against* his preferred candidate or party. Moreover, and somewhat paradoxically, an increase in a candidate's popularity can lead to even more protest voting, enough to significantly damage the candidate's electoral results. **Alastair Smith** (New York University) analyzed the opposite but equally complicated decision of voters who decide to vote for a party or candidate even when they do not actually favor the party. The reason is that even if they do not agree in terms of ideology with the party, they can be bought off with campaign promises that have direct economic value, so voting for them becomes rewarding. The model obtains interesting results because it allows voters to be pivotal in different ways: for electoral public policy outcomes, and for promised *prizes* that offer private economic benefits.

The second part of the third session started with **Pedro Dal Bó** (Brown University) investigating whether voters may naively demand policies even when such policies lead to worse outcomes. Some policy-related issues are very complex, and outcomes depend ultimately on unintuitive equilibrium effects. If a voter has little experience or perhaps incorrect expectations about the equilibrium effects, they will fail to understand how these policies will affect the outcome. He offered some experimental data that demonstrates that this is not just a theoretical anomaly, but has some empirical basis. The final speaker was **Pietro Ortoleva** (Caltech), whose research investigates the effects of individuals' overconfidence on their political behavior and attitudes. When voters receive multiple and biased signals, they end up with too much confidence over their information (over precision). These overconfidence effects take many forms, and can help explain a variety of political phenomena, including higher voter turnout than standard theory predicts, and the correlation between ideological extremism and various voter correlates, such as education, age, and income.

Organizers

Enriqueta Aragonès

Enriqueta Aragonès is a research professor at the Institute for Economic Analysis (IAE-CSIC) and an affiliated professor of the Barcelona Graduate School of Economics. Previously she was associate professor in the Department of Economics at Pompeu Fabra University. She received an MA in Economics from the UAB and a PhD in Managerial Economics from Kellogg Graduate School of Management, Northwestern University. Her main research focuses on political economics. Her current projects include electoral competition with an advantaged candidate,

the selection of issues to be debated during electoral campaigns, the formation of governments in parliamentary democracies. Her research has been published in various journals including *Journal of Economic Theory*, *Games and Economic Behavior*, *American Economic Review*, and *American Political Science Review*.

Andrea Mattozzi

Andrea Mattozzi is Professor of Microeconomics at the European University Institute. Previously, he held positions at Universidad Autónoma de Barcelona and the California Institute of Technology. He received his PhD in Economics from the University of Pennsylvania. His main research interests lie in political economy, applied microeconomics and public economics. He has published articles on the effects of political uncertainty on the adoption of redistribution policies, the selection of politicians under alternative electoral systems, the role of social learning in political games, and the effects of participation requirements in popular referenda. He has published in international journals such as *American Economic Journal: Microeconomics*, *Journal of the European Economic Association*, *International Economic Review*, *Games and Economic Behavior*, *Journal of Public Economics*, and *Journal of Politics*.

Thomas Palfrey

Thomas R. Palfrey is the Flintridge Foundation Professor of Economics and Political Science at the California Institute of Technology (Caltech) in Pasadena, California. Previously, he has held faculty positions at Princeton University, and Carnegie-Mellon University. He received his MA in Political Science from the University of Michigan and his PhD in Social Sciences from Caltech. Currently, he is editor of *Games and Economic Behavior*, and a member of the editorial boards of *American Economic Journal: Microeconomics*, *Review of Economic Design*, *Experimental Economics*, *NAJ Economics*, and *Political Analysis*. His research topics include: economic theory, formal political theory, game theory, voting and elections, mechanism design, public economics, political economy, experimental economics, and political science. His research has been published in top journals including *Econometrica*, *American Economic Review*, *Journal of Political Economy*, *American Political Science Review*, and *Review of Economic Studies*. He was elected a fellow of the Econometric Society in 1995 and a fellow of the American Academy of Arts and Sciences in 2008.