

*CesIfo Lecture Series*

**Information Aggregation in Elections and Legislative Bargaining-**

**Two Topics in Political Economy**

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## Course Outline:

This lecture series will give insight into two areas of political economy: information aggregation in elections, and legislative bargaining.

In the first lecture, we will look at the previous literature on strategic voting in large 2-candidate elections, in which a majority of voters has common preferences, but imprecise information about the candidates. We will see that efficient information aggregation (the elected candidate is the same as it would be, if all information were public) is possible, if preferences are not too different. In the second lecture, this result is challenged in a 3-candidate setting.

In the third lecture, the topic is legislative bargaining. We will briefly discuss the two most prominent legislative bargaining models in the literature, alternating offers and demand bargaining. Those come to different conclusion with respect to the distribution of benefits. We will then investigate a demand-bargaining model with a distributive and an ideological policy and see that legislators often have an incentive to settle these issues independently (rather than packaged in one bill), despite the fact that this is typically considered to be inefficient.

Not all of the papers will be addressed in the lecture series, nor is the reading list exhaustive by any means. It should be seen as a reference list from which to start exploring the specific area.

## Lecture 1:

### Information Aggregation in Elections – Strategic Voting

Condorcet, Marquis de, 1785, *Essay on the Application of Analysis to the Probability of Majority Decisions*.

Ladha, K. K., 1992, *The Condorcet Jury Theorem, Free Speech, and Correlated Votes*, *American Journal of Political Science* 36(3): 617-34.

Austen-Smith, D., and J. Banks, 1996, *Information Aggregation, Rationality, and the Condorcet Jury Theorem*, *American Political Science Review* 90(1): 34-45.

Feddersen, T.J., and W. Pesendorfer, 1998, *Convicting the Innocent: The Inferiority of Unanimous Jury Verdicts under Strategic Voting*, *American Political Science Review* 92(1): 23-35.

## Information Aggregation in Large Elections

Feddersen, T.J., and W. Pesendorfer, 1996, The Swing Voter's Curse, *American Economic Review* 86(3): 408-24.

Feddersen, T.J., and W. Pesendorfer, 1999, Elections, Information Aggregation, and Strategic Voting, *Proceedings of the National Academy of Sciences of the United States of America* 96(19): 10572-74.

Feddersen, T.J., and W. Pesendorfer, 1997, Voting Behavior and Information Aggregation in Elections with Private Information, *Econometrica* 65(5): 1029-58.

Feddersen, T.J., and W. Pesendorfer, 1999, Abstention in Elections with Asymmetric Information and Diverse Preferences, *The American Political Science Review* 93(2): 381-98.

Myerson, R., 1998, Extended Poisson Games and the Condorcet Jury Theorem, *Games and Economic Behavior* 25: 111-31.

Bouton, L., and M. Castanheira, 2008, One Person, Many Votes: Divided Majority and Information Aggregation, CEPR Discussion Paper 6695.

Bhattacharya, S., 2007, Preference Reversal and Information Aggregation in Elections, working paper.

## Lecture 2: Large Elections with 3 Candidates

Myerson, R., 2000, Large Poisson Games, *Journal of Economic Theory* 94: 7-45.

Goertz, J., and F. Maniquet, 2009, On the Informational Efficiency of Simple Scoring Rules, CORE Discussion Paper 2009026.

## Lecture 3: Legislative Bargaining

Baron, D. P., and J.A. Ferejohn, 1989, Bargaining in Legislatures, *American Political Science Review* 83 (December): 1181-1206.

Banks, J., and J. Duggan, 2000, A bargaining model of collective choice, *The American Political Science Review* 94 (1): 73-88.

- Banks, J., and J. Duggan, 2006, A General Bargaining Model of Legislative Policy Making, *Quarterly Journal of Political Science* 1:49-85.
- Morelli, Massimo, 1999, Demand Competition and Policy Compromise in Legislative Bargaining, *American Political Science Review* 93 (4): 809-820.
- Austen-Smith, D., and J. Banks, 1988, Elections, Coalitions, and Legislative Outcomes, *American Political Science Review* 82 (June): 405-22.
- Goertz, J., 2010, Omnibus or Not: Package Bills and Single-Issue Bills in a Legislative Bargaining Game, working paper.
- Leblanc, W, J.M. Snyder, and M. Tripathi, 2000, Majority-Rule Bargaining and the Under-Provision of Public Investment Goods, *Journal of Public Economics* 75: 21-47.
- In, Y., and R. Serrano, 2004, Agenda Restrictions in Multi-Issue Legislative Bargaining, *Journal of Economic Behavior and Organization* 53: 385-99.
- Volden, C., and A. E. Wiseman, 2006, Bargaining in Legislatures over Particularistic and Collective Goods, *American Political Science Review* 101 (1): 79-92.
- Frechette, G.R., J. H. Kagel, and M. Morelli, 2005, Behavioral identification in coalitional bargaining: An experimental analysis of demand bargaining and alternating offers, *Econometrica* 73 (6): 1893-1938.
- Jackson, M.O., and B. Moselle, 2002, Coalition and Party Formation in a Legislative Voting Game, *Journal of Economic Theory* 103: 49-87.
- Kalandrakis, T., 2006, Proposal Rights and Political Power, *The American Journal of Political Science* 50(2): 441-48.
- Snyder, J.M., M.M. Ting, and S. Ansolabehere, 2005, Legislative Bargaining under Weighted Voting, *American Economic Review* 95(4):981-1004.