

9.2

Majority Voting: When It Works

- There are three types of voters in a town: *parents*, *elders*, and *young couples without children*.
- They have different preferences over the level of school spending (high, medium, or low).

	Parents (33.3%)	Elders (33.3%)	Young Couples (33.3%)
First choice	<i>H</i>	<i>L</i>	<i>M</i>
Second choice	<i>M</i>	<i>M</i>	<i>L</i>
Third choice	<i>L</i>	<i>H</i>	<i>H</i>

9.2

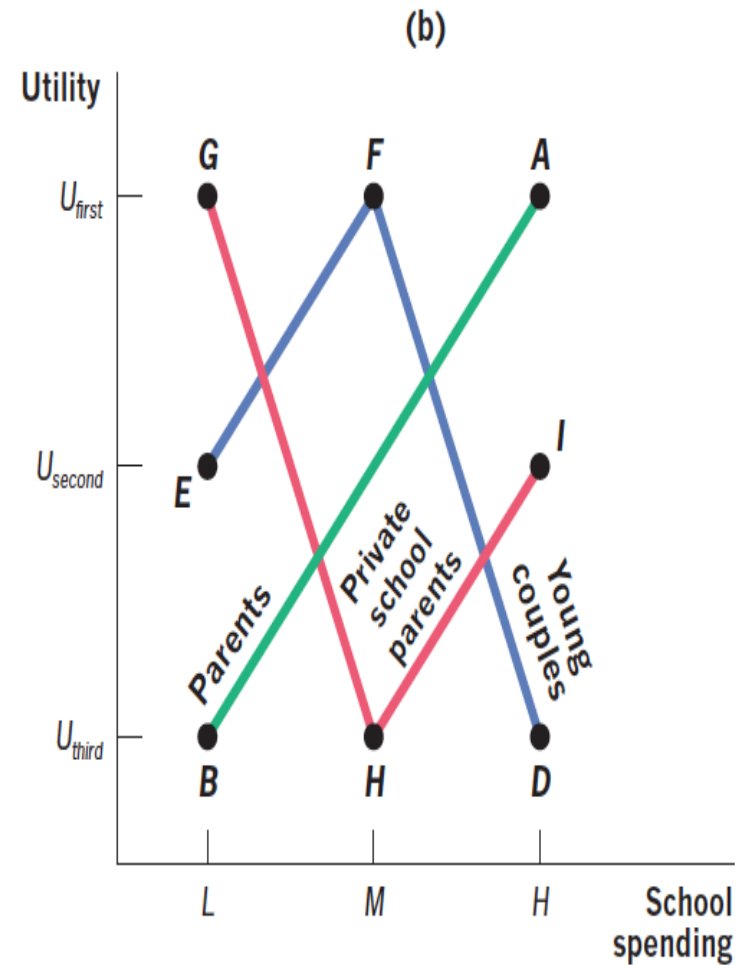
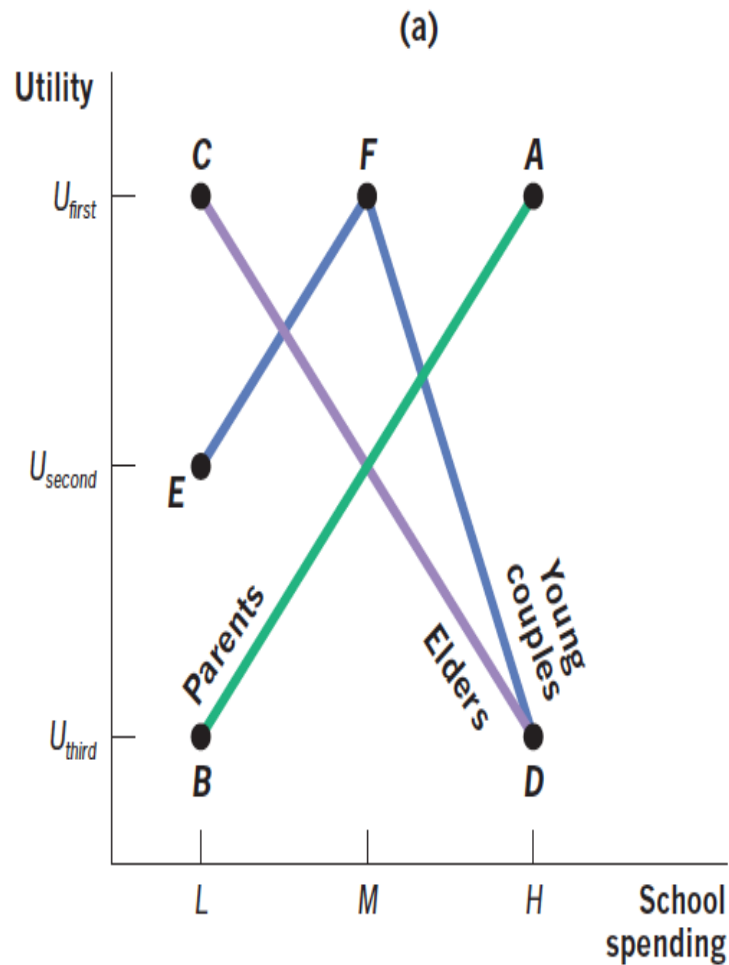
Majority Voting: When It Doesn't Work

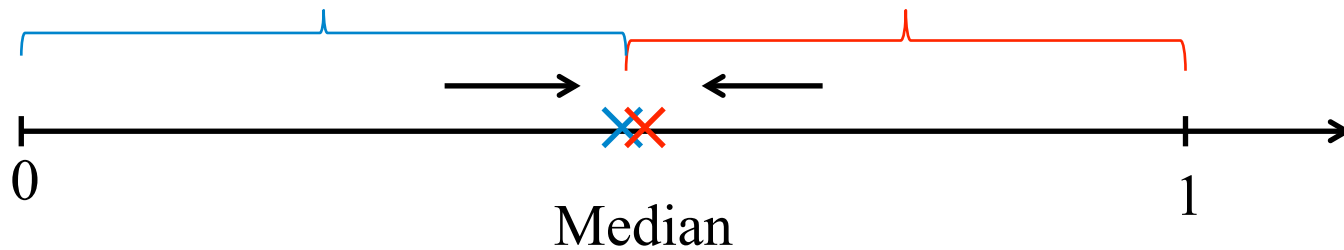
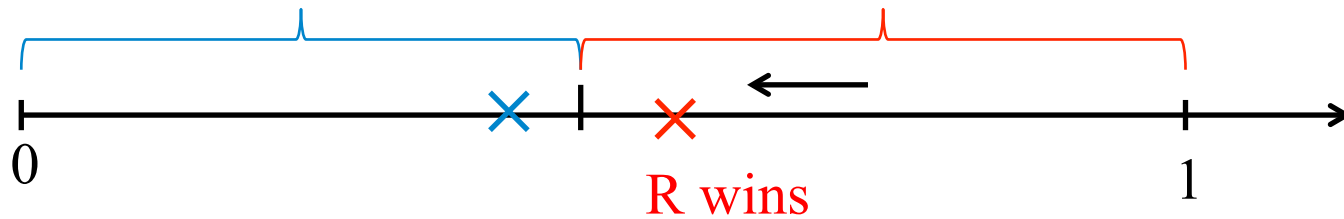
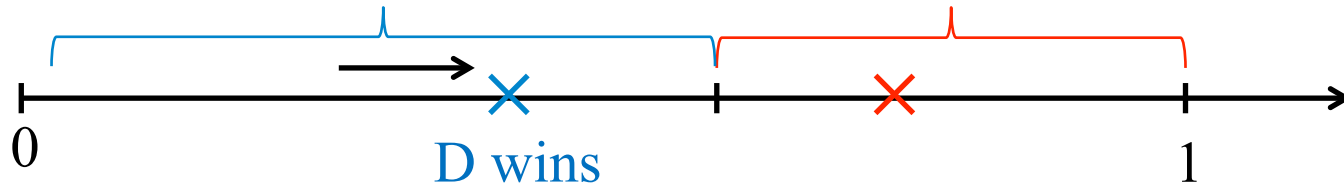
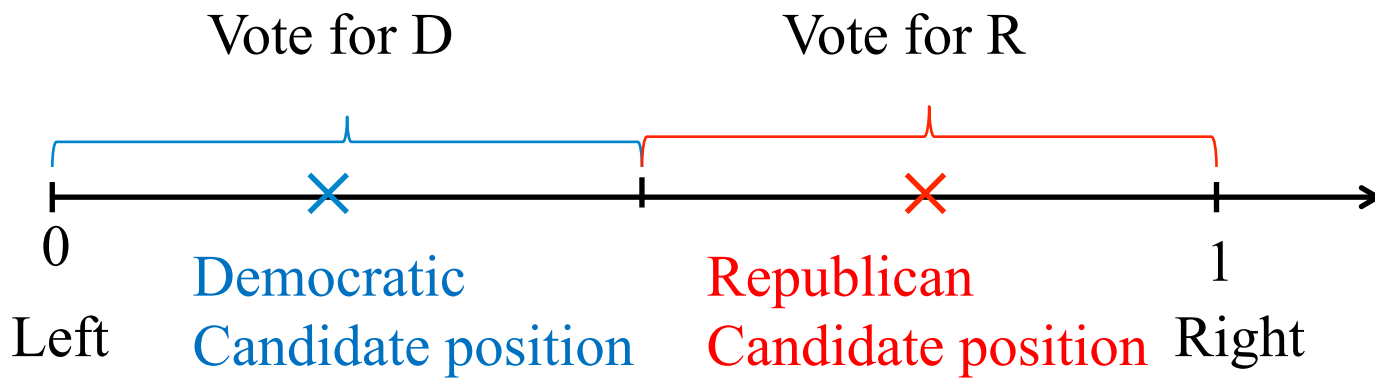
- **Cycling:** When majority voting does not deliver a consistent aggregation of individual preferences.

	Public school parents (33.3%)	Private school parents (33.3%)	Young Couples (33.3%)
First choice	<i>H</i>	<i>L</i>	<i>M</i>
Second choice	<i>M</i>	<i>H</i>	<i>L</i>
Third choice	<i>L</i>	<i>M</i>	<i>H</i>

9.2

Single-Peaked versus Non-Single-Peaked Preferences





Both candidates positions converge to median

APPLICATION: Farm Policy in the United States

- The farming sector receives \$23 billion in support from the federal government each year in two forms:
 - *Direct subsidy* payments (\$11 billion)
 - *Price supports* (\$12 billion)
- The average farmer receives more than \$10,000/year in support.
- The average American *pays* more than \$200/year for this.

APPLICATION: Farm Policy in the United States

Why do American families pay such large costs to support the farm sector?

- One answer: This helps preserve the “family farm.”
 - But most support goes to large farms, and other countries have farming without subsidies.
- More likely answer: free rider problems.
 - Farmers have a strong incentive to support a farm lobby (\$10,000/year).
 - Non-farmers have little reason to oppose.

9.4

APPLICATION: Contracting Out with Non-Competitive Bidding

Contracting out often takes place without a competitive bidding process.

- Since early 2000s, Wackenhutt Corporation has been the primary security contractor at U.S. weapons plants.
 - Wackenhutt cheated during safety tests, so the inspector general reported the results were “tainted and unreliable.”
 - Hired by the Nuclear Energy Institute in 2004.

APPLICATION: Contracting Out with Non-Competitive Bidding

- In 2003 and 2004, DHB industries won hundreds of millions of dollars of contracts to supply body armor to troops in Iraq.
 - But in 2002, DHB had to return 6,400 defective vests to the NYPD.
 - In 2003, workers accused DHB of sloppy quality control.
 - 23,000 vests were recalled from Iraq.

APPLICATION: Contracting Out with Non-Competitive Bidding

- Since 2005, the Pentagon awarded more than \$50 million of contracts to Applied Energetics.
 - Wanted solutions to combat improvised explosive devices.
 - Applied Energetics continued to receive funding after failed test.
 - Rival company Xtreme Alternative Defense System, with successful anti-IED technology, has received only \$1.5 million.

APPLICATION: Government Corruption

- In 2003, former Illinois governor George Ryan indicted for corruption.
 - Sold state contracts in exchange for cash, gifts, loans and trips for his family.
- Replaced by Rod Blagojevich, who campaigned as a reformer.
- In 2008, Blagojevich was arrested on federal corruption charges.
 - Tried to sell Obama's Senate seat and pressured Tribute Company to fire critical journalists.

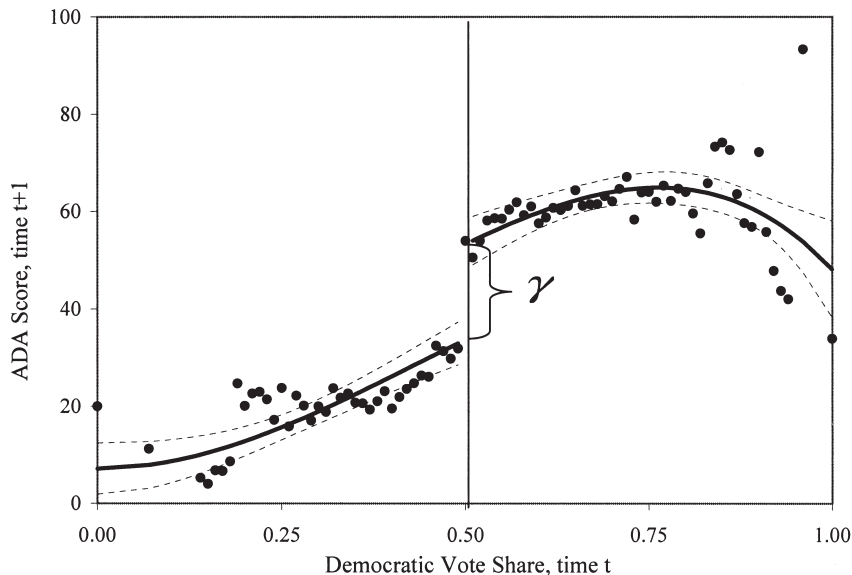


FIGURE I

Total Effect of Initial Win on Future ADA Scores: γ

This figure plots ADA scores after the election at time $t + 1$ against the Democrat vote share, time t . Each circle is the average ADA score within 0.01 intervals of the Democrat vote share. Solid lines are fitted values from fourth-order polynomial regressions on either side of the discontinuity. Dotted lines are pointwise 95 percent confidence intervals. The discontinuity gap estimates

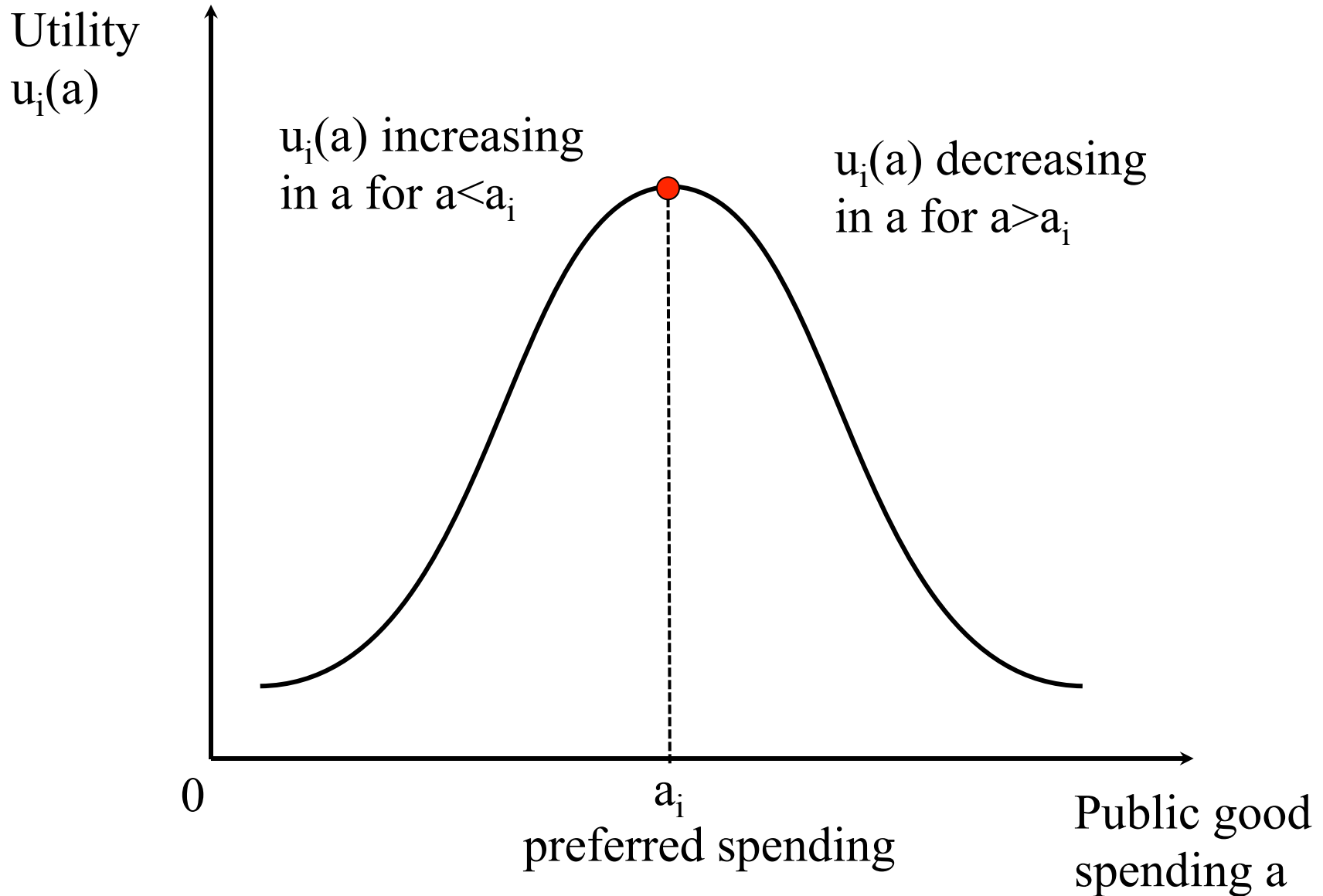
$$\gamma = \underbrace{\pi_0(D_{t+1}^{*D} - P_{t+1}^{*R})}_{\text{"Affect"}} + \underbrace{\pi_1(P_{t+1}^{*D} - P_{t+1}^{*R})}_{\text{"Elect"}}.$$

Source: Lee, Moretti, Butler

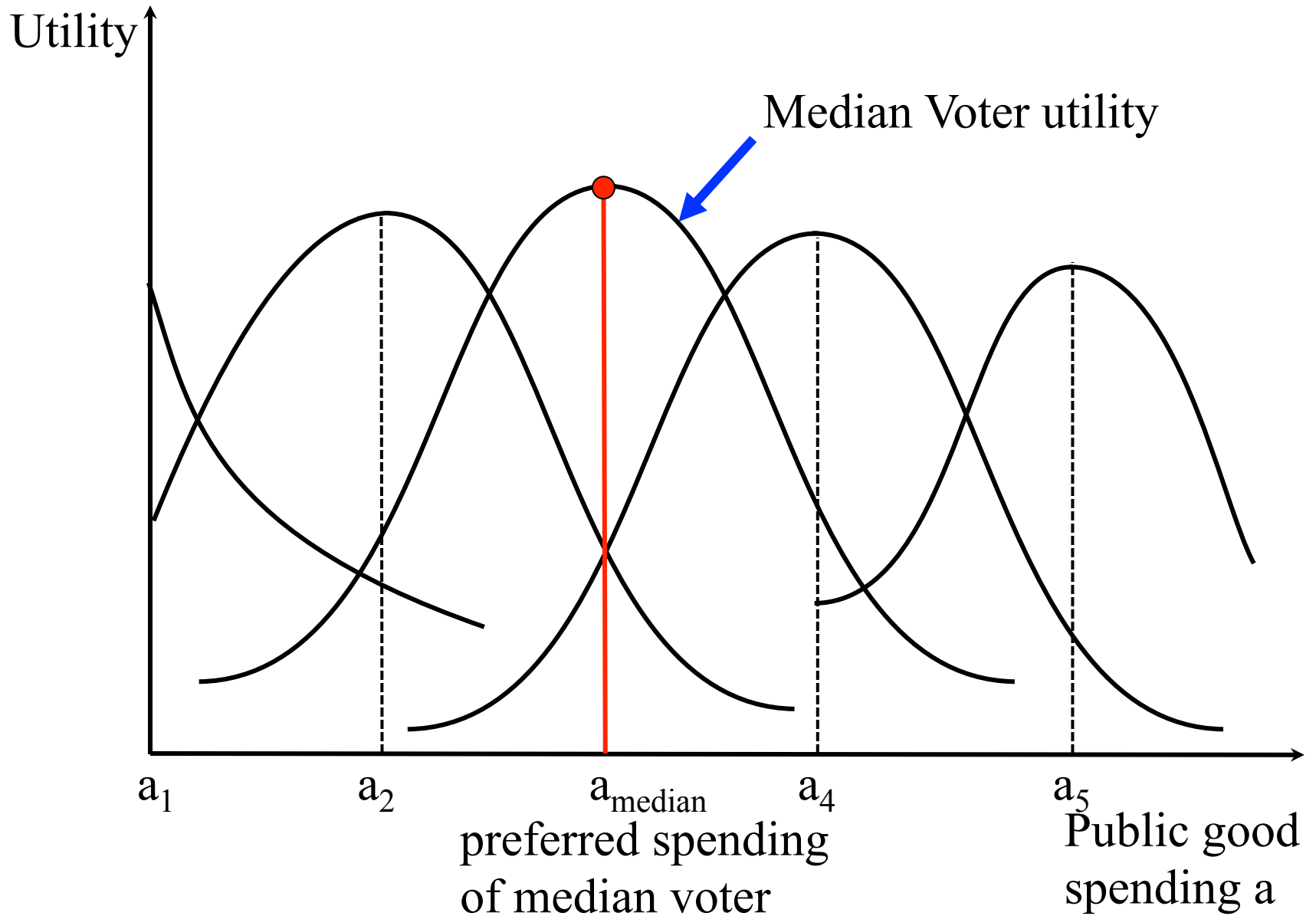
"Affect"

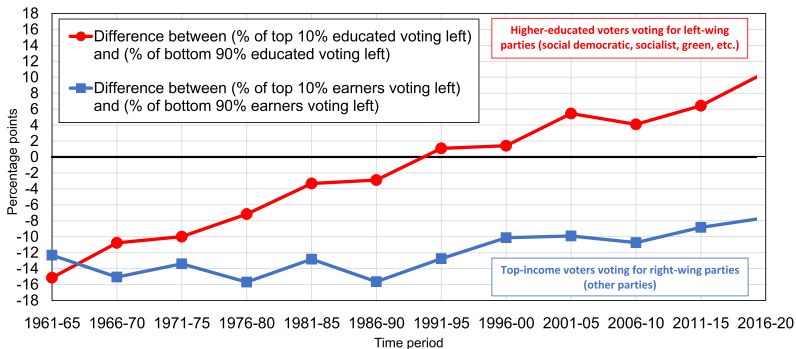
"Elect"

Single Peaked Preferences



Median Voter Theorem





Source: Guethin, Piketty, Toledano 2022

FIGURE I

The Disconnection of Income and Education Cleavages in Western Democracies

In the 1960s, higher-educated and high-income voters were less likely to vote for left-wing (social democratic/socialist/communist/green/other left-wing) parties than were lower-educated and low-income voters by more than 10 percentage points. The left vote has gradually become associated with higher education voters, giving rising to a complete divergence of the effects of income and education on the vote. Figures correspond to five-year averages for Australia, Britain, Canada, Denmark, France, Germany, Italy, the Netherlands, Norway, Sweden, Switzerland, and the United States. Estimates control for income/education, age, gender, religion, church attendance, rural/urban, region, race/ethnicity, employment status, and marital status (in country-years for which these variables are available). Data from World Political Cleavages and Inequality Database.