

COST Action IC1205 on Computational Social Choice: STSM Report

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Dates: 24/09/2015 to 01/10/2015

Purposes of the STSM: Composing an empirical working paper and formalizing a theoretical framework in which we could relay our findings and the intuition of the hypothesis of the research project. We believe that a theoretical foundation of our hypothesis lifts up our research to the next natural stage and therefore complement the empirical evidence we find.

Description of the work carried out: We have finished a first draft of an empirical investigation of the economic effects of majoritarian rule titled "Do Majoritarian Rules favour bigger sectors in the Economy?". The electoral rules are thought to promote strategic behaviour that differs from one or another kind of electoral formula. We assume that the main goal of politicians is to win the re-election. In this paper we conjecture that politicians under majoritarian rules cater the benefits of those industries sufficiently big. Our results shed light on a negative effect of majoritarian rules on sectoral output growth rates. However, we let this effect to hinge on the number of employees that each industry gathers. We find that this conditional relationship yields a growth-enhancing effect of majoritarian rules on industries that employ a substantial number of employees. During this STSM, we have also discovered other interesting patterns in our data. The size of the territory of the countries seems to alter the main patten that we find. Concerned about this, we offer different explanations for this to happen. This mimeo includes the main techniques of panel data econometrics and different specifications that generally point to a growth-diminishing effect of majoritarian rules on relatively small sectors, but a growth-enhancing effect on relatively big sectors.

In the current stage of this research we are working on a theoretical model with micro-foundations of the effects of electoral rules on the political and economic decision-making and the strategic behaviour of politicians.

Other comments: To make the most of this STSM, I attended some of the seminars of the Institute for Advanced Study Toulouse and the Toulouse School of Economics that took place during the days of the visit, which had a highly related nature with this investigation.