

Economics 155: Economics of Voting and Public Choice

Syllabus and Reading List

This course examines economic theories of public choice. Included are analyses of majority rule and other voting schemes, Arrow's Impossibility theorem, and strategic behavior in voting. Economic models of collective choice are also explored. Models of exchange and markets are analyzed as collective choice procedures. The efficiency of markets in the presence of externalities and public goods is examined. Mechanisms for the efficient allocation of public goods are discussed. The implications of theories of fairness and justice for resource allocation are explored. The course is theoretical and analytical. There is extensive use of formal models and mathematical reasoning. While advanced mathematics is not required, a facility with mathematical proofs and logical analysis is necessary. An intermediate microeconomic theory course covering general equilibrium and welfare economics is a prerequisite.



Texts:

Feldman, Allan M., **Welfare Economics and Social Choice Theory** Kluwer Nijhoff, 1980

- Arrow, Kenneth J., **Social Choice and Individual Values. 2nd Edition** Yale University Press, 1963 (recommended)

Note: The Feldman text is out-of-print, but I have a number of copies that will be put on reserve in the library. Additionally, selected sections of the text will be made available in class and possibly on-line (if I get my scanner working properly!).



Examinations and Assignments:

There will be a midterm exam in class on Thursday, February 6, 2003 and a final on Wednesday, March 19, 2003 from 11:30 - 2:30. In addition an occasional homework assignment -- a short essay or several problems -- will be given. Your grade will be based on a weighted average of the two exams and the homework. The final will receive approximately 60%, the midterm approximately 30%, and the homework approximately 10% of the weight.



Office Hours:

My office hours for this course will be on Wednesday, 10:30 - 11:30 a.m. and also by appointment. My office is room 317 of the Economics building. I can also be reached by electronic mail at my UCSD e-mail address, tgroves@ucsd.edu, to ask questions, set up an appointment, and the like. I strongly encourage you to make use of this way of communicating with me.



Topics and Reading Assignments:

- **0. Introduction**

- **A. Individual vs. Collective Choice**

- A. Feldman, Introduction & Chapter 1
 - K. Arrow, Chapter 2

- **I. Pure Voting Models of Public Choice**

- **A. Majority Voting**

- A. Feldman, Chapter 9

- **B. Paradoxes of Voting and Impossibility Theorems**

- A. Feldman, Chapter 10
 - K. Arrow, Chapters 3, 5, 6, 8 (optional)

- **C. Strategic Behavior**

- A. Feldman, Chapter 11

- **Here are websites for some interesting examples of voting systems:**

- **Oscars:** <http://www.fairvote.org/oscars/>
 - **National Society of Film Critics Awards:** <http://www.goldderby.com/NSFC/index.asp>
 - **Australian Electoral Systems (Official Site):**
http://www.eca.gov.au/systems/proportional/proportion_rep.htm (Proportional Representation Voting Systems)
http://www.eca.gov.au/systems/single/by_category/preferential.htm (Preferential Voting in Single Member Electorates)
 - **Australian Electoral System (A non-official site):**
<http://www.churchandnation.pcns.org.au/page105.html> (How to Use the Preferential Voting System)

- **II. Economic Models of Collective Choice**

- **A. Models of Exchange and Markets**

- A. Feldman, Chapters 2 & 3

- **B. Social Optimality and Externalities**

- A. Feldman, Chapters 4 & 5

- **C. Public Goods and Efficient Mechanisms**

- A. Feldman, Chapter 6
 - P. Samuelson, "The Pure Theory of Public Expenditure" *The Review of Economics and Statistics* 1954, pp. 387-389
 - T. Groves, "Efficient Collective Choice when Compensation is Possible" *The Review of Economic Studies* 1979, pp. 227-241

o **D. Compensation Criteria**

▪ **A. Feldman. Chapter 7**

▪ **A. Feldman, Chapter 8**

- **Final Exam: March 19, Wednesday, 11:30 a.m. - 2:30 p.m.**

