3.4 — Politicians

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Ryan Safner

Assistant Professor of Economics

✈ safner@hood.edu

⌨ [ryansafner/publicS22](https://github.com/ryansafner/publicS22)

🌐 publicS22.classes.ryansafner.com

Major Players in a Liberal Democracy

- **Voters** express preferences through elections

- **Special interest groups** provide additional information and advocacy for lawmaking

- **Politicians** create laws reflecting voter and interest group preferences

- **Bureaucrats** implement laws according to goals set by politicians

- **Judges** interpret laws to settle individual disputes

Politicians in a Liberal Democracy

Politicians in a Liberal Democracy

Politicians in a Liberal Democracy

- **Politicians** create laws reflecting voter and interest gorup preferences

- The politician's problem:

1. **Choose: < a platform >**

2. **In order to maximize: < votes >**

3. **Subject to: < being re/elected >**

How to Model Legislators and Legislation

- How do legislators choose which policies (or bills) to support?

  - What voters want
  - What special interests want
  - What the politican honestly believes

- How do legislators interact with each other to produce policy?

- How do institutions affect legislative outcomes?

Politician's Incentives: Who's Interests To Represent?
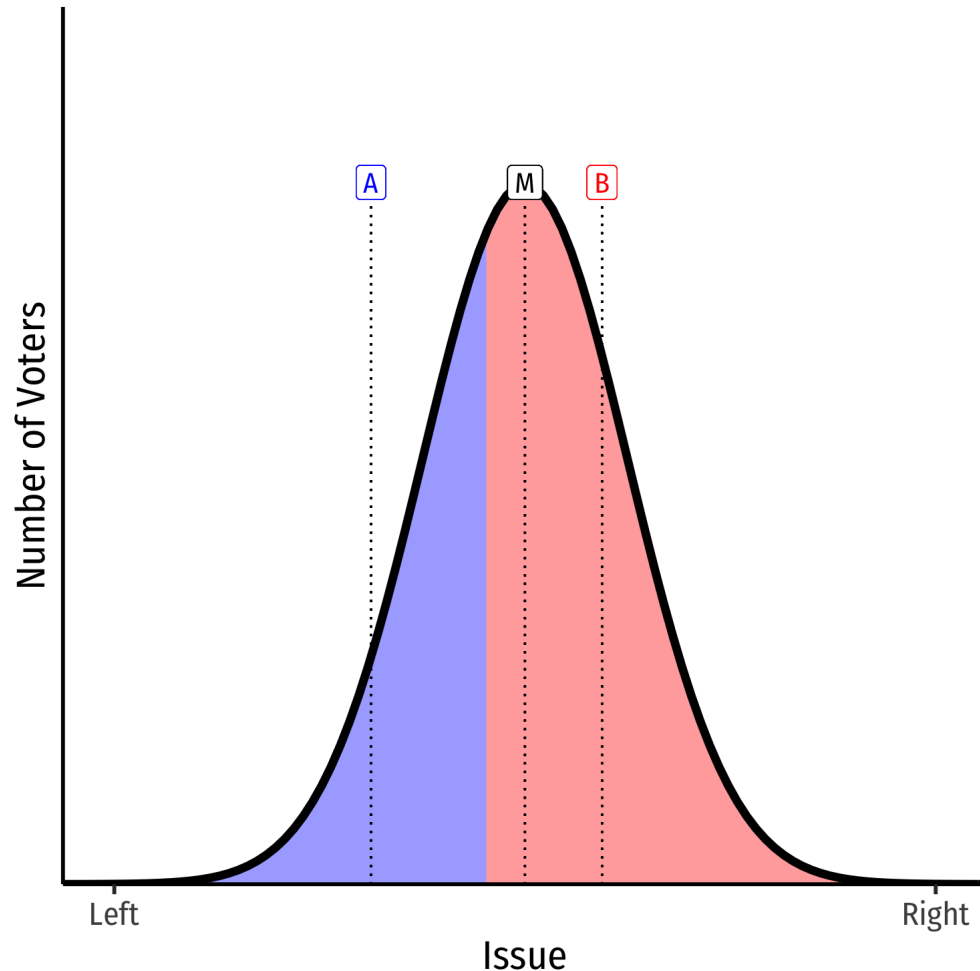
- Recall the **Median Voter Theorem**: politicians are trying to get close to what they believe the median voter wants

- Politicians may have their own honest convictions about issues

- Tradeoff: honest convictions vs. winning (adopting median voter's preferences)

  - Leslie Knope/Josiah Bartlet vs. Frank Underwood
  - **Only winners get to enact their policies!**

Politician's Incentives: Who's Interests To Represent?
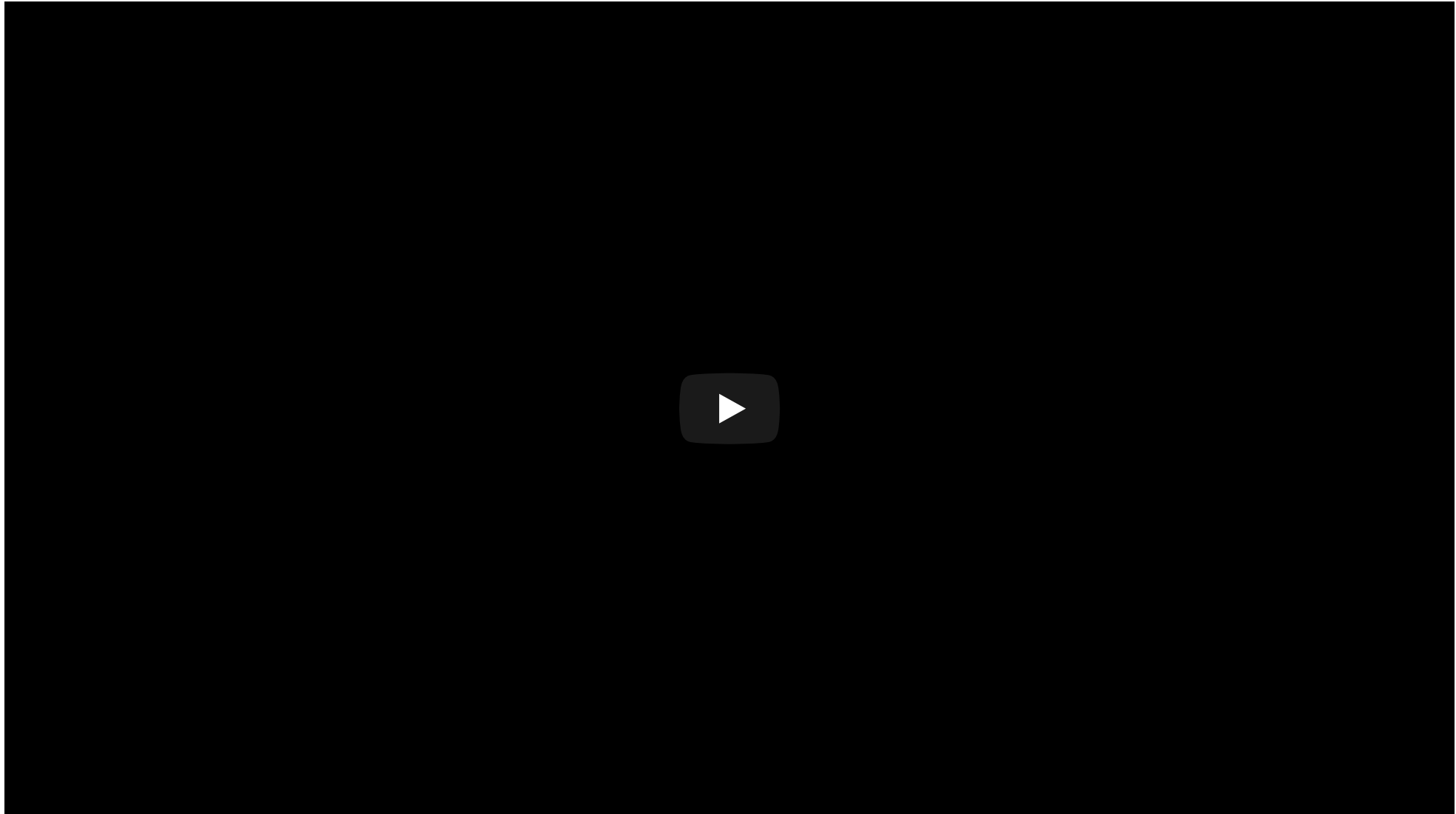
# Politician's Incentives: Who's Interests To Represent?

- Rationally ignorant voters pay little attention to actual substance or policy-making; more to TV-friendly spectacles

- Big speeches, ribbon cutting ceremonies, attack ads on rivals, etc

- Platforms more about broad platitudes than substance "family values," "tough on crime," "change," "drain the swamp" etc.
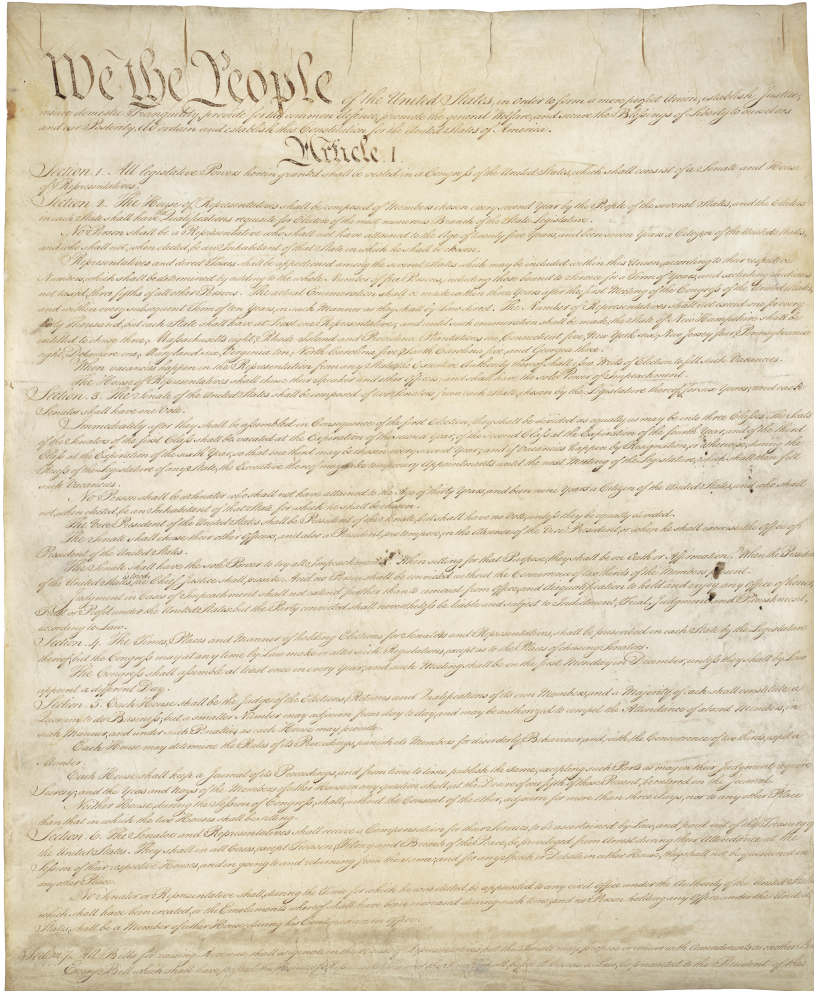
Politician's Incentives
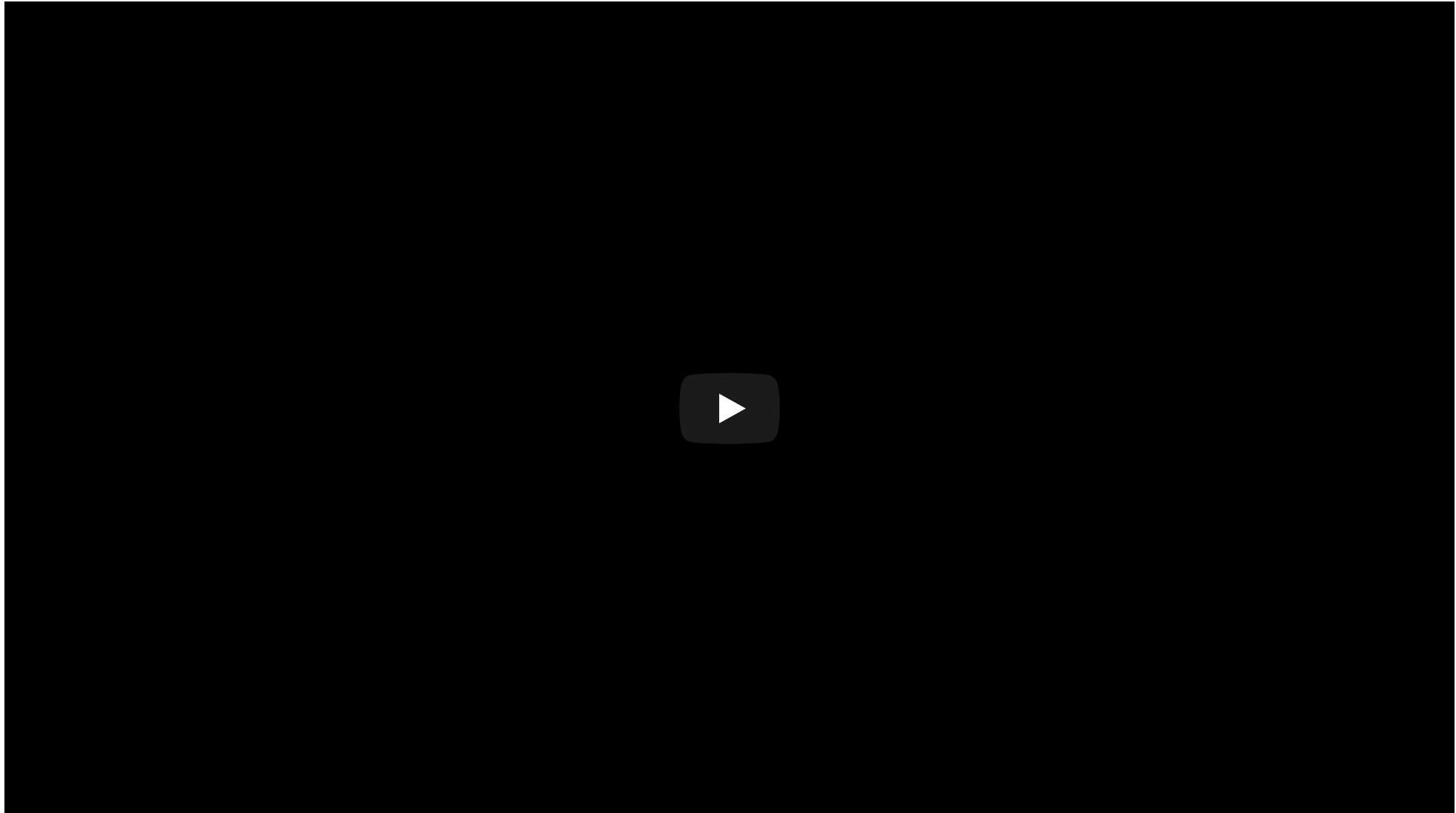
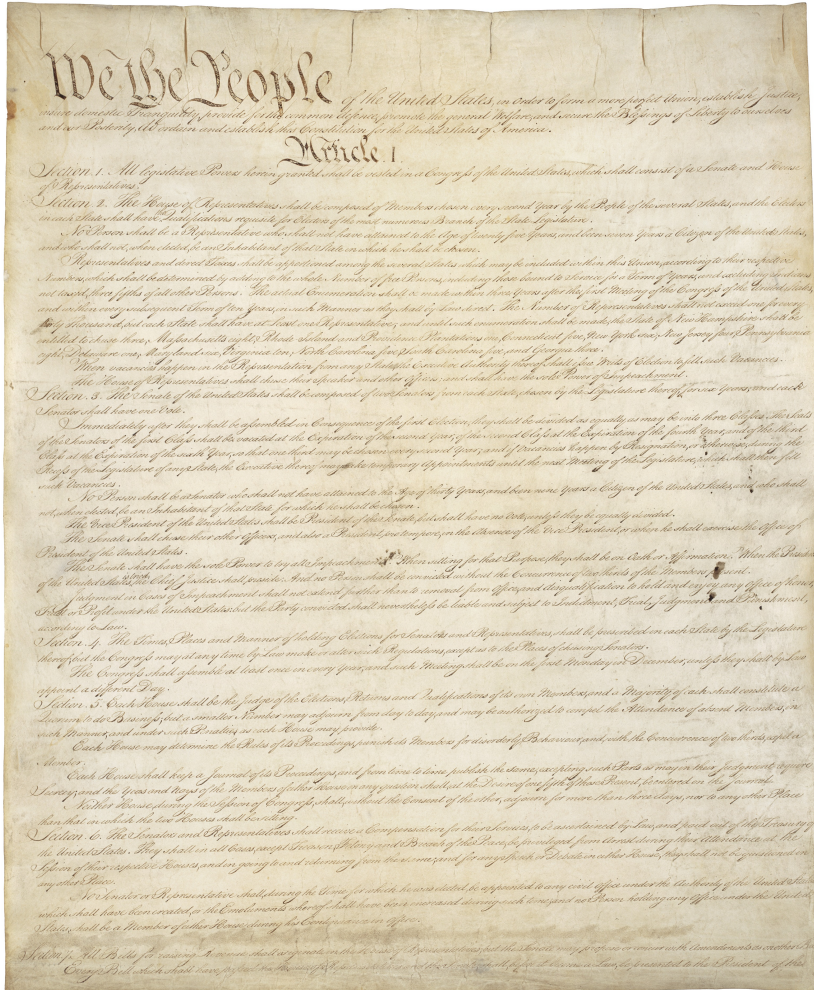# The Industrial Organization of Congress

The Constitutional Framework

U.S. House of Representatives:

- Direct election of *all* representatives every 2 years

- All revenue (tax) bills must start in the House

- House votes for President in event of an electoral college tie, has power to impeach

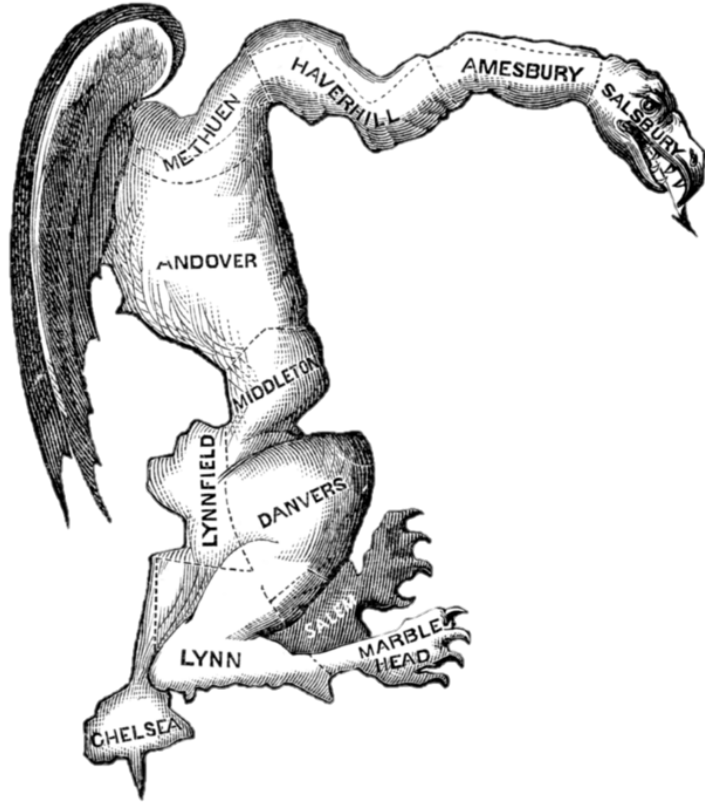See U.S. Constitution, Article I

The Constitutional Framework

U.S. House of Representatives:

- One rep. for each district (of 435), allocated to the 50 States according to population (decennial U.S. Census)

- The House at the time has the power to redraw districts

- Benefit of cleverly drawing districts: keep incumbent politicians from competing with one another!

- Like a market cartel: more profitable for firms to not compete with one another and agree to have exclusive territories

Gerrymandering: When Politicians Choose Voters

MA Governor Elbridge Gerry redrew districts in 1812 to benefit his party

- **"Gerrymandering"**: drawing districts for political benefits

- Has been used to both dilute and strengthen the power of political minorities

- Also used to create "safe seats" for incumbents

See U.S. Constitution, Article I

Gerrymandering: When Politicians Choose Voters

Modern Gerrymanders

These newly drawn congressional districts are among the most contorted in the nation. In some places, their appendages are not much wider than a highway.

Florida 14th — St. Petersburg, Tampa — 10 mi

Illinois 4th — Chicago — 10 mi

Illinois 7th — Chicago — 10 mi

Maryland 2nd — Baltimore — 10 mi

Maryland 3rd — Baltimore — 10 mi

North Carolina 1st — Raleigh — 10 mi

North Carolina 12th — Winston-Salem, Charlotte — 10 mi

Ohio 9th — Toledo, Cleveland — 10 mi

Pennsylvania 7th — Philadelphia — 10 mi

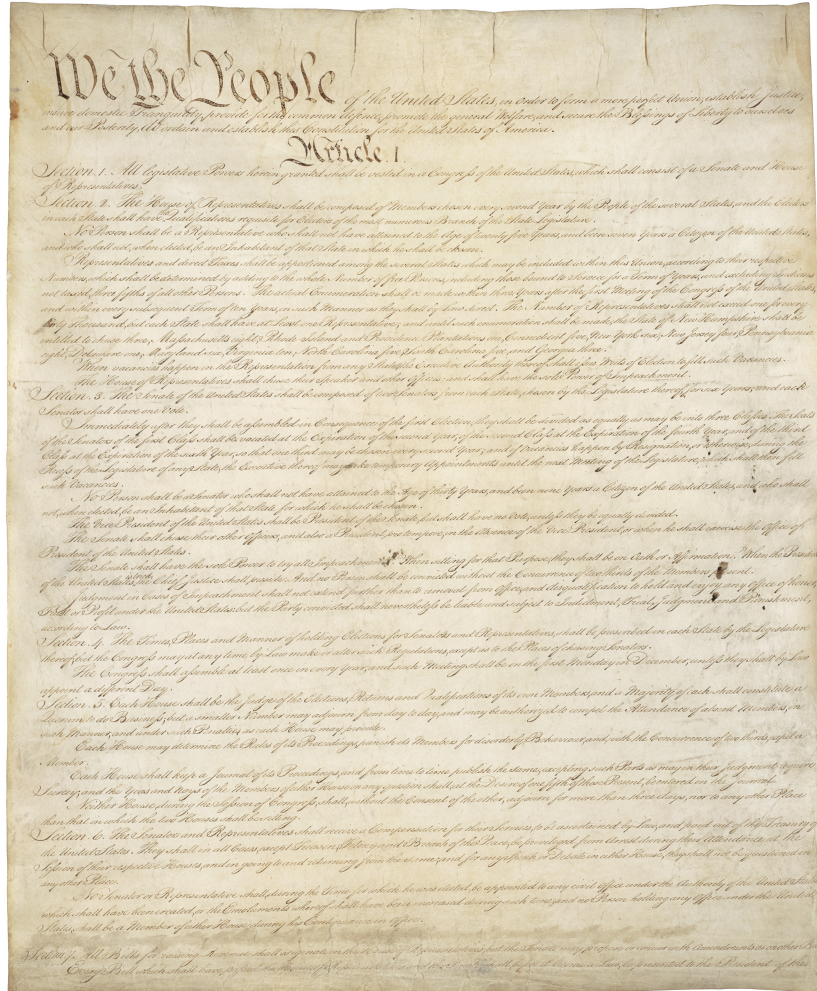Texas 35th — Austin, San Antonio — 10 mi

Graphic by: PETER BELL

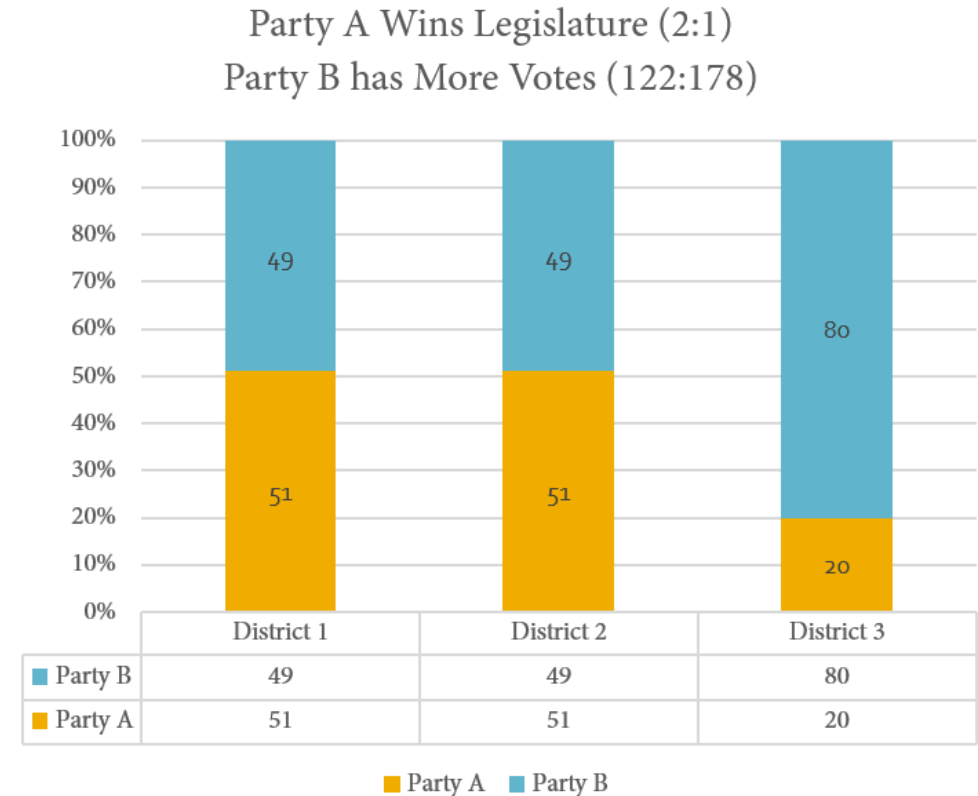Source: State redistricting officials

The Constitutional Framework

U.S. Senate:

- Each U.S. State gets 2 senators

- Originally appointed by State legislatures, 17th amendment (1913) changed to direct at-large election

- Each term is 6 years, and staggered elections so $\frac{1}{3}$ of the Senate is elected every 2 years

- President's federal appointments must obtain "advice and consent" of the Senate

- Votes to convict in impeachment trials

Recall: District Voting

- Election to Congress involves (1) aggregating individual votes in State (**districts**) and then (2) taking the majority vote of those districts

- Party winning most seats not necessarily the party that wins the most votes

- **Example**: in 2012, Democrats in the U.S. House of Representatives earned 50.59% of the popular vote but only attained 46.21% of the seats

Party A Wins Legislature (2:1)
Party B has More Votes (122:178)

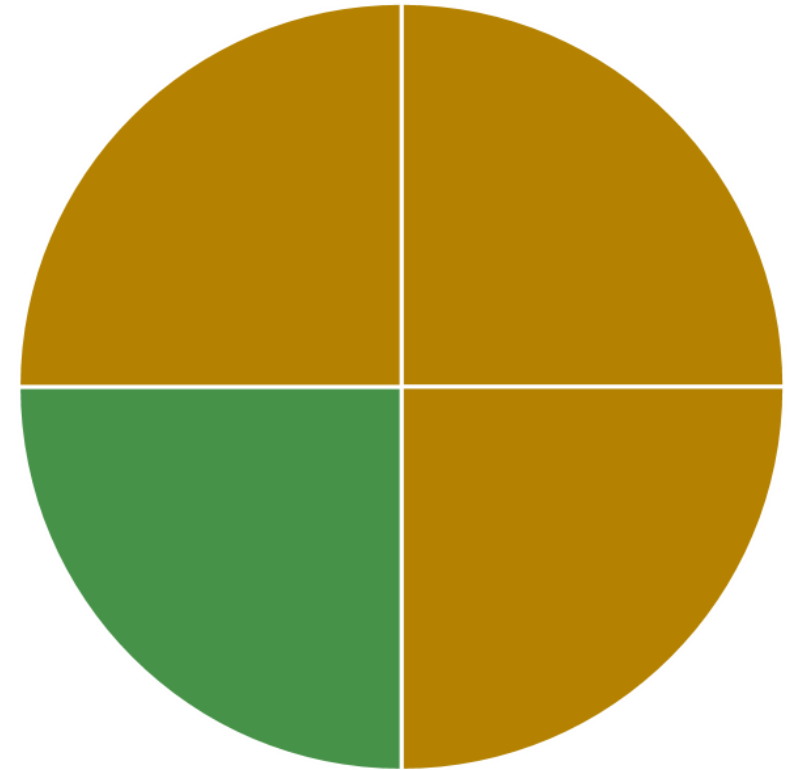|	District 1	District 2	District 3
Party B	49	49	80
Party A	51	51	20

Party A   Party B

More on District Voting

- For House races, each State is split into n districts, each electing their own rep.

  - Senate: State is one "at-large" district

- Suppose within a State $\frac{3}{4}$ of voters like Yellow party and $\frac{1}{4}$ like Green party

- Suppose the State has 4 districts, and each district elects a Member

  - State sends 3 Yellows, 1 Green to Congress
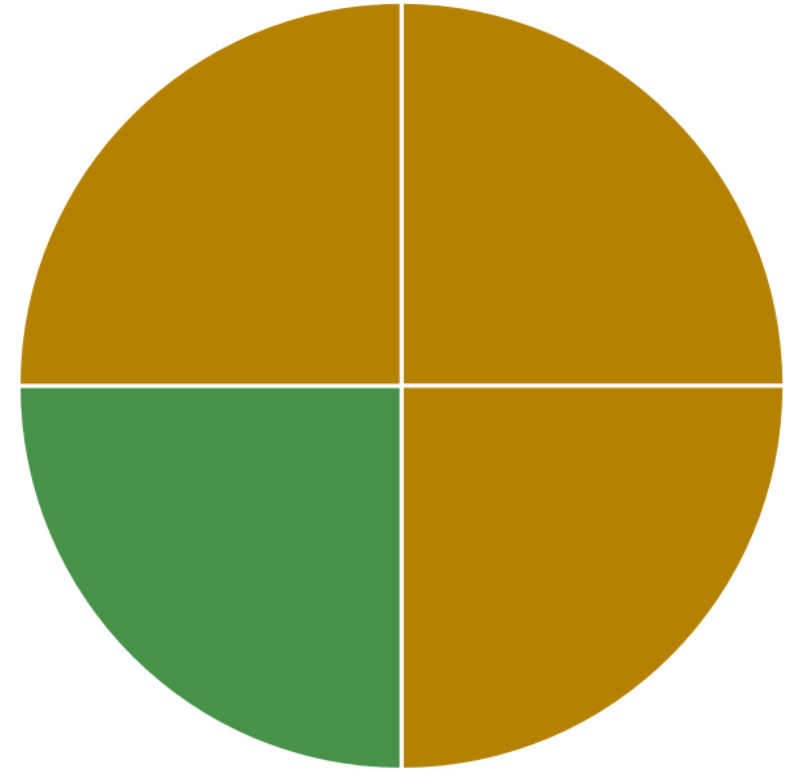
Four District State

More on District Voting

- Compare **"At-Large" voting**:
  - Yellow party candidate would win, goes to Senate
  - Minority parties do better under district voting than at-large voting

Four District State

The Geographic Distribution of Interests

LARGEST COMPANIES BY MARKET CAP

- Each Member of Congress represents a geographic district (or State, for Senate)

- Special interests are often distributed geographically

  - Farming in rural areas
  - Flooding in coastal areas
  - Urban areas
  - Military bases

The Geographic Distribution of Interests

LARGEST COMPANIES BY MARKET CAP

- The function of each Member is to benefit their district

- Voters & special interests with strong geographic concentration tend to flock to those legislators

- But how can a legislator get their constituents' agenda passed if they are just 1/435 (or 1/100)?

Politics and the Coase Theorem

- Recall the (simple) **Coase Theorem** with low transaction costs and clearly defined property rights, parties can bargain to reach the socially efficient outcome

- Does a legislature bargain to reach the efficient outcome?

Politics and the Coase Theorem

- Consider politics as a market for votes

- Imagine two groups:

  - Group 1 prefers policy $A \succ B$
  - Group 2 prefers policy $B \succ A$

- In theory, 1 can persuade 2 to support A in exchange for some **side payment**, i.e. **1 buys 2's vote**

Politics and the Coase Theorem

- That transaction would be a **Pareto improvement**! (Or at least, a **Kaldor-Hicks improvement**)

- Both groups are better off: 1 gets policy A, 2 is **compensated** by 1

- This is the **Coase theorem** in politics: parties can bargain to a socially efficient outcome

  - Like the doctor (or baker) paying off the baker (or doctor)

Politics and the Coase Theorem

- However, in many cases in politics, this less likely to happen because of **high transaction costs**

- How would such a vote contract be enforceable?

  - No property rights in politics!
  - Public opinion could change between the votes
  - No way to credibly commit to upholding promise

Politics and the Coase Theorem

- Easier for smaller groups with **low transaction costs**, like legislatures
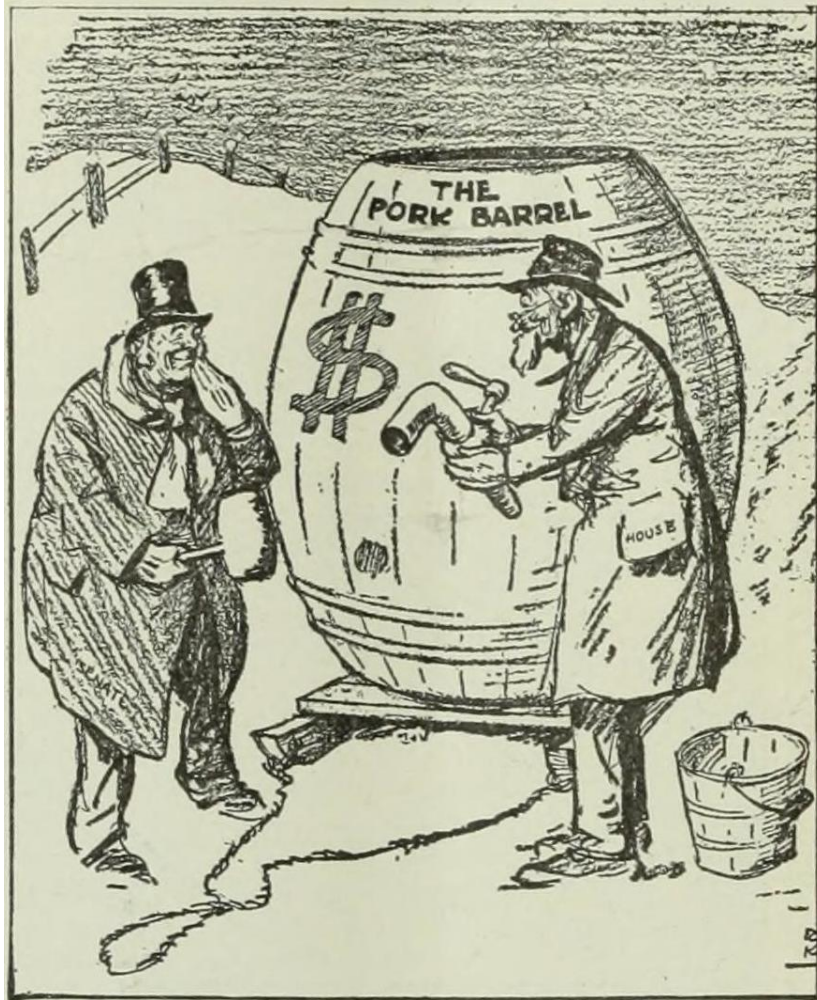
Secret vs. Public Voting

- Votes in Congress are often publicly recorded

- This actually enhances the market for vote trading in Congress

  - provides verification that each side held up their end of the bargain

- **Secret ballots** raise transaction costs and prevent agreements or vote trades

  - no way to verify, easier to renege

Pork Barrel Legislation

- **"Pork barrel" legislation**: law that only benefits a narrow regional interest at taxpayer expense, solely for representative to bring money to their district

  - e.g. subsidies for "bridges to nowhere"
  - sometimes called **"earmarks"**

- This legislation would never pass as a bill on its own!

Park Barrel Legislation

Logrolling

- One way these bills get enacted is **logrolling** or a **quid-pro-quo**: exchange of votes between legislators

  > "You scratch my back, I'll scratch yours"

Logrolling

- **Example**: suppose you have a national Senate with 5 districts: A, B, C, D, E, each with 1 Senator
  - Voters in district A want a military base
  - Voters in district B want a dam
  - Voters in district C want a monument
  - Each must be paid for by country's taxpayers

Logrolling

Senator	Base	Dam	Monument
A	+10	-3	-3
B	-3	+10	-3
C	-3	-3	+10
D	-3	-3	-3
E	-3	-3	-3
TOTAL	-2	-2	-2

- If each bill (A, B, C) was voted on separately For/Against, each would fail
  - A 4:1 majority against

Logrolling

Senator	Base	Dam	Monument	COMBINED
A	+10	-3	-3	+4
B	-3	+10	-3	+4
C	-3	-3	+10	+4
D	-3	-3	-3	-9
E	-3	-3	-3	-9
TOTAL	-2	-2	-2	-6

- If the three were combined in a single **omnibus bill**:
  - A, B, C form coalition to vote FOR
  - D, E vote AGAINST

Congressional Committees

- Legislative agenda is a **commons**, easily congested!

- Committees create "property rights" to enclose portions of the agenda to exclusive committees
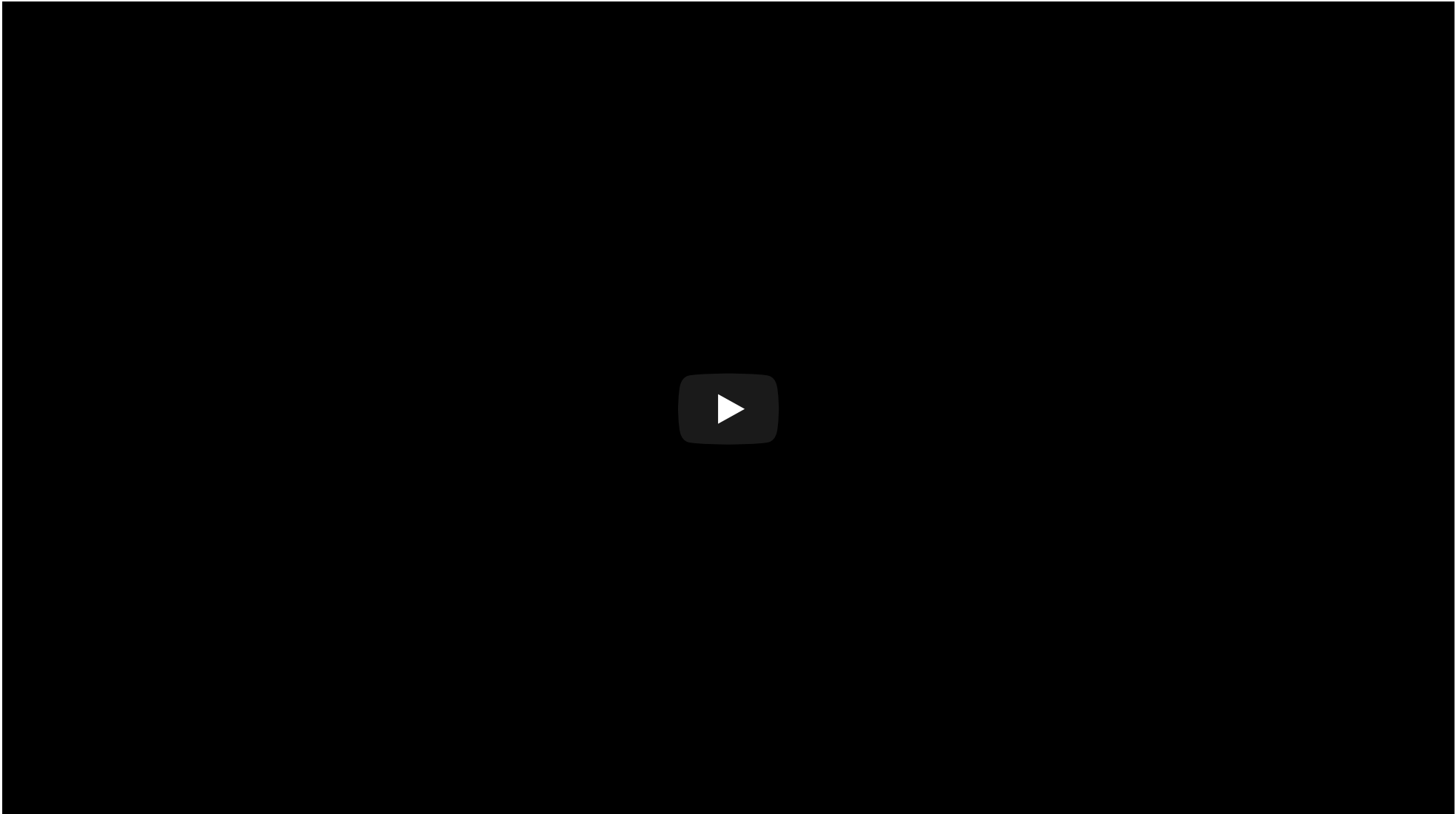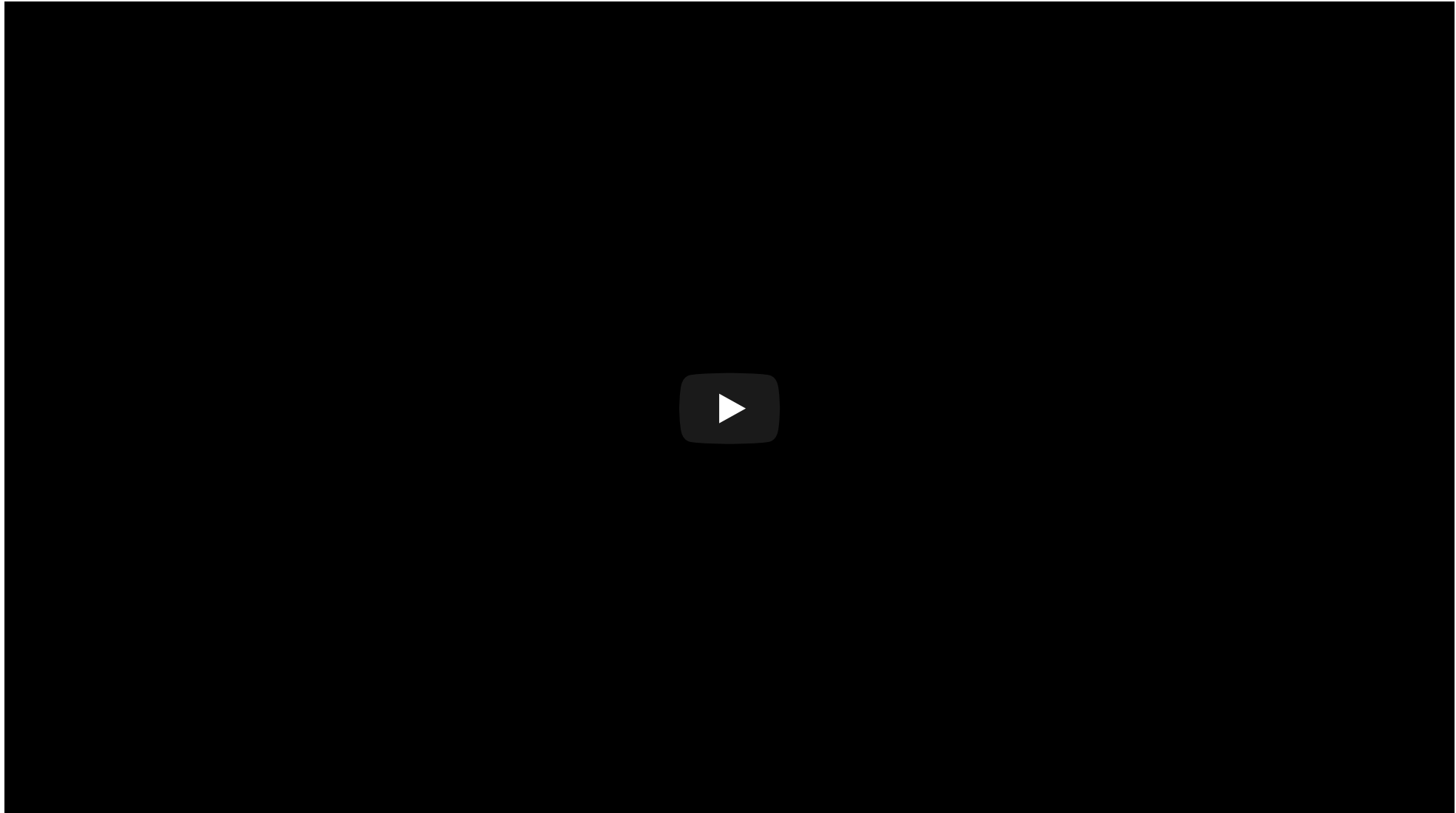
Congressional Committees

- Relevant committee must approve a bill to bring it to the full Congress to debate and vote
  - Most Committee members have similar interests
  - Easier for Committee to make amendments, attach "riders", that satisfy most members of Committee
  - i.e. easier logrolling to earmark money for each Member's district

Most Bills Die in Committee

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