

**WORKSHOP ON POLITICAL ECONOMY
8 MARCH 2018
SEMINAR ROOM 3B3SR01**

BOCCONI UNIVERSITY

Organizer: Massimo Morelli

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PROGRAM

10:00 – 10:45 Andrea Ariu (University of Munich), Mara P. Squicciarini* (Bocconi University)
"Strikes, Unions, and Political Polarization: Evidence from 19th Century France"

10:45 – 11: 00 coffee break

11.00 – 11:45 Margherita Negri *(University of St Andrews), Massimo Morelli (Bocconi University) "Electoral Systems, Taxation and Immigration Policies"

11:45 – 12:30 Filippo Pavesi* (University of Verona) " Good Lies"

12:30 - 13:30 Lunch

13:30 - 14:15 Marco Casari*(University of Bologna), Maria Bigoni (University of Bologna),
Stefania Bortolotti (MPI for Research on Collective Goods), Diego Gambetta (University of Oxford) "At the root of the North-South cooperation gap in Italy: Preferences or beliefs"

14:15 – 15:00 Eleonora Freddi*(Tilburg University), Avner Greif (Stanford University) "What Did States Do? Understanding the Origin of State Capacity"

15:00 – 15:15 coffee break

15:15 – 16:00 15:15 – 16:00 Andrea Mattozzi *(European University Institute), David K. Levine (European University Institute) "Voter Turnout with Peer Punishment"

16:00 – 16:45 Paola Profeta*(Bocconi University), Eleanor F. Woodhouse (Bocconi University)
"Do Electoral Rules Matter for Female Representation?"

ABSTRACTS

Andrea Ariu (University of Munich), Mara P. Squicciarini* (Bocconi University) "Strikes, Unions, and Political Polarization: Evidence from 19th Century France"

This paper uses a historical setting to study the interaction between striking activity, labor unions and political voting. It focuses on France in the period 1870-1914, a key phase for the spreading of labor protests and worker organizations, and for the mobilization of working classes in the political arena. We find that unions' legalization is positively associated with an

increase in the number of strikes, their duration and in the number of participants. Moreover, the presence of unions leads to a higher share of strikes ending in compromise between workers and employers (but not to higher workers' success). These results are even more pronounced when the government intervenes in the strikes' resolution. Finally, while striking activity is positively associated to higher electoral turnout, it also leads to political polarization – especially in the case of government intervention. A reaction to the “republican compromise” seems to be the main mechanism: while unions and state tried to promote “constructive” bargaining, workers and employers looked for alternative channels to voice their issues, causing a polarization of the French electorate.

**Margherita Negri *(University of St Andrews), Massimo Morelli (Bocconi University)
“Electoral Systems, Taxation and Immigration Policies”**

When exposed to similar migration flows, countries with different institutional systems may respond with different immigration policies. We study the role of electoral systems in determining these responses. When focusing on the degree of openness, we find that Winner Take All countries would tend to be more open than countries with PR, when all other policies are kept constant. However, if we consider the endogenous differences in redistribution levels across systems, then the openness ranking may switch. The paper also considers the endogenous determination of welfare transfers to migrants. We explore how these are affected by differences in productivity, institutions and cost of migration across countries.

Filippo Pavesi* (University of Verona) “ Good Lies”

Decision makers often face uncertainty about the ability and the integrity of their advisors. If an expert is sufficiently concerned about establishing a reputation for being skilled and unbiased, she may truthfully report her private information about the decision-relevant state. However, while in a truthtelling equilibrium the decision maker learns only about the ability of the expert, in an equilibrium with some misreporting she also learns about the expert's bias. Although truthtelling allows for better current decisions, it may lead to worse sorting outcomes. Therefore, if a decision maker is sufficiently concerned about future choices, lying may be welfare improving. Applications of the model include many settings that involve ongoing relationships between decision makers and experts, such as those between politicians and policy advisors, patients and doctors, firms and consultants, and investors and financial analysts.

Marco Casari*(University of Bologna), Maria Bigoni (University of Bologna), Stefania Bortolotti (MPI for Research on Collective Goods), Diego Gambetta(University of Oxford) “At the root of the North-South cooperation gap in Italy: Preferences or beliefs” .

The marked difference in the development of the North and the South of Italy represents a prototypical case of seemingly intractable within-country disparities. Recent research found

that a plausible determinant of this socio-economic gap would be a difference in the ability to cooperate. Through a laboratory experiment we investigate whence this difference derives, whether from different preferences or from different beliefs. Our findings indicate that Northerners and Southerners share the same individual pro-social preferences, and that the cooperation gap lies rather in the pessimistic beliefs that Southerners have about their cooperativeness. Southerners, furthermore, manifest a stronger aversion to social risk, as compared to the risk of nature. A policy implication is that an intervention or an event that reduced pessimistic beliefs would directly boost cooperation levels.

Eleonora Freddi* (Tilburg University), Avner Greif (Stanford University) "What Did States Do? Understanding the Origin of State Capacity"

By exploring historical fiscal systems, this paper provides new evidence on the productive side of state capacity. Using a novel dataset, we descriptively analyze the structure of public spending in the main European countries during the 19th century. Data show that the share of civil expenditures increased over time relative to military spending. To explain cross-country differences in civil expenditures, we explore the relation between central government expenses and local public spending, as well as poor reliefs. The latter constituted the preliminary form of public assistance. We find that countries with a small relative share of civil expenditures also recorded low local expenses, but spent more on paupers. Using our dataset, we confirm the positive impact of political transformations on public expenditures found by Dincecco and Katz (2016). Controlling for the amount spent on the poor, we also find a positive effect of the productive capacity of the state on economic growth.

Andrea Mattozzi *(European University Institute), David K. Levine (European University Institute) "Voter Turnout with Peer Punishment"

We introduce a model of turnout where social norms, strategically chosen by competing political parties, determine voters' turnout. Social norms must be enforced through costly peer monitoring and punishment. When the cost of enforcement of social norms is low, the larger party is always advantaged. Otherwise, in the spirit of Olson (1965), the smaller party may be advantaged. Our model shares features of the "ethical" voter model and it delivers novel and empirically relevant comparative statics results.

Paola Profeta*(Bocconi University), Eleanor F. Woodhouse (Bocconi University) "Do Electoral Rules Matter for Female Representation?"

How do electoral rules affect the representation of women? We collect panel data on the universe of Italian politicians from all levels of government over the period 1987-2013 and obtain a complete picture of the career paths of male and female politicians across the whole arc of their careers in public office. Given the different electoral rules across levels of government, we use our unique dataset to analyse the effects on female political representation of an Italian reform which, in 2005, changed the electoral rule for national elections from majoritarian to proportional. We find that proportional electoral rules favour the election of women. We propose a new channel through which this result is obtained, related to the way electoral systems change the distribution of political competition: under proportional rules, parties place women less frequently in uncertain seats.



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