

Institut ekonomických studií

Fakulta sociálních věd, Universita Karlova Praha

Referee report on the Bachelor/Master Thesis submitted to State Exam

Student Name:	Pavel Hrbek
Thesis Supervisor Name:	Martin Gregor, PhD
Thesis Title:	The Impact of Forms of Government and Electoral Rules on Public Spending

Overall Evaluation:

This Bachelor thesis reviews the state-of-the-art knowledge on the effects of electoral rules and forms of government on public spending. It draws major inspiration from research by Torsten Persson, Guido Tabellini and Gerard Roland that has been considered - although undertaken relatively recently (1997-2007) - classic in political economics.

The key argument, in line with Persson, Tabellini, and Roland (2007), is that proportional electoral rule and parliamentary type of government increase public spending. This may happen through various channels. This thesis shows that the effect may go primarily through preelectoral common pool problem, meaning that electoral platforms are set in equilibrium such that benefits of voters belonging to the anticipated postelectoral coalitional partners are disregarded (because one doesn't compete for these voters). This effect obviously cannot take place if the coalitional partners merge and create a single party. Since majoritarian electoral rule is theoretically and also empirically related to a low number of parties (i.e. party merges), the majoritarian rule effectively solves the preelectoral common pool problem and thereby reduces public spending.

The original contribution of the author is to solve a model of probabilistic voting in a three party setup with preelectoral coalitions created by agreement, and postelectoral coalitions created by moves of Nature. The original model by Persson et al (2007) included four parties, but assumed away several interesting post-electoral configurations. The author also made a valuable introduction into key political institutions, and offers related (rather conclusive) empirics.

I recommend the thesis for grade **A** ("výborně").

SUMMARY OF POINTS AWARDED (for the explanation of categories and scale, please, see below):

CATEGORY	POINTS
Quality of Research	25
Clarity and Readability	13
Content/Quality of Ideas	35
Organization & Development	15
Manuscript Form	5
TOTAL POINTS	93
LETTER GRADE	A

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