

Abstract

In the first chapter of this dissertation, I examine the impact of increasing the number of parties in political representation bodies on public spending and selection of politically-connected suppliers in public procurement. By exploiting plausibly exogenous variation in the vote share of parties near the representation threshold in Czech municipal elections, I find that municipalities having more parties represented in their councils allocate fewer procurements to corporate donors of political parties, attract more suppliers to procurement tenders and reduce procurement prices. The impact of broader party representation is pronounced in politically competitive councils, but is not related to whether marginally represented parties are incumbent or not.

The second chapter presents evidence of how policies that create opportunities to avoid open competition in procurement lead to the manipulation of procurement values. We exploit a policy reform in which public bodies were given autonomy to preselect potential contractors below newly defined discretionary thresholds. Manipulation is revealed through bunching of procurements just below the thresholds in construction works and services, and to a lesser degree, in goods. Among manipulated contracts, we document a threefold increase in the probability that procurements are allocated to anonymous firms, which can hide their owners. This sorting violates assumptions behind regression-discontinuity designs.

The third chapter explores strategic voting behavior of individuals in small collective decision-making bodies. I use computation-based simulations to quantify the vulnerability of the ten most common voting rules to strategic voting manipulation. I study how the ability of the strategic voter to swing the voting outcome in her favor changes when she loses full information about other voters' preferences. I find that Condorcet-consistent rules are most resistant to strategic voting, followed by elimination procedures and the simplest voting rules. The voting results can be more easily manipulated, when the size of the committee is smaller and more alternatives are considered. I find that a minimal reduction in strategic voter information about other voters' preferences severely inhibits the possibility of strategic voting.