My thesis contains essays on voting theory, market structures and fiscal federalism: (i) One Person, Many Votes: Divided Majority and Information Aggregation, (ii) Runoff Elections and the Condorcet Loser, (iii) On the Influence of Rankings when Product Quality Depends on Buyer Characteristics, and (iv) Redistributing Income under Fiscal Vertical Imbalance.

(i) One Person, Many Votes: Divided Majority and Information Aggregation (joint with Micael Castanheira)

In elections, majority divisions pave the way to focal manipulations and coordination failures, which can lead to the victory of the wrong candidate. This paper shows how this flaw can be addressed if voter preferences over candidates are sensitive to information. We consider two potential sources of divisions: majority voters may have similar preferences but opposite information about the candidates, or opposite preferences. We show that when information is the source of majority divisions, Approval Voting features a unique equilibrium with full information and coordination equivalence. That is, it produces the same outcome as if both information and coordination problems could be resolved. Other electoral systems, such as Plurality and Two-Round elections, do not satisfy this equivalence. The second source of division is opposite preferences. Whenever the fraction of voters with such preferences is not too large, Approval Voting still satisfies full information and coordination equivalence.

(ii) Runoff Elections and the Condorcet Loser

A crucial component of Runoff electoral systems is the threshold fraction of votes above which a candidate wins outright in the first round. I analyze the influence of this threshold on the voting equilibria in three-candidate Runoff elections. I demonstrate the existence of an Ortega Effect which may unduly favor dominated candidates and thus lead to the election of the Condorcet Loser in equilibrium. The reason is that, contrarily to commonly held beliefs, lowering the threshold for first-round victory may actually induce voters to express their preferences excessively. I also extend Duverger's Law to Runoff elections with any threshold below, equal or above 50%. Therefore, Runoff elections are plagued with inferior equilibria that induce either too high or too low expression of preferences.

(iii) On the Influence of Rankings when Product Quality Depends on Buyer Characteristics

Information on product quality is crucial for buyers to make sound choices. For "experience products", this information is not available at the time of the purchase: it is only acquired through consumption. For much experience products, there exist institutions that provide buyers with information about quality. It is commonly believed that such institutions help consumers to make better choices and are thus welfare improving.

The quality of various experience products depends on the characteristics of buyers. For instance, conversely to the quality of cars, business school quality depends on buyers (i.e. students) characteristics. Indeed, one of the main inputs of a business school is enrolled students. The choice of buyers for such products has then some features of a coordination problem: ceteris paribus, a buyer prefers to buy a product consumed by buyers with "good" characteristics. This coordination dimension leads to inefficiencies when buyers coordinate on products of lower "intrinsic" quality. When the quality of products depends on buyer characteristics, information about product quality can reinforce such a coordination problem. Indeed, even though information of high quality need not mean high intrinsic quality, rational buyers pay attention to this information because they prefer high quality products, no matter
the reason of the high quality. Information about product quality may then induce buyers to coordinate on products of low intrinsic quality.

In this paper, I show that, for experience products which quality depends on the characteristics of buyers, more information is not necessarily better. More precisely, I prove that more information about product quality may lead to a Pareto deterioration, i.e. all buyers may be worse off due.

(iv) Redistributing Income under Fiscal Vertical Imbalance (joint with Marjorie Gassner and Vincenzo Verardi)

From the literature on decentralization, it appears that the fiscal vertical imbalance (i.e. the dependence of subnational governments on national government revenues to support their expenditures) is somehow inherent to multi-level governments. Using a stylized model we show that this leads to a reduction of the extent of redistributive fiscal policies if the maximal size of government has been reached. To test for this empirically, we use some high quality data from the LIS dataset on individual incomes. The results are highly significant and point in the direction of our theoretical predictions.