The thesis is composed of two parts, which cover two different topics. The first one focuses on political extremism and on strategic voting. The second part of the thesis analyzes the optimal speed of transition in CEECs and the optimal government intervention during this transition.

Standard voting theory makes two predictions when voters are rational and political parties are motivated only by winning the elections: first, votes should be concentrated on only two parties as a vote for a loser is a wasted vote. This is Duverger's Law. Second, parties should converge to the median of the distribution of tastes in the population. This is the Median Voter theorem.

These predictions do not generally meet observations. The first essay provides rationale for purely strategic extremist voting as well as for the divergence of purely opportunistic politicians. We take two elements into account. First, that elections are not a one-shot game. Second, that the distribution of preferences in the electorate is uncertain. We show that, when these two elements are taken into account, both Duverger's Law and the Median Voter theorem must be violated in equilibrium. In equilibrium, extremist voters prefer to vote for losers in order to inform parties of their presence, in order to attract opportunistic parties towards more extremist platforms. To prevent too much voting for losers, parties must diverge from one another.

The second essay of the thesis analyzes the paradox of voting. This chapter tries to give a better theoretical assessment of the seminal model by Riker and Ordeshook (1968) by using the insights developed by Myerson with his Poisson Games (1994). We show

1/ that the rational voter hypothesis implicitly proposed by Riker and Ordeshook can be reconciled with most of the stylized facts empirically observed in elections;
2/ that the theoretical modelling of elections must be done with more care than generally done. To this end, we compare several assumptions about the cost of voting and the preferences of the population to show which assumptions are acceptable and which are not. More precisely, our results point to the need of considering the heterogeneity of voting costs and the uncertainty about the preferences of the populations. This chapter also provides an analytical framework which should be an easier tool to use for future research on this topic.

The third chapter develops a dynamic general equilibrium model of the (long-run) transition process in Eastern Europe.

The model abstracts from ownership and stabilization problems to focus on transition as a process of capital accumulation. The financing of this capital must come from within the economy, that is, from national savings. This is the key to the model. In this framework, we develop the optimal path of transition and derive the optimal subsidization policy in the state sector and the optimal speed of closure when markets are imperfect. When markets are not perfect, decentralization does not lead to the first-best. We analyze different wage setting formulations and different tax systems to isolate the effect of each component of the market imperfection on the optimal policy rule we derive.
We start with the case of an exogenously fixed minimum wage and lump-sum taxes. Under such market conditions, we show that it is optimal subsidize loss-making firms, provided their value added is positive. In the framework of our analysis, this generates full employment during all transition. Unemployment in transition can only be justified by other market inefficiencies than excessive wages, as shows the remainder of the analysis.