Short Report for E-Conomics

"Minority Voting and Public Project Provision"

As in other of his works, the author Hans Gersbach, proposes an interesting voting mechanism aimed at improving welfare. In the paper at hand, the author looks at a new voting scheme aimed at allocating and financing public projects. The scheme proposed is innovative as only the voters who happen to fall in the minority, i.e. who voted against a project, are the ones called upon to approve a financing scheme for that project. The advantage of this two stage voting scheme is that voters will end up financing the project in line with their preferences, namely, with the people having higher private value for the project being the ones contributing more to it, and conversely. This way this scheme mitigates the tyranny of the majority, in which even strong negative preferences of the minority would not be taken into consideration.

The present analysis is, as far as I can tell, correct. The welfare improvements relative to a simple majority voting benchmark are not quite as clearcut as one could hope, as this scheme may not approve some projects that would otherwise be efficient. Yet, also in the related literature on storable votes this drawback is sometimes present (see, for instance, Casella (2005)). So, Pareto improvement under all possible preferences is perhaps too difficult requirement to ask for. Overall this paper represents a good contribution to the literature.