Pork-Barrel Politics, Discriminatory Policies, and Fiscal Federalism

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Abstract

This paper examines the role of discriminatory policy tools in a model of redistributive politics with jurisdictional specific projects. In equilibrium, the ability to tactically target both jurisdictional specific projects, with benefits concentrated within a given jurisdiction, and the costs associated with those projects across multiple jurisdictions, leads to inefficiency in the provision of the “local” projects. In particular, politically motivated discrimination in the provision of local projects and/or their associated costs results in the foregoing of efficient projects. However, greater discriminatory ability in the set of available policies lowers the level of inefficiency in the provision of the local projects.

Keywords: Fiscal Federalism, Redistributive Politics, Distributive Politics, Colonel Blotto

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