

The Role of Electoral Incentives for Policy Innovation: Evidence from the U.S. Welfare Reform



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Personal Profile & Research Interests: After having obtained her Ph.D. from the University of Chicago in 2004, Christina Gathmann moved to Stanford University as a Postdoctoral Fellow and a National Fellow at the Hoover Institution. In 2009, she returned to Germany as an assistant professor at the University of Mannheim. Christina Gathmann joined Heidelberg University as full Professor of Labor Economics and Political Economy at the Alfred-Weber-Institute for Economics in 2011.

Her research focuses on public economics, labor economics, policy evaluation, migration and political economy.

Abstract: We explore in this paper whether the decision to experiment with novel policies is influenced by electoral incentives. Our empirical setting is the U.S. welfare reform, the most dramatic shift in social policy since the New Deal. To guide our empirical analysis, we use a simple political agency model which highlights under which conditions a politician engages in experimentation; and when she might reverse a policy experiment later on. We find that electoral incentives matter: governors with strong electoral support are less likely to experiment with policies than governors with little electoral support. Yet, governors who cannot be reelected actually experiment more than governors striving for reelection.