

# Contents

---

<i>List of figures</i>	vii
<i>List of tables</i>	ix
<i>Foreword</i> Francesco Parisi	x
<i>Acknowledgements</i>	xii

## PART I THEORY

1. Introduction	3
2. Short- to medium-term residual effects	10
2.1 Introduction	10
2.2 The model	13
2.2.1 Agent relations	14
2.2.2 Agent's optimal compliance	23
2.2.3 Legislature's optimal timing rule	25
2.3 Comparing welfare	27
2.4 Discussion	29
2.5 Conclusion	31
Appendix	33
3. Long-term residual effects	35
3.1 Introduction	35
3.2 Social norms	37
3.2.1 The norm consumer	41
3.2.2 The norm producer	44
3.3 From voluntary to involuntary compliance	47
3.3.1 The introduction of a norm	50
3.3.2 The disappearance of second-party enforcement	51
3.3.3 The disappearance of first-party enforcement	54
3.4 Conclusion	56



4.	Information and commitment	58
4.1	Introduction	58
4.2	The model	64
4.3	Equilibrium analysis	67
4.3.1	The insufficient reputation reward setting	67
4.3.2	The sufficient reputation reward setting	68
4.3.3	The equivalence setting	69
4.4	Comparing welfare	70
4.5	Conclusion	73
	Appendix	75
5.	Temporary tax legislation	77
5.1	Introduction	77
5.2	Cost–benefit analysis	81
5.2.1	The normative neutrality of rent extraction	87
5.2.2	The ambiguous cost of uncertainty	91
5.2.3	The unambiguous cost of reelection strategy	96
5.3	Conclusion	100

## PART II EVIDENCE

6.	Passage probability	105
6.1	Introduction	105
6.2	Theory	106
6.3	Data and summary statistics	109
6.4	Findings	112
6.5	Conclusion	122
7.	Sponsor's age	124
7.1	Introduction	124
7.2	Theory	125
7.3	Data and summary statistics	126
7.4	Findings	134
7.5	Conclusion	135
8.	Conclusion	137
	<i>Bibliography</i>	142
	<i>Index</i>	147