

REPORT ON MASTER THESIS
CENTER FOR ECONOMIC RESEARCH AND GRADUATE EDUCATION

STUDENT:	Vít Illichmann
ADVISOR:	Ole Jann
TITLE OF THE THESIS:	Effects of voters' privacy on the public choice: How the microtargeted political advertisement affects the election results and voters' behaviour

OVERALL ASSESSMENT (*provided in English, Czech, or Slovak*):

Please provide your assessment of each of the following categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

CONTRIBUTION: The thesis presents a novel theoretical model that analyzes the importance of private data for targeted political messaging and the outcomes of elections. While the model makes some strong assumptions and requires some caveats, it represents an independent and innovative piece of work and a step beyond earlier works. This is a contribution that fulfills and in part exceeds what can be expected from a master thesis.

METHODS: The model uses building blocks from other papers in the field and cites these where appropriate, and it also incorporates (correctly cited) empirical insights directly into the model. The thesis thus delivers what can be expected of a thesis (or, indeed, an academic paper) at this career stage. The presentation and notation of some model components (such as the policy proposals) could be clearer, as could the discussion of some assumptions.

LITERATURE: The thesis contains a detailed discussion of literature that focuses particularly on two closely related papers that are at the scientific frontier. Sources are cited throughout the thesis.

MANUSCRIPT FORM: The thesis uses appropriate language and style, and the structure follows academic form. Parts of the thesis could be made more stringent if this was an academic paper, but the level of detail is appropriate for a master thesis. The presentation of mathematics is appropriate for a thesis or scientific paper. Citations are clear and follow academic standards.

SUMMARY AND SUGGESTED QUESTIONS FOR THE DISCUSSION DURING THE DEFENSE:

The thesis develops a theoretical model of targeted political advertising. Two political candidates can strategically communicate their political program to voters using both public and private (i.e. targeted) announcements. The candidates partially commit themselves to policies with their announcements, and sophisticated voters learn from the announcements about the expected policies, after which they make their voting decisions.

Voters also engage in political debate, through which they reveal their political opinions. Due to the risk of public backlash, some extreme voters may keep their opinions for themselves (which does not generate any public backlash though it might be informative).

In public, all candidates pretend to be moderate. Candidates can send targeted messages to voters in which they may reveal that they are more extreme than their public statements suggest. For this targeting, the candidates can use information they have gained from observing voters' public statements, but also private information about voters which they can buy from data brokers. Since extreme candidates gain more from targeting specific voters with their message, their benefit from buying private data is higher than for moderate candidates.

The main result is a comparative static in the cost of buying voters' private information. If cost is low, all candidates buy such information in equilibrium, which means that they spend resources on data but the overall election result remains unchanged. If it is high, no candidate buys private data. For intermediate costs, only the extreme candidate finds it worthwhile to buy private data, which increases the vote-share of extreme candidates and hence their political influence. The thesis then discusses some policy implications.

Suggested questions:

1. If a voter does not engage in public debate, we know that it must be because their opinion is extreme. So why is there no backlash if a voter does not engage in public discussion?
2. Why are there two different values of α (i.e. the utility from participating in public debate), and what (if anything) would change if all voters had the same value of α ?
3. Should the cost of breaching privacy depend on the size of set O (i.e. the set of silent voters)? What would that change?
4. If voters experienced a cost of having their privacy breached, would welfare always be maximized by making private information very costly? Or does this depend on the size of the cost to voters?
5. The thesis argues that if candidates could send non-truthful private messages, the result would remain unchanged. Does that mean there would be a fully separating equilibrium in which candidates can freely choose their message, but only send truthful messages? How would that work, and why wouldn't candidates deviate to telling the voters whatever they want to hear?
6. Is it correct to say that if voters were not afraid of backlash, there would be no need for candidates to buy private information and hence privacy regulation would not matter? What if voters became *more* afraid of backlash?

Please indicate whether you recommend the Thesis for defense or not.

I recommend the thesis for defense.

TEXT ORIGINALITY CONTROL

I confirm that I acquainted myself with the report on the originality of the text of the thesis from

Theses Turnitin Ouriginal (Urkund)

Comments on the reported results: The only significant overlap is with an earlier version of the same thesis in the Charles University system.

SUMMARY OF POINTS AWARDED *(for details, please see the page 3)*

CATEGORY	POINTS
Contribution <i>(max. 30 points)</i>	28
Methods <i>(max. 30 points)</i>	25
Literature <i>(max. 20 points)</i>	19
Manuscript Form <i>(max. 20 points)</i>	19
TOTAL POINTS <i>(max. 100 points)</i>	91
GRADE <i>(A – B – C – D – E – F)</i>	A

NAME OF THE REFEREE: Ole Jann

DATE OF EVALUATION: August 25, 2023



REFEREE SIGNATURE

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION:

The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.

Strong	Average	Weak
30	15	0

METHODS:

The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.

Strong	Average	Weak
30	15	0

LITERATURE REVIEW:

The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.

Strong	Average	Weak
20	10	0

MANUSCRIPT FORM:

The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.

Strong	Average	Weak
20	10	0

OVERALL GRADING:

TOTAL	GRADE
91 – 100	A
81 – 90	B
71 – 80	C
61 – 70	D
51 – 60	E
0 – 50	F