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Single round vs. runoff elections under plurality rule: A theoretical analysis

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A B S T R A C T

We compare single round vs. runoff elections under plurality rule, allowing for partly endogenous party formation. With large and sufficiently polarized groups of moderate voters, under runoff elections, the number of political candidates is larger, but the influence of extremist voters on equilibrium policy and hence policy volatility is smaller, because the bargaining power of the political extremes is reduced compared to single round elections. These results are robust to several extensions.

1. Introduction

An important difference between electoral rules is whether citizens vote once or twice. In the majority of elections, there is only a single round. An increasing number of countries, however, is turning to a dual ballot (or *runoff*) mechanisms to select a winner. Under the runoff, citizens vote twice. First they vote over several candidates, and then they vote again in a second round among the candidates who received more votes in the first round. According to Bormann and Golder (2013), the majority of presidential elections around the world now uses this system, with the French system for electing the President of the Republic probably being the best known example. With variants, the runoff is also used in many countries to select party candidates in gubernatorial primaries (such as in the US), heads of executive in regional and state elections and mayors of large cities (Italy and Brazil). The runoff is not limited only to presidential elections. For instance, in 2016 Italy approved a new proportional electoral rule for the Lower House that assigns an absolute majority of seats in a runoff between the two parties that received more votes in the first round.

Despite its increasing popularity, not much is known about the effect of the runoff system, particularly on policy choices. Traditionally, political scientists group the runoff system together with proportional systems, since it does not provide incentives to candidates to gain plurality in the first round. According to the seminal work by Duverger (1954), this implies a larger number of serious candidates running in the first round than under a first pass the post system; Riker (1982) termed this prediction Duverger's "hypothesis", in contrast with Duverger's "law" that instead states that a first pass the post system should have only two serious

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candidates running. But how the prediction on the number of candidates translates in a prediction in terms of policy choices is not obvious and has not been extensively studied.¹

In this paper, we contrast single ballot vs. dual ballot electoral systems under plurality rule, focusing on the formation of parties and on bargaining among policies between pre-existing candidates. We consider a model with sincere voting where citizen candidates set a one-dimensional policy before the elections. The number of parties is partly endogenous. We start out with four candidates. Before the elections, however, candidates choose whether or not to merge into a party, and bargain over rents and the policy platform that would result from merging. We obtain two main results. First, in equilibrium the number of parties is larger under runoff than under single round elections, in line with Duverger's hypothesis. Second, and more important, if the electorate is polarized and yet extremist groups are not the majority, the runoff system reduces the influence of extremist candidates and voters on the equilibrium policy, thereby inducing more centrist policies. Thus, conditional on turnover, the runoff system reduces harmful policy volatility and is preferable in terms of ex-ante social welfare. The positive predictions of this model are in line with the empirical evidence in [Bordignon et al. \(2016\)](#) – see below.

The reason for these results is that runoff elections reduce the bargaining power of the extremist candidates, which typically appeal to a smaller electorate. Intuitively, with a single round and under sincere voting, the extremes can threaten to cause the electoral defeat of the nearby moderate candidate if he refuses to strike an alliance. Under runoff this threat is empty, provided that when the second vote is cast enough extremist voters are willing to vote for the closest moderate, rather than abstain. Our analysis also clarifies that these results hold under general but not universal features of the political and electoral systems. In particular, the results are fairly robust to the details of the electoral system, the possibility of endorsement between the two rounds, the number of parties or candidates, the distribution of voters' preferences, and assumptions on voters' behavior. However, the results require the presence of large and sufficiently polarized groups of moderate voters. Moreover, strategic voting adds considerable ambiguity to the predictions of our model.

The existing theoretical literature on these issues is not large. Some informal conjectures have been advanced by institutionally oriented political scientists ([Sartori, 1994](#); [Fisichella, 1984](#)). Analytical work has mostly asked whether variants of “Duverger's law” or “Duverger's hypothesis” carry over to the runoff system under strategic voting ([Messner and Polborn, 2004](#); [Cox, 1997](#); [Callander, 2005](#); [Bouton, 2013](#); [Bouton and Gratton, 2015](#); [Solow, 2015](#)). Our results on the number of parties under the two rules support both Duverger's hypothesis and Duverger's law in the presence of sincere voting and strategic parties, along the lines of [Fey \(2007\)](#) and [Morelli \(2004\)](#). Unlike these papers, however, we focus on which policies are implemented in equilibrium. This is an important question, largely unaddressed in the literature. An exception is [Osborne and Slivinsky \(1996\)](#). In a citizen-candidate model with sincere voting and ideologically motivated candidates, they study the equilibrium configuration of candidates and policies in the two systems, concluding that policy platforms are in general more dispersed under single ballot plurality rule than under runoff. But in keeping with Duverger's tradition, their result is obtained in a long run equilibrium where all possibilities for profitable entry by endogenous candidates are exhausted. We instead discuss this issue from a different perspective, where pre-existing policy oriented parties (or candidates) bargain under the two different electoral systems. [Lizzeri and Persico \(2005\)](#) also study the policy effect of runoff elections. They suggest that a runoff system reduces the number of effective parties. This is desirable in the context of their model, as electoral competition with several parties leads to equilibrium policies that cater only for narrow constituencies.

The empirical evidence on these issues is also small. The most relevant paper is [Bordignon et al. \(2016\)](#). There we contrast two systems for electing Italian mayors: single round plurality rule in cities with less than 15 000 inhabitants, and runoff under plurality rule above that population threshold. Estimating by regression discontinuity design (RDD), we find that the runoff system increases the number of candidates and reduces policy volatility, in line with the predictions of this paper. Other relevant empirical references are discussed in [Bordignon et al. \(2016\)](#).

Earlier work, using identification strategies based on conditional independence, detected either a positive or a zero effect of runoff on the number of political candidates in different contexts ([Wright and Riker, 1989](#); [Engstrom and Engstrom, 2008](#); [Cox, 1997](#)). Two recent studies have applied RDD to elections in Brazil. [Chamon et al. \(2009\)](#) show that runoff has a larger number of effective candidates; [Fujiwara \(2011\)](#) finds support for Duverger's argument of strategic voter behavior under single round elections, and – unlike [Chamon et al. \(2009\)](#) – he estimates an effect of the electoral rule on the number of candidates that is not statistically different from zero in most specifications.

The rest of the paper is organized as follows. [Section 2](#) presents the basic model. [Sections 3](#) and [4](#) study party and policy formation under single round and runoff elections respectively, deriving the main results (all proofs are in Online Appendix I). [Section 5](#) discusses a number of extensions (all proofs are in Online Appendix II). [Section 6](#) concludes.

2. The model

This section outlines a stylized model. We deliberately focus on the strategic behavior of parties, and keep the model simple to illustrate the main incentives at work under different electoral rules. We discuss below the robustness of our results under different assumptions.

¹ Duverger's law can be rationalized as a result of strategic voting (see [Feddersen, 1992](#), and the literature discussed there), and there is an extensive theoretical literature on strategic behavior in single ballot elections under different electoral rules ([Myerson and Weber, 1993](#); [Fey, 1997](#)). As discussed below, less is known about the runoff.

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