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journal homepage: www.elsevier.com/locate/jpubeLocal favoritism in at-large proportional representation systems[☆]Jon H. Fiva^{a,*}, Askill H. Halse^{b, c}^aBI Norwegian Business School, Norway^bUniversity of Oslo, Norway^cInstitute of Transport Economics, Oslo, Norway

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ABSTRACT

Pork barrel spending is typically attributed to the strategic behavior of political elites hoping to be electorally rewarded by voters residing in their districts. Such behavior is expected to depend on the incentives imposed by the electoral system. We estimate the causal effect of local representation in a closed-list proportional representation system where individual candidates have no clear electoral incentive to favor their hometown. Using data from Norwegian regional governments, we still find a hometown bias. We document that municipalities with a representative on the regional council from the same party as the regional governor tend to obtain more funding for local investments. Citizens also tend to vote more often for parties whose gubernatorial candidate is from their own hometown, consistent with expectations of particularistic benefits. A possible explanation is that regional council members are often recruited from local politics and remain loyal to their roots. We find no evidence that regional council experience affects politicians' future career prospects at the local level.

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1. Introduction

Does geographic representation affect policy outcomes in proportional representation (PR) systems? Theories of legislative decision making suggest that elected representatives trade off the virtues of public goods against the attractiveness of spending the money on particularistic goods ('pork') benefitting voters in their home districts (Weingast et al., 1981; Baron and Ferejohn, 1989; Volden and Wiseman, 2007; Fréchet et al., 2012). This reasoning fits well with existing evidence from countries using plurality rule, notably the

United States.¹ While some scholars argue that geography matters for representation in PR (e.g., Latner and McGann, 2005; Nemoto and Shugart, 2013), the impact on public policy is unclear in this electoral setting.

In this paper, we investigate whether politicians are able to obtain public spending benefitting their hometowns within a closed-list PR system. Like Berry et al. (2010) and Albouy (2013), we focus on the effect of being represented by a politician aligned with the ruling party.² We use data on the 18 regional governments in Norway covering the period 1976–2011. In this setting, candidates' electoral incentives to cater to their hometowns are muted, since incumbents' electoral fortunes are determined by vote counts (and party list

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¹ Seminal empirical contributions include Ferejohn (1974) and Mayhew (1974). More recently, Ansolabehere et al. (2002) show that counties that lost seats due to redistricting received less funding from the state than they did before. Elis et al. (2009) find similar effects of reapportionment in the U.S. House. Knight (2008) finds that U.S. states that are over-represented in the Senate receive relatively higher spending from this chamber.

² While we study political alignment *within* the same level of government, a related strand of literature have emphasized political alignment *across* government tiers (e.g., Solé-Ollé and Sorribas-Navarro (2008), Broilo and Nannicini (2012), Fouirmaies and Mutlu-Eren (2015)).

nominations) at the regional level, i.e. council members are elected at large (Lancaster, 1986; Carey and Shugart, 1995).

To quantify the extent of local favoritism, we use data on regional government funding of local public investments and investigate whether the hometowns of council members from the party of the regional governor receive more investment funding. To overcome potential endogeneity issues related to representation and public policy, we use a simulation-based regression discontinuity (RD) design innovated by Fiva et al. (forthcoming).³ We exploit that in close elections it is as good as random which of the political blocs wins the majority of seats, something that in turn strongly determines which party gets the governorship.

We find evidence of a considerable hometown bias. Our results show that investment funding received by a local government increases by about half a standard deviation when they have a representative on the regional council who is politically aligned with the governor. This indicates that local favoritism induces particularistic policies also under an at-large PR system, either because council members share the interests of people from their hometowns or are more sensitive to their demands.

Using data on the hometowns of top candidates in the regional elections, we investigate whether voters also exhibit a hometown bias. To account for unobserved time-varying changes in party support, we control for voting behavior at the simultaneously-held local government elections. We find that voters are more likely to vote for a party with a top candidate from their hometown, adding to the evidence that local ties are important. It appears that voters use hometown status as a cue to politicians' perceptions of local needs and likely behavior once elected (Shugart et al., 2005).

To explore possible mechanisms, we study the careers of individual politicians. Politicians may want to please hometown voters if they intend to pursue a local-level career, for example as mayor, after serving on the regional council (Carozzi and Repetto, 2016). Using a new data set on candidates running for local, regional, and national elections in the 2001–2015 period, we track politicians over time and across political offices. We find no evidence that politicians spend their time in regional office preparing the ground for a local political career. The individual data do, however, show that many regional council members were local politicians before running for a seat on the regional council. This background in local politics could help explain why regional council members favor their hometowns. We find that newly-elected regional council members drive the effect on investment funding, indicating that local favoritism decreases with regional experience. The effect also seems to be stronger for regional council members from small municipalities, where local ties are likely to matter more.

The remainder of the paper is structured as follows. First, we explain the institutional setting of Norwegian regional politics (Section 2) and present the data (Section 3). We then present our main results (Section 4) and explore the mechanisms that lie behind the hometown bias (Section 5). Section 6 concludes.

2. Institutional setting

Norway is a unitary state with three governmental tiers. The two sub-central tiers, i.e., local and regional (*kommuner* and *fylkeskommuner*), are important entities within the Norwegian welfare state.⁴ In 2014, local and regional governments employed about 17 and 2%

³ Petterson-Lidbom (2008) was the first to implement an RD design for PR elections. See Folke (2014), Freier and Odendahl (2015), Hyytinen et al. (2014), Kotakorpi et al. (2015), and Solé-Ollé and Viladecans-Marsal (2013) for subsequent applications and method contributions.

⁴ We use the terms 'local government' and 'regional government' in reference to the political institutions at these two levels. When we refer to the geographical entities, we use 'municipality' and 'region', respectively.

of the labor force and their revenues corresponded to about 17 and 3% of mainland GDP, respectively.⁵

In this paper, we focus on the regional level of government. Regional governments are responsible for providing upper secondary education, regional roads, local public transportation (since 1981), cultural services like museums and libraries, and dental care (since 1984). Until 2002 they were also responsible for specialist health care, which includes all public hospitals.⁶ Regional governments have no tax discretion. Both regional and local governments receive their revenues through fixed proportions of the national income tax and grants from the central government.

Apart from the capital, Oslo, there are 18 regions in Norway.⁷ The median-sized region has about 216,000 inhabitants, covers about 15,000 km² - approximately the size of Connecticut - and has 22 municipalities.

Each regional government is run by a council of 35 to 85 members. Decisions are based on simple majority rule. At the beginning of each electoral period, the council elects a governor (*fylkesordfører*) and an executive board (*fylkesutvalg*). The governors are the key players in the elected bodies. They chair the meetings of both the council and the executive board.⁸ The elected governor is almost always the top-ranked candidate from one of the party lists.⁹

Elections for both local and regional governments are held every fourth year in September.¹⁰ In the regional election, each region constitutes a single electoral district and seats are distributed using the Modified Sainte-Laguë method. This method achieves an almost completely proportional allocation of seats (Fiva and Folke, 2016). From 1975 to 1999, a closed-list system was in place.¹¹ Hence, voters could only affect the election outcome by choosing candidates from different party lists. Since 2003, voters can also influence the selection of candidates by expressing a preference for individual candidates.¹² To overrule the parties' ranking of candidates, a candidate needs to receive individual preference votes equivalent to 8% of their party's votes. Candidates clearing the threshold are moved to the top of the party's list according to the number of preference votes received. In practice, the switch to a *flexible list system* appears to have had negligible effect.¹³

⁵ The importance of the regional level government has declined over time. In the 1990s, the middle of our sample period, the regional level of government employed about 5% of the Norwegian labor force.

⁶ Local governments are responsible for delivering services in the field of compulsory schooling, child and elderly care, primary health care, culture and infrastructure.

⁷ Oslo has no regional government. The local government is responsible for both local and regional public services.

⁸ Four regions have since 1999 implemented parliamentary models. We exclude these observations from our analysis.

⁹ The only exceptions from this empirical regularity occurred during the 1975 election.

¹⁰ National elections do not coincide with local elections, although they too follow a fixed four-year election cycle.

¹¹ Candidates were assigned seats according to the ranking assigned them by their respective parties, but with one modification: 1/6 of the seats were reserved for candidates from municipalities with no seats once the other 5/6 of the seats had been assigned. These candidates were effectively given a higher ranking, with the result that most municipalities had at least one representative on the regional council. The reason for this institutional arrangement was to ensure diverse representation. Note that while this electoral rule made the electoral system *malapportioned* (Samuels and Snyder, 2001) in the sense that less populated municipalities came to occupy a disproportional share of seats, it did not affect the degree of proportionality in terms of party representation. In 2003, the seat quota was abolished.

¹² Voters must place one ballot in an envelope, indicating their party vote. They can leave the ballot unmarked, or if they want, they can indicate a preference for a candidate by ticking the box next to that candidate's name on the ballot paper. Voters can cast such preferential votes for as many candidates as they like.

¹³ In the 2003 election, 98.8% of the elected candidates would have been elected even if the preference votes had been disregarded (Christensen et al., 2004). Similar findings from other countries have led scholars to characterize flexible list systems as little more than closed-list systems in disguise (Crisp et al., 2013).

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