15

Conclusion

In a world without transaction costs, democratic politics is inherently unstable. There is always another deal that might be offered to a majority coalition comprising some current winners and some current losers, which makes all members of that coalition better off.[1] But typically there are lots of new deals that can beat the old deal, and people will differ over which of them is best. If only a few voters "defect" from the current political equilibrium and vote for a new party or policy, the old equilibrium will be undisturbed. In order for a new deal to come about, it takes the coordinated actions of large numbers of politicians and voters. Thus, the inherent instability of politics implies that coordination problems will be omnipresent.

One way to think of the problem of democratic coordination dealt with in this book is in terms of a sequence of choices whereby a government is chosen from the mass of citizens. In a stylized parliamentary system, the sequence includes a procedure to decide which citizens will appear on the ballot as candidates, then a procedure to decide which candidates will be elected to serve in parliament, then a procedure to decide which MPs will form the government. At each of these stages, there may be more people of a given ideology or type seeking a spot on the ballot, a seat in the legislature, or a portfolio in the government than there are spots, seats, or portfolios to be had. If these "people of a given ideology or type" cannot somehow agree on which of them will get the prize(s) at stake, then the niche that they seek to represent may win fewer spots, seats, or portfolios than it has the support to win. Their votes will not count.

In order to make their votes count, some coordination is required. Elites can attempt to ensure that the number of those seeking spots,

[1]This is the lesson of the instability theorems – e.g., McKelvey (1976), Schofield (1978), Schwartz (1986).

seats, or portfolios is not too large to begin with, for example, by forming a party whose nomination becomes a focal cue to a particular segment of the electorate. Voters can attempt to coordinate their signatures (in the case too many seek access to the ballot) or votes (in the case too many seek election to the legislature), while MPs can analogously attempt to coordinate their support (in the case too many seek selection to the government).

The procedures used to choose who wins spots, seats, and portfolios can be more or less strong – and the stronger they are, the bigger the coordination problem that political actors face at that stage. In this book, I have focused on the last two stages, at which the legislature and executive are chosen, dividing the discussion between coordination success (Parts II, III, and IV) and coordination failure (Part V). When electoral coordination succeeds, the most readily observable consequence is a reduction in the number of electoral players: The number of lists or candidates appearing on the ballot is decreased when elites agree to a merger of parties, or a joint list, or a fusion candidacy; the effective number of lists or candidates is decreased when voters strategically concentrate their votes on the more viable lists and candidates. When electoral coordination fails, the most readily observable consequence is that the maladroit find themselves underrepresented, while the better-coordinated find their representation magnified. In this conclusion, I will first review some of the findings in each of the two main segments of the book, and then turn briefly to some ideas for future research.

15.1 COORDINATION SUCCESSES AND ELECTORAL LAW

Strategic voting. Duverger did not adapt his model of plurality rule to PR and runoff systems and then deduce that strategic voting in the latter systems would be unimportant. He simply dismissed the possibility of strategic voting in PR and runoff systems out of hand.[2] Leys (1959) and Sartori (1968) chastised him for this dismissal, both asserting that a version of the wasted vote logic should reappear in certain kinds of PR systems. But neither of these scholars arrived at their common conclusion by developing a general model, any more than did Duverger. The Leys-Sartori conjecture is just that: a conjecture, based on keen but largely unarticulated insight. Thus, the electoral studies literature does not say anything very precise about *how much* strategic voting there should be under different kinds of PR, and how much this should constrain the party system.

[2]The tendency to assume that strategic voting has no place under PR has not entirely disappeared. Bowler and Lanoue (1992:486), for example, advance the erroneous thesis that "under proportional representation ... voting sincerely is a dominant strategy."

Nor can help on this score be found in the social choice literature. Although the Gibbard-Satterthwaite theorem is both general, covering all democratic choice procedures, and rigorous, it merely asserts the existence of incentives to vote strategically. It does not specify how much strategic voting there should be or how much such voting will constrain the party system.

Part II of this book has reexamined the district-level logic of strategic voting, holding constant assumptions about voters while varying the institutional context within which those voters act. The two key assumptions about voters concern their preferences and beliefs.[3] As regards preferences, I assume that voters are short-term instrumentally rational (i.e., they care only about who wins the seats in their district at the present election). As regards beliefs, I assume that voters possess rational expectations (i.e., expectations that are consistent with rational behavior on the part of all voters). The results of the analysis, for any given electoral system, are then *equilibrium* results, in which no one has an incentive to change their behavior, given their preferences (over outcomes) and expectations (about the behavior of others).

What does such a model tell one about the number of candidates or lists that can appear in equilibrium under alternative electoral institutions? The most general result is that all three of the systems in which Duverger was originally interested, single-member simple plurality (SMSP), top-M majority runoff, and PR, obey what I have called the $M + 1$ rule: Typically, no more than $M + 1$ *candidates* can be viable in SMSP or top-M runoff elections; and no more than $M + 1$ *lists* can be viable in PR elections. (Recall that M denotes the district magnitude, in the case of SMSP and PR, but the number of candidates who can advance to the second round, in the case of runoff elections.) The same result obtains also for elections held under some electoral procedures that Duverger did not consider, such as the single nontransferable vote (SNTV).[4]

Classic results in the literature, or district-level versions thereof, emerge as special cases of the general $M + 1$ rule: (1) In SMSP elections, for which $M = 1$, the rule asserts that there can be no more than two viable candidates. This is a version of Duverger's Law, stated at the district level. It does *not* say that there will be exactly two parties, as the typical formulation would have it. It says only that there cannot typically be more than two. And this is all that the wasted vote logic yields, properly understood. (2) In multimember elections held under SNTV, the

[3]Other important assumptions of the model are reviewed in Chapter 4.

[4]All systems have other possible equilibria, of varying plausibility, as discussed in detail in the relevant chapters. The runoff system in particular would seem to have equilibria that support more than $M + 1$ viable competitors in the first round.

rule asserts that there can be no more than $M + 1$ viable candidates. This is a version of Reed's (1991) extension of Duverger's Law to the Japanese case, with the same caveat: The logic implies an upper bound, not a point prediction. (3) In multimember elections held under PR rules, the rule asserts that there can be no more than $M + 1$ viable lists. This is a formalized version of the Leys-Sartori conjecture.

In addition to the results that generalize classic propositions, the model also yields insight into other modalities of strategic voting. In some systems, strategic voting can arise even if the number of competitors falls below the $M + 1$ upper bound. This is the case under open-list PR, for example, where strategic voting can take the form of "raids" on another party's list. In other systems, such as that used in Mauritius, there is no upper bound imposed on the effective number of candidates to begin with. Strategic voting in these systems entails not avoiding hopeless candidates, but instead seeking them out as safe havens for votes that might otherwise harm candidates whom the voter favors.

The types of strategic voting just reviewed are all of the "seat-maximizing" variety, intended to make votes count in the allocation of legislative seats. If voters look ahead to the government formation stage, and the coordination problems that arise at that stage, they may face incentives to cast "portfolio-maximizing" strategic votes, intended to make votes count in the allocation of government portfolios. The recognition of this species of strategic voting follows naturally from the view of electoral coordination as occurring in stages, with abstractly similar consequences at each stage. Part IV of the book investigates three subspecies of portfolio-maximizing strategic voting: strategic sequencing, or voting so as to ensure that a particular party has the first opportunity to form a government; strategic balancing, or voting so as to take advantage of constitutional separations of power in order to check the power of the current government; and threshold insurance, or voting so as to ensure that a coalition partner clears a legally mandated electoral threshold.

Beyond the greater generality that the approach taken here affords, there are also the usual advantages of rigor attendant on formal analysis. First, the assumptions undergirding the analysis are clearly stated, so it should be easy to spot those one dislikes in a particular application. Many in the electoral studies literature have taken for granted that the wasted vote argument works for SMSP elections. Sartori (1985:54), for example, writes:

> [N]obody has ever denied that the plurality formula conditions the voter. It will also be conceded, I trust, that the manipulative conditioning in question is a *constraining-restraining effect.* This means that the voter's choice (unless he prefers to waste his vote) is concretely restricted, very often, to the front-runners.

If indeed nobody has ever denied that the plurality formula restrains the voter, then nobody has ever doubted either that the voter is short-term instrumentally rational, or that the voter has enough information about the prospects of the various candidates in order to identify those that are clearly trailing. In some situations, however, voters may have long-term goals to pursue (the Perotistas in the United States?), or very poor ideas about who is really likely to win (the citizens of Papua New Guinea), and then the restraining effect of plurality rule can be expected to fail.[5]

A second advantage of rigor comes in the form of a clearer statement of what can be concluded from the logic of the wasted vote. Virtually all previous scholars have viewed strategic voting as pushing a system toward a *unique equilibrium number* of *parties*. But the analysis here shows that strategic voting only imposes an *upper bound* on the number of *competitors*. Recognizing this point has a number of further-on advantages, of which I shall mention just three here.

First, recognizing that the direct effect of strategic coordination falls on electoral competitors – that is, candidates or lists – rather than on parties, helps to clarify our understanding of systems that allow joint lists or fusion candidacies. In these systems, the number of viable parties may well exceed the number of viable lists or candidates, because more than one party can support a given competitor.

Second, recognizing that strategic voting only imposes an upper bound on the number of competitors, rather than establishing an equilibrium number, helps to clarify a classic debate about the "multiplying power" of PR. Duverger's original proposition was that PR should promote multipartism. As an empirical generalization, this was fair enough. But as a theoretical proposition, the claim seemed to be that each electoral system had a well-defined equilibrium number of parties, one that grew with the proportionality of the system. This may be the right way to think about the matter – there may be a compelling model in which the equilibria line up in this way – but there was no formal argument to this effect in Duverger's work, nor has there been any since. The only conclusion that one can draw at present, from a careful analysis of strategic voting, is that each system has a maximum carrying capacity: If the party system gets too populous, with too many candidates and lists sent forth to compete, there should be a winnowing out. Given that this is all that one can conclude, proportional systems such as Austria's,

[5]The first of these possibilities, that voters have long-term goals, might be captured under a "preference for wasting votes" suggested in the passage quoted from Sartori in the text, although that would be an odd way to put it. The second possibility, that voters have inconsistent expectations, has nothing to do with such a preference.

Malta's, or Colombia's, which have supported two-party systems for long periods, do not violate the $M + 1$ rule, whereas they do violate Duverger's PR hypothesis as originally stated, and the various reformulations of it that have since appeared.

Finally, recognizing that strategic voting only imposes an upper bound also changes how one thinks about the relation between electoral and social structure. Social cleavages are free to determine the number of competitors below the upper bound. It is only when the number of cleavages suggests a number of competitors that exceeds the upper bound that the electoral rules are constraining. Thus, systems may have few parties because there are few cleavages or because the upper bound is low; but systems should have many parties only when there are many cleavages combined with a permissive electoral system.

Strategic entry. All of the results generated in Part II (and those sections of Part IV dealing with strategic voting) belong to a model that includes only voters as actors. Part III brings potential candidates for office more fully into view, considering in particular their decisions to enter the political fray or not. Just as in studies of strategic voting, so in studies of strategic entry, there is a substantial divergence between traditional electoral studies and formal mathematical studies.

Duverger, and many others after him, have taken for granted that political parties constrain and structure entry opportunities for potential candidates. From this perspective, if a system is prone to strategic voting, there is little doubt as to who will bear the brunt of that strategic voting: Third parties and independents will, major parties will not. Thus, the entry side of Duverger's logic was simple: Third-party candidates, anticipating that they will be strategically deserted by their supporters in single-member simple plurality elections, will not bother to enter in the first place; but as such candidates need not fear strategic desertion under PR, they will enter.

In contrast to the traditional approach in electoral studies, recent formal models of entry have not assumed the preexistence of "major parties" and "minor parties." In these models, it is not clear *ex ante* who will bear the brunt of strategic voting, and the entry-deterring effect of anticipations of such voting is consequently removed. As is frequently the case, formal models take as problematic and to be explained what others see as a given of the situation.

As in the study of strategic voting, I think that both formal and traditional studies have something to contribute. The formal models, in which no parties have established labels with viability advantages, *are* sometimes approximated in the real world: in brand new polities with no democratic experience, for example; or in polities that do not, in Sartori's

(1968) sense, have "structured" party systems.[6] The traditional models, in which party labels are taken as given, correspond to the situation in most developed polities. Most of Part III considers rational entry models with exogenously given labels, wedding the substantive assumptions of the electoral studies literature with the modeling approach (decision theory only!) of the more formal literature.

Systemic coordination. Part IV of the book brings systemic considerations into view. Both Duverger and Sartori have argued that the rules governing legislative elections might have an impact at the national level. I have argued that there is no real sense in which the local effect of electoral rules translates to the national level. There is one (well-understood) logic that drives local results. There is another (little-explored) logic that drives cross-district alliance formation, thereby combining a variety of district-conditioned patterns of party competition into a larger national aggregate.

Why do legislators from different electoral districts link together to form national parties? The general answer given here is that legislators link together when by doing so they can better compete for control of the presidency or premiership. As soon as a set of rules, formal or informal, is in place for electing the executive, legislators face a coordination problem similar in general character to that faced by voters in legislative elections. This is especially clear in parliamentary systems, where MPs select the premier. But it is also true in presidential systems, to the extent that legislative and executive elections are tied together.

The coordination problem posed by the selection of an executive gives rise, as does the coordination problem posed by the selection of legislators, both to strategic voting phenomena and to strategic entry phenomena. I have already reviewed strategic voting in the context of executive choice above.[7]

Strategic entry in the context of executive choice refers to the formation of multiparty alliances to support a presidential candidate, as in Chile; to the creation of national parties to support presidential candidates, as in the United States after 1824 and France after 1962; to the preannouncement of governing pacts, as by the FDP in post-war Germany; and so forth. The general rule is the same at the executive as at the legislative level: The stronger the executive choice procedure, the fewer the number of viable executive candidates that there can typically

[6]Indeed, one might view the entry models as *formalizations* of Sartori's notion of an unstructured party system.

[7]Note that the species of strategic voting discussed above was engaged in by voters, not MPs. Although it is logically possible for MPs too to face strategic voting incentives, my assumption is that strategic coordination within the legislature occurs mostly in the form of advancing and withdrawing executive candidacies.

be. Thus, for example, if there are fifteen executive positions of roughly equal power allocated proportionally to the number of seats that each governing party controls in the legislature, then the number of viable competitors for executive office can be rather large. If, on the other hand, there is one president to be elected by plurality rule, then the number of competitors for executive office will typically be limited to two.

Whether upper bounds on the number of viable executive candidates affect the number of legislative parties depends on how closely related legislative and executive elections are. Elections of prime ministers are always intimately related to legislative elections, held concurrently and with something like a fused vote. Elections of presidents can also be held concurrently and with a fused vote. But it is also possible to have nonfused votes and nonconcurrent elections, in which case upper bounds on the number of presidential candidates may not much affect the legislative party system.

When executive and legislative elections *are* closely related, one can expect executive ambition to be a prime force in linking legislative candidates across district lines into national parties. Thus, the number of legislative parties at the national level is best thought of as a joint product of legislative and executive electoral rules, both interacting with the social cleavage structure. I developed a model along these lines in Chapter 11.

15.2 COORDINATION FAILURES AND DEMOCRATIC PERFORMANCE

Duverger's Law can be viewed as an optimistic assessment of the prospects for electoral coordination under SMSP rules. According to this (revised) law, failures to coordinate should be rare, and thus there should generally be at most two candidates in any race, and at most two parties in any district.

Any coordination problem, however, has consequences not just for the number of competitors in a system but also for the policy that is advocated or enacted. If one puts greater emphasis on the policy goals of political agents, and views coordination problems as inherently multiperiod rather than one-shot, then the prospects for successful coordination begin to look less promising.

In Part V of the book, I focused on the issue of coordination failure, examining in particular three different possible consequences of such failure. The first has to do with the nature of enacted policy in strong electoral systems (Chapter 12). Such systems by definition face larger coordination problems. One thing that this means is that the incentive to coordinate in such systems is greater, so that there are typically fewer electoral competitors. But it also means that the consequences of failure

to coordinate are larger in terms of the balance of seats allocated to different political forces: that is precisely why the incentives to succeed are greater. If coordination fails at a national level in a strong electoral system, then a fair number of seats can be lost by one side (poorly coordinated) and gained by another (better coordinated), with substantial consequences for the nature of government policy. In this sense, then, policy in stronger electoral systems can be more erratic and less centrist than in more proportional systems.

Failures to coordinate can also contribute to the maintenance of dominant-party systems. In some countries, such as India and Italy, dominant parties appear to have a positional advantage, in that politics is largely unidimensional and they are centrally located. In these cases, the opposition is more divided among itself than it is from the government, and cannot coordinate to overthrow the centrists. In other countries, in particular those operating under SNTV, the electoral system creates coordination problems that require specific resources to solve, such as access to pork and money, which governing parties in general have in greater supply. In these systems, coordination failure arises not from the positional advantages of a centrist party but from the resource advantages of a governing party. In Chapter 13 I examined how the resource advantages of governing parties have played out in the Japanese and Taiwanese cases.

Failures to coordinate can also arise as a natural by-product of attempts to realign politics in a country. When realignment projects do fail, they can entail significant loss of seats in strong (as opposed to more permissive) electoral systems. The high costs of failure should mean that successful realignments are less frequent and more consequential in strong electoral systems than they are in more proportional systems. Chapter 14 provided a case history of one coordination failure, Lloyd George's attempt to create a Center Party in the United Kingdom in the 1920s.

15.3 FUTURE RESEARCH

From a normative perspective, the institutional engineering question that this book suggests is: When do we want coordination problems to arise? They will unavoidably arise at some point in the process of translating voters' preferences into public policies. Would it be better that they arise early (in translating preferences into votes and thence into seats) or late (in translating seats into portfolios) or still-later (in translating control over seats and portfolios into specific policy decisions)? Early coordination focuses on mass politics and thus any equilibrium that is achieved is harder to change, as it involves changing the actions of large numbers of voters. Late coordination focuses on the formation of governments and thus any equilibrium that is achieved is easier to change, as it involves (at

least in the short run) changing only the actions of elites sitting in the legislature. Still-later coordination problems arise in the context of particular policy debates. For example, there may be several different budgets that a majority might accept; which will be agreed on?

In considering the question of when we want coordination problems to arise, a natural follow-on query concerns the consequences of failure to coordinate at each stage. In some systems, failure to coordinate at the government formation stage can take the form of an inability to form a government (cf. Strom 1994). In other systems, constitutional divisions of power, when combined with political divisions of purpose, lead to an inability to pass a budget in a timely fashion (cf. Cox and Kernell 1991). From the perspective of this book, this is a case in which social divisions are allowed to persist, because neither the legislative nor the executive choice procedure is so strong as to induce another outcome. The consequence of this persistence is not just partisan division of opinion within the society, not just partisan division of opinion within the legislature, but partisan division of opinion within the government. Given that there is a divided government, but that only one budget can be passed, the coordination game that might have played out earlier, when forming the legislature or government, is instead played out at the end of the fiscal year. From a purely administrative perspective, might we not wish that our differences had been settled earlier – avoiding the partial closure of the U.S. government in 1995, for example, but ending up with the same budget? Is it possible to construct a system that gives more or less this outcome?

The answer may well be "no," on the "no pain, no gain" principle. That is, it is precisely the pain of coordination failure that forces coordination success. If it takes a closure of the government to bridge the gap between contending forces, once they have reached the point at which a budget must be passed, then presumably earlier coordination could be forced only if there were an equally painful consequence inducing coordination earlier in the process. On the other hand, coordination earlier in the process necessarily entails a broader perspective, one that encompasses many specific policies, and so perhaps one could engineer stable coordination at less cost.

In addition to asking when we want to incur the risks of coordination failure, we might also ask how much we want the costs of such failure to fall on nonpoliticians (e.g., civil servants furloughed when budgets are not passed on time) as opposed to politicians (e.g., politicians who must face reelection if they bring down the government over a particular policy decision). The principle here would seem to be that the politicians should bear a direct pain that is proportional to the social costs of coordination failure.