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# COLLUSION, COMPETITION AND DEMOCRACY

## PART I

Stefano Bartolini

### ABSTRACT

This article deals with the concept and the problem of political competition and collusion with particular reference to democratic accountability and responsiveness. It starts with a discussion of the essence of competitive interaction with respect to other types of conflictual, negotiative or cooperative interactions. The relationship between competition and various conceptions of democracy is then discussed, identifying four independent dimensions: 'contestability' (conditions of entry); 'availability' (demand's elasticity); 'decidability' (the political offer); and 'vulnerability' (incumbents' safety of tenure). The paper concludes by discussing the relationships between competitive and collusive pushes in all aspects of political interactions, and criticizing the formal optimized models that fail to see the impossibility of parallel maximization of all dimensions of competition. Competition rests on a vast set of non-competitive preconditions and needs constraining-sustaining conditions, as it is unlikely to be effective in a world of rational, maximizing, selfish independent actors as much as it is in a world of communal closed groups.

KEY WORDS • collusion • competition • democracy • parties • responsiveness

### Introduction: Competition as an Elusive Concept

The terms 'political', 'electoral' and 'party competition' are frequently resorted to in three sectors of political research: (1) as a loose designation for the entire cycle of electoral, parliamentary and governmental politics, and in descriptive accounts of particular election campaigns, party platforms and statements, etc.; (2) in the context of formal modelling where they refer to party strategies and voting choices within the narrow limits of assumptions about actors' motives, preferences and information; and (3) in normative and empirical democratic theory where they are considered either as a defining property of democracy itself or as the key to the anticipatory and retroactive effects of the electoral process leading to the

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accountability and responsiveness of the political elite. As a result of this multiple utilization, the occurrence of the term 'competition' in titles of papers, discussions of the concept and its measurement have grown in political science literature since the Second World War. Yet, these various meanings of the concept make it vague and ambiguous. Its exact theoretical connotations and the type of empirical phenomena that it indicates are imprecise. This is so for a number of reasons which can be summarized as follows.

First, the specific nature of the social relationship identified with the term 'competition' is rarely discussed. To begin with, the specific essence of the competitive interaction among autonomous actors with respect to other types of interactions, such as those which are conflictual, negotiative or cooperative, needs clarification.

Second, 'political competition' is often mixed in an awkward combination with democracy. It is often regarded as a condition or a defining characteristic of democracy itself. This generates a great deal of confusion as the amalgamation of the two concepts and problems blurs their specific meanings as well as their mutual relationships. Competition can be regarded as a property of democratic polities, which may characterize more or less intensely their political processes and structures. The goal is to find ways to appreciate why and under which conditions democracies are or can afford to be more or less competitive.

Third, the ambiguity and vagueness of the concept and, therefore, its empirical referents are enhanced by the poor definition and the paucity of discussion about its *contrario*. If competition is regarded as a defining feature of democracy, then its opposite is absence of democracy, monism or authoritarianism. Yet, the opposite of competition – that is, of parallel and independent effort to achieve the same prize – is negotiation or cooperation – that is, concomitant and coordinated effort to obtain or to share the prize. The opposite of competition is collusion. Therefore, as we need to separate competition clearly from democracy and pluralism, so we need to separate collusion from non-democracy or authoritarianism, assuming that even within the genus of democratic polities there are different combinations of collusive and competitive conditions and behaviours. The reference point for the evaluation of what is competition, what are the conditions of competition, and how much competition exists, should be the study and definition of what is collusion, including its sources and conditions. In particular, I will argue that as competitive interactions require a strong and pervasive normative and legal capsule to be effective, the proper starting question is how much collusion (i.e. non-competition) is necessary to set, to keep in motion and to defend competitive interaction.

Fourth, too much is borrowed from economic theory and its models of competition. The assumed analogy, similarity or resemblance between

economic and political competition is, in my view, fundamentally erroneous. Competition in politics is altered by the degree of collusion intrinsic to (1) the fact that the normative-legal capsule of competition is set by the same actors who are supposed to compete within it; (2) the achievement of the exclusive good of public authority; and (3) the multiplicity of political arenas. The difference which results is not one of degree. Economic theories of party competition ask to be judged by the accuracy of their predictions and refuse to discuss the realism of their assumptions. So far, after almost half a century of research, the issue is not the level of accuracy of such predictions, but more fundamentally whether they have anything to do with the objective facts of political life. Yet, irrespective of the actual achievements of these models, the jargon of economic theories of political competition and the analogy between economic and political 'markets', the consumer and the voter, etc., have become so pervasive that they have progressively framed our perception of the problem and have damaged more than they have enhanced the definition of the questions with which a theory of political competition must deal. It is essential, therefore, to reconsider such terms and their equivalence in politics, to distinguish between what is unnecessary flirting with an uncommon or pretentious vocabulary and convoluted syntax and what is indeed fruitful importation.

Finally, political scientists influenced by economic theories of politics tend to view competition as a one-dimensional phenomenon whose upper limit is a model of 'perfect' competition. It is such a standard or ideal of 'perfect competition' which is modelled and against which reality is evaluated (when this is done). I will argue that the conditions which need to be met to enhance competition in politics are manifold. What is more important is that these several conditions or dimensions do not necessarily co-vary, with more of one implying less of the others. This paper analyses these conditions, claiming that their parallel maximization is impossible. The debate must concern the different dimensions and conditions of competition a society wants to maximize in specific historical situations. If this is the case, the maximization of competition, its 'perfection', and the concept of competitive equilibrium itself – that is, of a situation from which no actor has any incentive to depart – is simply inconceivable, even before we discuss its practical utility.

These are the five main points discussed in this paper. The basic conclusion is that competition and collusion in politics are two faces of the same process and one cannot be conceived without the other. Competition rests on non-competitive preconditions which set the social capsule within which political competition can take place and without which it would easily convert into other, differing social relationships: for instance, into utterly unregulated conflict or into strong collusive closure of the political class. This paper should be read primarily as a step toward the building of a

theory of political competition which is empirical and comparative. To do so one must depart both from formal theory and from descriptive application. A framework needs to be developed which (1) identifies the main empirical conditions of competition; (2) combines them in different structures of competitive interaction; and (3) allows an evaluation of their performance in terms of which goals and values of democracy are achieved and which are sacrificed by different structures.

The structure of this work has the following configuration. In the first two sections I clarify the nature of competition as opposed to other types of social interaction and I discuss the relationship which exists between political competition and political democracy. Next the discussion focuses on which conditions need to be met for electoral competition to contribute to a political elite's accountability and responsiveness. The central part of the work is devoted to an analysis of the four dimensions of politico-electoral competition labelled as 'contestability', 'availability', 'decidability' and 'vulnerability'. For each of them, it is shown that while they are crucial to electoral competition, they also open the way to and leave room for strong collusive pushes. The paper concludes with two sections where the problem of the relationship between the different conditions of competition is discussed, questioning the possibility of devising maximization models as well as their utility for empirical and comparative research.

This overall plan is split and published as two separate and consecutive articles in the *Journal of Theoretical Politics*. This first part includes the conceptual clarification of 'competition' as a type of interaction, the relationship between competition and democracy as accountability or responsiveness, and the treatment of the first two dimensions of competition: 'contestability' and 'availability'.

Part II (*Journal of Theoretical Politics* 12(1), January 2000) will discuss the remaining two dimensions – 'decidability' and 'vulnerability' – as well as the theoretical conclusions.

### **The Nature of Competitive Interaction**

Competition is a social relationship characterized by a system of interaction among consciously rival autonomous actors. Competition can also be seen as the unintended outcome of such a system of interaction; that is, as the consequences or social functions for the social circle of which the competitors are part. In both cases we need to specify which is the distinctive feature of this type of interaction.<sup>1</sup> Obviously, not all systems of interaction of independent actors are competitive. We can identify four

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1. The discussion of social relationships which involve subordination among actors – that is, non-autonomous actors – is excluded from this paper.

main types of social interaction among autonomous actors: *conflict*, *negotiation*, *competition* and *cooperation*. In society, all these relationships follow one another in all those cases in which actors are unable to isolate and/or to make themselves independent from the others. What is specific to 'competitive interaction' may best be clarified by a comparison with these other forms.

Competition and conflict both rest on a formally pure principle of individualistic action; that is, on the refusal of subordination, even partial subordination, of every individual interest and effort to a uniform supra-individual collective or group interest. In negotiation and cooperation relationships, actors may still be considered as pursuing individual interests, but they must accept at least some partial subordination of such interests to a collective, all-actors goal. Yet, whilst in conflictual and negotiative relationships the goals of the actors are different, in competition and cooperation such goals are similar. Competition presupposes the existence of a common aim, of an objective value desired by all competing parties. This can be profit, glory, scientific prestige or power. What matters is that there is unanimity on the value to be pursued which is normally absent in conflictual and negotiative situations.

A third dimension of differentiation of these relationships is the perception of the relationship between each actor's interests and those of the other actors. Conflicting actors tend to perceive their respective interests or values as mutually exclusive. Negotiation relationships require interests and values to be perceived as diverging but not mutually exclusive. On the other side, actors who actively cooperate tend to see their interests and values as complementary if not identical. In contrast, a competitive relationship works on the basis of a perception of interests and values as largely independent. Competition assumes that each competitor pursues his/her interest, utilizing his/her energies according to such an interest and evaluates the results in terms of objective accomplishments. As the goals and aims of a competitive relationship are the same, the perception of other actors' interests is largely immaterial.

A fourth dimension of differentiation, which is by far the most socially important, concerns the means deployed. During conflicts, actors enter into a social relationship in which they inflict damage on each other. Force is used directly or indirectly against the adversaries as a way to test the strength of the actors and their reciprocal capacity to resist the withdrawal of advantages or the growth of damages deriving from the conflict itself. Whether the aim is to obtain full victory in a zero-sum game or to reach the succeeding negotiation stage in a favourable position, the logic of means utilization does not change. In negotiations, actors use as means promises concerning prospective advantages or disappearing disadvantages, and threats concerning prospective damages and disappearing advantages.

Menaces of the direct use of damages – that is, the actual sliding of negotiation into conflict if the former fails – are only used to obtain the best terms of exchange. Obviously, in cooperation actors actually exchange and share means, information, resources etc., in view of the common goal and with no fear of their misuse by other actors given the complementary or identical nature of interests. The case of competition is different from all others because actors do not use or threaten to use strength directly against competitors. Nor do they exchange information, means etc. among themselves. In a situation of pure competition, in fact ‘each competitor by himself aims at the goal, without using its strength on the adversary ... from a superficial standpoint, it proceeds as if there existed no adversary, but only the aim’ (Simmel, 1955: 58).

This leads to a fifth crucial difference between competition and the other forms of interaction: the location of the prize. In conflictual interactions the prize is normally in the hands of some adversary and needs to be directly subtracted from him/her as he/she is unwilling to share it. For negotiations to take place, each actor must control some prize or some share of the prize valued by his/her adversaries and must, in principle, be willing to share some part of it in exchange for something else. Cooperative relationships assume that neither is the prize in the hands of one actor nor can it be achieved through exchange: it can only be reached through coordination among the actors. It does not exist without such coordination. Competition once again takes place under different conditions: the prize is not in the hands of any player when the match begins; that is, it really is ‘at stake’. Even if a prize is won at the end of a given competition round, it will be brought back into play at the next. Electoral majorities are at stake before every election as much as sports cups are before every final, and market shares are continuously. At the same time, in the ‘pure’ competitive relationship, prizes cannot be shared or negotiated among the competitors. Failure to put at stake again a previously won prize produces a change in the relationship from competitive interaction to conflictual or negotiative interaction. If the prize is not in competition it must be either fought for in conflict or shared through negotiations.

The final and most significant distinctive feature of competition concerns its unintended consequences on third parties; that is, on all those belonging to the social circle and who are not directly involved as contenders, negotiators, competitors or cooperators. Conflict, negotiation and cooperation may entail intended costs for those excluded from such relationships, while no clear unintended consequences are attributed to them. Although a long tradition of social and political theory has argued the favourable effects of conflicts for society as a whole (Coser, 1956; Dahrendorf, 1959), third parties can be damaged unless they can insulate themselves, and nobody dares to argue that the unintended consequences of conflict are

systematically positive and valuable. Similarly, the big issue of negotiated agreements is 'representation' and 'representativity' of the negotiators, and third parties normally aspire to some form of representation if they want to avoid paying the price of the negotiated outcome. Paradoxically, a cooperative relationship may entail even bigger costs for third excluded parties. Unless cooperation is conceived on a large and abstract societal scale – the case in which third parties would actually not exist – the third parties which are excluded from co-operation will also be excluded from the enjoyment of the value achieved through such cooperation.<sup>2</sup> Generally speaking third parties will bear the cost entailed by the closure of the social relationship of cooperation. For sure, very different unintended outcomes for third parties may be discussed for any of these interactions, but it cannot be claimed that such unintended effects are systematically valuable.

Competition is different because it is widely held that the unintended consequences of competitive interactions are beneficial to third parties which are indirectly affected by them. The basic tenet is that the net result of competition among individuals for the same prize produces an overall result which is advantageous to 'third parties'. The third profiting party can be identified by individualistic premises as well as on functionalist or systemic ones. From the first perspective, it is a collective welfare function which maximizes each individual function. From the second perspective the advantage is the realization of some overall value which is positive from the systemic point of view. A sociological mechanism for transformation of individual impulses into socially valuable results lies at the roots of this miraculous property of competitive interaction. In competitive interactions the subjective antagonistic efforts that lead to the realization of the objective value desired by all the competitors determine, as a by-product, the realization of other values outside it. The final result of those antagonistic efforts transforms them into an ultimate goal, while, from the point of view of the individual competitor, this ultimate goal is neither wanted nor aimed at. In this mechanism lies the value of competition for the social circle of which the competitors are members. 'From the standpoint of the society [competition] offers subjective motives as the means of producing objective social values: and from the standpoint of the competing parties, it uses the production of objective values as means for attaining subjective satisfaction' (Simmel, 1955: 59–60). Thus, competition is legitimized from the collective point of view through its capacity to overcome, and indeed to deny, the tension between subjective and collective goals. The latter are satisfied by the objective results of competition as opposed to the subjective goals of competitors.

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2. A special case is that of public goods, the fruition of which extends beyond the cooperating group which brought them about.

At the roots of the unintended beneficial effects of the competitive interaction mechanism we find the combination of three ideas. First, the classic discovery of the existence of unintentional consequences of intentional human actions; second, the idea that even private vices can contribute to public happiness;<sup>3</sup> and finally the converging contribution of several authors – from the invisible hand of Smith, to Hume's idea of public benefits not due to any plan of the inventors, to the heterogenesis of end of Wundt – towards the idea that 'the order generated without project can surpass by far the plans explicitly conceived by man' (von Hayek, 1988: 8).

These three ideas combine virtuously in the competitive mechanism directing its outcome to the advantage of those who do not directly participate in competitive interactions. According to this view, competition is a type of interaction which systematically improves the performance of the organization for the social circle of which the competitors are part.

The working of this miraculous mechanism has long since been noticed in the biological sphere and was probably originally imported from there. It was noted that erotic enjoyment, which for the individual is a self-justified, ultimate purpose, is for the species only a means whereby it secures its perpetuation beyond the moment. Even ancient gods seemed to have been aware that competition for individual honour and glory among both Greek and Trojan heroes could have, as an unintended effect, the improved performance of the respective armies and they actively engaged in stimulating or dampening such competition. The example of the global beneficial effects of competitive interaction could be multiplied in almost all fields of human action.

A great deal of modern social theory focuses directly or indirectly on this mysterious mechanism of more or less perfect harmonization of interests between society and the individual. The disagreement concerns the spontaneity with which such harmony is achieved: the issue is whether the moral, material and abstract interests of individuals generate functional orders without any project which transcends them, or whether this is possible only to the extent that such material and moral interests actually appropriate and interiorize a set of super-individual values as goals and means of action. The positive and unexpected consequences of competitive interaction are conceivable whichever of these two traditions one accepts and, as such, in this text, it is not necessary to dwell on their differences.

It is noteworthy that, although resting on the individualistic principle of non-subordination of subjective goals, competition finds its legitimation in

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3. Mandeville (1755) was probably the first to formulate these two propositions properly, the second of which Smith was not ready to accept in his moral writings. He accused Mandeville of an inverted moralism (Smith, 1976: 308–14).

the fulfilment of socially desirable ends. The latter justifies the losses incurred by individuals in the process. In this sense, individualistic competition should not be seen as opposed to the exclusivity or predominance of the 'social interest', but rather to other 'techniques' for the attainment of the same social interest. The relationship between competition and individualism is not complete without the legitimizing reference to the social interest. The legitimization of individualistic competition is equally as social as the legitimization of competing 'techniques' for the coordination of individual efforts to achieve collective goals.

In conclusion, I define competitive interaction as follows: based on the individualistic principle and, as such, not requiring formal subordination of such a principle to overarching goals (removing the problem of how autonomous actors can define and agree upon such goals); based on interaction among actors who aim at the same goal and can define their interests to be independent of one another; avoiding the resorting to direct use of force and menace; putting the prize continuously and repeatedly at stake; and, finally, characterized by beneficial unintended effects for third parties. Such characteristics are summarised in Table 1 and compared with the corresponding features of other types of interaction.

Given these characterizations, competition is often presented as an interactive process which is by far superior to the others, and whose application is preferable whenever possible. From the early, almost implicit, appraisal of the beneficial effect of trade competition by Adam Smith, competition has achieved a generalized and explicit recognition as an adequate and valuable technique for the satisfaction of almost any need and the attainment of almost any value in almost any sphere of human activity. This is surprising when one considers the number of fields in which the principle of cooperation and/or subordination of individual efforts to the collective goal is still prevalent and legitimized (both private and public bureaucracies, productive processes, family circles and kinship groups) and those in which conflictual and negotiative relationships still prevail (international relations, pressure group interactions, etc.). Yet, the 'ideological' trend nowadays prizes competition as the default and prevalent mode. Other principles or techniques of coordination of the individual forces need ad hoc justification and legitimization, and are reserved for fields where competition is regarded as unattainable or not yet attainable.

### **Competition and Democracy**

The conceptualization of democracy as a system of competitive interactions among political actors and the extension to politics of the idea of the valuable unintended by-product of competition has arrived later than

**Table 1.** Structures of Interaction Among Autonomous Actors

Type of Interaction	Conflict	Negotiation	Competition	Cooperation
Principle of action	Individualistic Refusal to subordinate individual interests and efforts to a uniform supra-actor interest or goal	Solidaristic Partial subordination of individual interests and efforts to a negotiated uniform supra-actor interest or goal	Individualistic Refusal to subordinate individual interests and efforts to a uniform supra-actor interest or goal	Solidaristic Coordination of individual efforts to a uniform supra-actor interest or goal
	The goals of the actors are different	The goals of the actors are different	The goals of the actors are similar	The goals of the actors are similar
Goals	The goals of the actors are different	Diverging	Independent	Complementary or identical
			No strength is used or threatened against the adversary	Actors actively exchange and share means, information, etc.
Perception of interests	Conflicting Actors inflict damages on each other. Force is used directly/indirectly against the adversary in order to test his/her capacity to resist the withdrawal of advantages or the growth of damages	Actors advance 'promises' (prospective advantages or disappearing disadvantages) or 'menaces' (emerging damages, disappearing advantages). Use of direct force is only threatened to obtain the best exchange terms	The prize is at stake. It is not in the hands of either adversary and cannot be exchanged	The prize can only be achieved through cooperation
Means	The consequences for 'third parties' are not explicitly considered. So third parties, unless they can isolate themselves from the conflict, need to enter the conflict themselves or to back one of the parties if they want to profit and avoid damages	Each party controls some prize valued by the others and that can, in principle, be exchanged	The unintended consequences of the interaction are beneficial to third parties, particularly if they apply the same principle of egoistic maximization as the competitors do	Third parties excluded from cooperative interaction normally bear the cost entailed by the closure of such a social relationship
Prize	The prize is normally in the hands of one adversary and it is perceived as non-shareable	The consequences for 'third parties' are not explicitly considered. So third parties, unless they can isolate themselves from the conflict, need to enter the conflict themselves or to back one of the parties if they want to profit and avoid damages	The unintended consequences of the interaction are beneficial to third parties, particularly if they apply the same principle of egoistic maximization as the competitors do	
Unintended consequences				

in other fields. The objective value prized by antagonistic individuals and groups in the political sphere is usually identified with political power.<sup>4</sup> The decisive means are non-violent: programmes, policies, propaganda and – ultimately – votes. The socially valuable by-product of this antagonistic struggle for power is, however, less clearly defined. What, then is the relationship between competitive interactions and democracy?

A short answer is that competition produces, as a by-product, democracy. This answer seems to me inadequate. Competition presupposes the existence of sets of norms and rules which offer at least a minimal regulatory framework without which it can well degenerate into utterly unregulated conflict. Democracy as a set of basic rights and of respected procedures is a necessary condition for political and electoral competition to take place, rather than the other way round. At the same time, it appears evident that the establishment of the regulatory, normative and legal framework for political competition is not achieved via political competition, but rather through cooperation and negotiation among the political actors. This confusion between democracy and competition is often created by the obfuscation of a necessary intermediate phenomenon: pluralism; that is, the existence of a number of genuinely autonomous actors, groups, etc. Pluralism is a necessary condition of democracy. At the same time it is also a necessary condition of competition. Yet pluralism need not be ‘competitive’. As we have seen in the previous sections, other principles may and do regulate the interaction among a plurality of autonomous actors. Whether politico-electoral competition has a feedback effect in maintaining, defending, stabilizing or otherwise improving the basic constitutional capsule of democracy and/or its pluralism is another matter, but it does not change the logical priority of the latter with respect to the former.

A different version of the same argument is that competition is necessary for ‘democratic’ elections. That is, elections must be competitive in order to be democratic. According to standard treatments elections should have four characteristics: (1) to be inclusive; (2) to be free (classical civil, political and human rights which allow the free expression of vote); (3) to be correct (i.e. without electoral fraud); and (4) to be competitive, meaning that there must be the possibility of competing if not necessarily a chance of winning. Inclusiveness, competition, freedom and correctness describe the (defining) procedural minima of democratic elections and the absence of one of them makes for democracy sliding into some facade or distorted form, or hybrid regime (Schedler, 1994: 6). In this case, competition is no longer the cause of democracy, but it remains one of its *defining features*.

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4. Although differences exist in the definition of this power: votes, offices, influence on policy.

Even this use, however, may be challenged. It is not 'competition' that we require for elections to be considered democratic, but *much less*. Speaking of the conditions of democratic elections, what is meant by competitive is 'contestable'. Elections must allow the entry of those who want to participate. But the contestability of elections does not imply their being competitive, unless we accept an equivalence between contestability and competition. Any extension beyond mere contestability of the requirements of democratic elections entails large problems for the definition and classifications of democratic regimes.

This large conceptual overlap between 'democracy', 'democratic election' and 'competition' is problematic as it generates a great deal of confusion, with the result that sometimes competition is equated with democracy and vice versa. In one of the few articles explicitly devoted to this topic, D'Alimonte (1989: 301–3) has argued the case for an orderly distinction between the two processes, insisting that 'democracy is a necessary but not a sufficient condition of competition' and that 'competition is neither a necessary nor a sufficient condition of democracy'. The logical corollary is that there can be democracy without competition, but not competition without democracy. Competition does not derive solely from democracy, and democracy is not the product of competition. D'Alimonte argues that the condition of freedom for parties to present candidates and programmes and the condition of freedom for electors to choose them 'identify democracy not with competition, but with an open politico-electoral market in which the freedom of access is guaranteed both on the demand side (the electors) and on the supply side (the parties)'. Logically therefore, if the politico-electoral market is open, it need not necessarily be competitive. The conditions of democracy (Dahl, 1971: 3 and ff.) are not the conditions of competition.

This last point can be more clearly appreciated if we briefly compare the role that competition plays with respect to democracy in Schumpeter (1954) and Downs (1957), the forerunners of the 'third gaining party axiom' of competition in the political realm.<sup>5</sup> Schumpeter's innovation was to render irrelevant all motivations of the political elite with the exception of their shared appetite for power. Once channelled within a 'capsule' (Etzioni, 1988: Ch. 12) of norms and procedures defining appropriate and acceptable means, these appetites tend to produce social values which are of great interest for third parties and for the entire society. There is no need to assume that those social values are consciously aimed at by parties in the competitive struggle. This notion presented several advantages. It

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5. For a discussion of the normative view of democracy of the two authors see Miller (1983). A brief analysis of the role of competition in Schumpeter and Downs is given in Strom (1992).

saved the normative character of democracy by attributing to voters the role of *ultimate instance of selection* of their rulers. At the descriptive level, it enabled the renunciation of the unrealistic degree of political competence, initiative and altruism required by other theories of democracy that Schumpeter labelled 'classic'. It facilitated the unambiguous distinction between democratic and non-democratic systems, through the exclusivity of the popular sanction of government by elections. Finally, it helped to rephrase the dilemma of 'classic theories' concerning the democracy-authority relationship. It avoided the Leviathan, once legitimized by a social contract, being free to operate for the common good.

Schumpeter makes a close link between competition and democracy. His definition of democracy is 'government approved by people' and the democratic system is defined by the formal rules set up for the exercise of free, fair and loyal electoral competition. The procedures which constitute democracy are the constitutional aspect of politico-electoral competition: the capsule of competition. His procedural definition makes competition, intended in every strict sense of 'contestability', essential to democracy: a defining characteristic of democracy. The unintended valuable by-product of competition for power is the peaceful selection of the ruling elite and their submission at fixed intervals to the renewal of the mandate; in short, the institutionalization of the never-ending fight for power; a defensive mechanism against the Leviathan. While one can find several statements that underline the crucial importance of the selection process (Schumpeter, 1954: 269 and 282) the types of policies that are offered do not concern Schumpeter very much. References to popular will, citizens' preferences, political responsiveness and the like are absent. Schumpeter does not say that voters know what they want and are able to evaluate what is done. Consequently, he does not dare to conclude that the elite will give them what they desire. Nothing can be said in this perspective about the relationship between electoral competition and the evocation of 'popular will' because the starting point of Schumpeter was that of poorly informed and emotionally distorted individual wills, and consequently citizens' decisions will be, to a varying extent, manufactured by powerful persuaders. Schumpeter's vision was that of a sceptical European conservative observer.<sup>6</sup>

Downs builds on Schumpeter and recognizes his inspiration (Downs, 1957: 19, footnote 11), but also pushes further the unintended by-product of competition. Competition

is a mechanism whereby political parties which are engaged in what Schumpeter called a 'competitive struggle for the people's vote' are obliged to take account of the preference of the electors for one policy rather than another. (Barry, 1970: 99)

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6. A similar minimal definition of democracy as 'accountability' was shared by Popper (1965: Vol. 1, 124).

The unintended social value of competition is, therefore, 'responsiveness'. One does not need to assume that candidates and parties want to respond to voters' preferences. They are involuntarily forced to do so while pursuing their goals of power by maximizing the necessary vote. Competition in this case becomes far more crucial because it's not merely a defensive mechanism against Leviathan, but also obliges the elite to take into account the preferences of voters. The thesis is about how competition compels the transformation of each party's motives into the social value of each party's honesty, responsibility and responsiveness to electors' desires (Downs, 1957: 107 and ff.).

With Downs, therefore, what is offered by parties/candidates and the actual basis on which the voters judge are not only relevant, but essential to the achievement of the unintended social result of competition. While for Schumpeter 'procedural democracy', which is authenticated in fair electoral competition, offers goods that are independent from the substantive preferences of the voters and the substantive offers of the parties, Downs holds that through competition, procedural democracy transforms itself *ipso facto* into the only possible substantial democracy: a democracy which responds to voter preferences. Schumpeter's goals could be achieved even in the face of 'irrational', uninformed or even foolish or random voting. For Downs, these types of voter do not force the elite to respond involuntarily. Schumpeter's version of the competitive struggle for the vote is even compatible with a strong elitist vision whereby voter perceptions and preferences are shaped, informed, oriented or otherwise manipulated by the elite. Downs' version is not. Thus, government 'approved by' the people is not the same thing as government 'responsive to' the people. *Accountable* means subject to the obligation to report, justify and be 'responsible' for his/her own action before somebody else. *Responsive* points to a ready and sympathetic response, to being receptive of somebody else's requests, opinions etc.

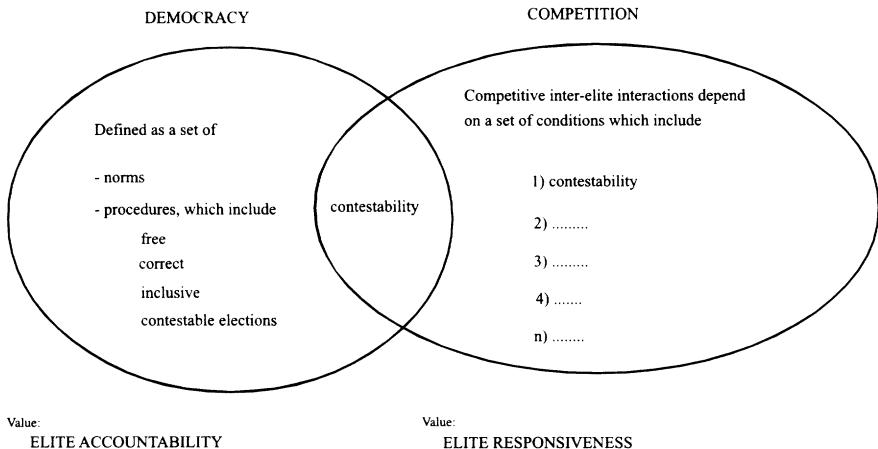
Surprisingly, these two terms are often used synonymously, while they actually point to quite different normative conceptions of democracy, and have important empirical consequences for how democracy should work and what should be the role of competitive interaction within it. An accountability theory of democracy requires only a regular renewal of the mandate to rule, and it is not concerned by what politicians should be accountable for – whether policies or private behaviour; public image or linguistic and dialectic capabilities. It is not troubled by questions concerning how people can know the extent to which their elected representatives are keeping or breaking, or have kept or broken, their electoral promises; how they can come to judge the cases of non-compliance, or how the voters can manage to overcome the structural difficulties and ambiguities involved in the interpretation of mandates and their implementation. Only

retrospective sanctioning is real, but it is also admitted that such retrospective sanctioning is no better than the prospective one if the difficulties of evaluation mentioned before are genuine. Democracy as accountability can also accept the conclusion that electoral mandates are, as such, unworkable, and that electoral competition process is deprived of any real capacity to condition policies in a prospective or retrospective way. As long as the elite is subject to renewal at fixed intervals, accountability is granted irrespective of the bases on which such accounts are drawn and evaluated.

Democracy as responsiveness is more demanding by far. It requires mechanisms that guarantee that the appetite for power of politicians is channelled towards subjectively unintentional but objectively valuable responsive capability, and that the conditions of competition be favourable to that result. It requires accountability to be transformed into the need to respond. In this case, contestability alone seems to be insufficient. The mechanism leading to responsiveness in competitive races is described in the following terms: excluding as irrelevant individual motivations, leaders, in striving to keep or acquire power and office, will be constantly worried about how voters are going to react to their actions. This worry is necessarily a function of the extent to which the leader is him/herself exposed to a reasonable threat of electoral sanction. Only if he/she is worried about the reactions of voters will he/she be 'constantly piloted by the anticipation of those reactions' (Sartori, 1977: 350). Responsiveness is achieved by introducing Friedrich's (1963) mechanism of anticipated reactions. The working of this mechanism requires far more demanding conditions guiding the behaviour of both voters and politicians alike.

To summarize the argument so far, the political elite's *accountability* may be guaranteed by the minimal procedural definition of the democratic processes, and for its achievement electoral competition is not essential other than in the minimal sense of electoral contestability. If, on the contrary, we consider *responsiveness*, and not only accountability, as an essential element of democracy and we regard electoral competition as the key mechanism to ensure such responsiveness, then the content and the conditions of the competitive process require additional elements to achieve this goal.

Figure 1 depicts a scheme which represents the relationships between democracy and competition according to how democracy is normatively defined and which corresponding unintended effects are attributable to competition. Democracy is defined by a series of rights and procedures among which unquestionably has to be included the regular holding of elections which must be free, correct, inclusive and contestable. These four characteristics guarantee what we have defined as the regular accountability of the elite. Actual inter-elite competitive interaction is a potential of free, correct, inclusive and contestable elections, but it is in no way a



**Figure 1.** Democracy and Competition

necessary consequence of them. Elections make politicians accountable on a regular basis, but only competitive interactions make them responsive (assuming they are not so for cultural reasons or traits).

Once politicians are exposed to periodical renewal and are interested in re-election, which conditions grant that, in order to improve their chances of re-election, they are led to 'respond', i.e. to sympathetically anticipate their potential voters' demands and preferences? In other words, what characteristics or conditions of competitive interaction (beyond their procedural features) are necessary for achieving and maximizing responsiveness and what characteristics and conditions actually work against this goal? This is the question to be dealt with in the next section, filling the competition conditions circle of Figure 1.

### **The Conditions of Competition: Formal and Empirical**

What conditions for competitive political interactions produce approximate responsiveness is not well spelt out in the literature. Such conditions obviously impinge upon (1) how preferences originate and are formed or shaped; (2) how preferences are communicated to the elite; (3) how preferences are aggregated; and (4) how political outputs can be made contingent upon the aggregated preferences.

Economic models of political competition have the merit of having clearly studied the unintended responsive effect of electoral competition among candidates/parties, facing the issue of which conditions directly lead to a maximization of competition and correspondingly of responsiveness

starting by postulates concerning the aims, motives and information of the actors. The attempt is to set and define the conditions of 'perfect' competition in politics, and to model the positioning of political parties over a political space. The conclusion is that once the postulates which maximize competition are set and satisfied, responsiveness is the result of rational behaviour on both the politicians' and the voters' sides.

The list of postulates of formal spatial theories of competition is normally given as follows:

1. politicians have goals (office) which can only be satisfied by vote maximization;
2. politicians have the opportunities to offer policy promises to the voters and are free to change such offers at will (leapfrogging) in the pursuit of votes;
3. voters have goals (maximize their utility) which can only be satisfied by governmental party choice;
4. voters have preferences which during the competition process are fixed and exogenous to the competition itself;
5. voters have the opportunity to change party choice whenever utility calculation suggests so;
6. politicians know electors' preferences and electors know party promises on policies (information is free and accurate and calculation costs are absent);
7. position issues are linearly ordered sets of policy options resulting in a one-dimensional scale and each stand can be assigned a position on our left-right scale;
8. both party's and voter's net position on this scale are a weighted average of the positions of all issues;
9. on such scales voters have single peaked symmetric preference curves.

Under these conditions the following will occur:

1. The voter will invest his/her vote for the party which promises the best return in the next legislative period. The issue proximity between party and voter measures these prospective returns.<sup>7</sup> The farther a voter perceives a party's position to be from his ideal point in either direction, the greater his/her utility loss if this party were to pursue its policy in government. An implicit postulate is therefore that voting is prospective, based on comparative evaluation of future policies.
2. In order to maximize their appetite for votes as a key to office, the

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7. Party preferences and party choices are therefore assumed to coincide. That is, votes are sincere and coalitional or electoral mechanisms leading to strategic voting for second or third preferred parties are excluded.

- parties will select the set of issue positions (or the average issue position) that maximize their vote.
3. The unintended result will be that parties will maximize responsiveness in choosing the spatial position (or the set of policies) which is meant to satisfy the highest number of voters.

These basic postulates have been somehow relaxed in successive developments of these theories. The idea that voters' information costs were non-existent has already been discussed by Downs who introduced ideology as an information shortcut (Downs, 1957: 98–100). In some recent research contributions, even the parties' strategic choices are modelled under conditions of limited information (Coughlin, 1992: 1–22; Calvert, 1986). Opinion polls and lessons drawn from previous elections have been used as devices parties can use to reduce uncertainty and therefore to devise their vote-maximizing strategy by calculating risks (McKelvey and Ordeshook, 1985a: 55–85; 1985b: 480–512). Similarly, spatial equilibrium has been modelled relaxing the full freedom of policy choice and change, with ideology which conditions policy adaptation and precludes leapfrogging (Enelow and Hinich, 1984: 36–64). Even the postulate that party competition derives from party differentials on the same issue or policy has been questioned, arguing that parties compete putting different emphasis on different issues and policies rather than advocating different positions on the same issue or policy dimension (Budge et al., 1987). Attempts have also been made to model party competition abandoning the postulate of the one-dimensional space. However, as voting cycles and no equilibrium are virtually inevitable in three-dimensional spaces and very likely in two-dimensional spaces, the researchers more concerned with the empirical relevance of the model's prediction have tended to stick to the postulate of the one-dimensional left–right space.

It is not my intention to discuss the postulates under which competition is analysed by the economic theory of politics. This short summary serves to clarify a set of implicit features of all varieties of these theories. First, the contestability of elections is conceived in these models as a property which only derives from the competitive interactions. In other words, the possibility for new actors or third parties to enter the race successfully is determined by the behaviour of the existing parties. The latter can, will or should behave so as to prevent the entry of adversaries in the space of competition, and given the information they have about voters' preferences, this is done through strategic moves over the same space. In a nutshell, barriers to entry emerge from the structure of competitive interactions and are not external to them.

Second, the availability of voters to change their party choice is postulated to be total and uniquely dependent upon voters' perception of which

party is nearest to their preferred position. Ideology as an information short-cut can only partially limit such electoral availability.

Third, what is actually offered by the parties in terms of policies, programmes, and so on is of little relevance, if not immaterial, to these theories. The preferences of the voters being exogenous (that is external to the competitive interaction among the parties) and fixed during that interaction, parties interested in government by definition will offer what voters' preferences dictate. Voters' choices are influenced by party offers, but the latter are determined by voters' preferences. So, what the parties/candidates offer is a dependent variable in these models. In the model of perfect competition the fight for the median voter leads to totally undifferentiated products. In principle even the politicians should be as alike as two peas, as any differentiation introduces alien elements which can only make competition imperfect. As competition deploys all its effects, the consumer wins and it is no longer important who governs.

Fourth, under the aforementioned conditions if incumbents fail to adapt to the preference of the majority of voters, they are, by definition, electorally vulnerable: that is, can easily be ousted from government.

So the logic of the exercise is to set conditions under which competition is maximized and responsiveness follows as a compelling consequence. Instead of starting from postulates about voters' and parties' motives and behaviours which lead to perfect competition and perfect responsiveness, let us rephrase the previous four questions in terms of empirical conditions. That is, let us try to identify the empirical conditions which would maximize responsiveness, the real goal and unintended social value with respect to which competition is one possible means.<sup>8</sup>

As was argued, contestability is a necessary condition of competition and, at the same time, a defining characteristic of democracy. Contestability, therefore, is the point where democracy and competition overlap (see Figure 1). There are, however, other often-cited conditions of democracy which are not necessary conditions of competition.<sup>9</sup> At the same time, there are other conditions of competition which need *not* be regarded as conditions of democracy. In brief, I will argue that there are three other necessary conditions of competition to consider in order to maximize the elite's responsiveness to citizens' preferences. They can be identified, working backward from responsiveness, keeping the basic assumption of

8. A number of authors of economic formation define such unintended result as the 'elimination of unnecessary returns to party leaders and functionaries', where unnecessary returns are seemingly defined in terms of spoils (Stigler, 1972: 91–106). However, the condition regarded as sufficient to avoid unnecessary returns is contestability; indeed the simple threat of entry (Stigler, 1972: 97). It is therefore not necessary to discuss this position, already implicit in competition as contestability.

9. The most obvious example being equal or universal suffrage.

politicians' interest in being re-elected and voters' interest in maximizing their preferences.

If potential electoral sanctions are what drive politicians to offer sympathetic responses to their electors, then such a mechanism will perform better the more the political elite perceive their own electoral vulnerability. It follows that a key condition of competition is the *electoral vulnerability of incumbents*.

In turn, the necessary conditions of incumbents' vulnerability is that voters are willing to punish and reward; that is, they are available to modify their electoral choice. If they are not, incumbents are safe and vulnerability is unthinkable. One does not need to postulate full elasticity of the vote, but some predisposition to electoral switch must be present if vulnerability is to be conceivable. The quota that is necessary, that is to say, the type and number of voters, is impossible to say at this stage. What matters is that such electoral availability will change from one context to another and in time. Therefore, this condition will be called *electoral availability* (Bartolini and Mair, 1990).

So far responsiveness assumes contestability, and it depends on vulnerability. The latter requires voters' availability. Now, the next step is to deduce what motivates the available voter to act for or against the incumbent government or any party/candidate. This must be the differentiation of the offer and the consequent perception of different potential outcomes. Whatever parties/candidates offer (programmes, policies, ideologies, images, etc.) it must be different and clearly 'spelt out' for the voters, in order to make vulnerability not just the chance outcome of random change in voting habits. The anticipated reactions of both government and opposition parties (which are supposed to be the key to responsiveness) must relate to voters' responses to differentiated and clear offers. The latter enable the voter to decide whether to change his/her electoral preference, and also make intelligible to the elite the reactions of the voter. If products are not differentiated (or their difference is not perceived), voters can punish or reward at random, and no responsiveness will be achieved. Offers must therefore be decidable by voters in order to make the entire process intelligible to both voters and elite alike. I will call this condition the *decidability of the offer*.<sup>10</sup>

In conclusion, if politico-electoral competition is meant to grant the unintended value of political responsiveness, then, in both logical and empirical terms, the following conditions need to be met: (1) electoral

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10. Strom (1989: 280–1) mentions three 'models' of party competition, labelling them 'contestability', 'conflict of interest' and 'performance sensitivity'. The definition of his first model roughly corresponds to what I will discuss under the same label. The second does not correspond to any of my conditions. The third mixes aspects that I will discuss separately under the labels of availability, decidability and vulnerability.

contestability; (2) electoral availability of the voters; (3) decidability of the electoral or policy offer; and (4) electoral vulnerability of the incumbents. These four conditions fill the right-hand part of Figure 1. There is a close correspondence between the key postulates of spatial theories of competition and the four dimensions mentioned earlier. The difference is mainly in the logic of research. Whilst in spatial models, on each dimension one status or value is postulated (for instance, full elasticity of the vote, which means total availability of the electorate), in the second case the conditions are regarded as dimensions of empirical variation. Real cases should have real values/status for each of them. In the subsequent sections the first two conditions will be discussed in more detail. Continuous reference will be made to the ways in which similar problems are dealt with within formal and empirical studies of electoral competition.

### The Contestability of Elections

In the previous section I have argued the need for a clear analytical separation between democracy and competition. A minimum of contestability is a necessary condition of democracy, while its actual level can vary among democracies. The basis norm that everybody can, in principle, participate in the electoral competition does not mean that there are no differences among democracies in the degree of openness of electoral contests. There are different political systems or circumstances whose democratic nature is undeniable, but which offer to new and old claimants very different opportunities for electoral contestation. Therefore, within the general concept of competition I want to separate a dimension which exclusively indicates the extent of openness to contestation of the electoral and political race.

Let me first describe how the problem is dealt with within the economic theory of politics tradition. The usual association of condition of free entry with the idea of the market, and the frequent use of the term 'political' or 'electoral market', represents one of those cases in which the uncritical adoption of the jargon of economic theory ends up being more a nuisance than a useful terminological or conceptual advance. If we take economic terminology seriously, the market is defined as an institution for the consumption of transactions. A market best performs this function when every buyer who is willing to pay more than the minimum realized price for any class of commodity succeeds in buying the commodity, and every seller who is willing to sell at a lower price than the minimum realized price succeeds in selling the commodity. The essence of a market is therefore not defined by 'ease of entry', but by the 'obtainability' of transactions. It is questionable whether this concept is of any use in politics. We should be

ready to revise our categories profoundly. For instance, abstentionism becomes the most obvious sign of market failure – the existence of voters unable to find the desired good. At the same time, an electoral market exists when parties offer the same policy package at lower prices (taxation?), and when voters intensely motivated by a particular policy, obtain it by 'paying more' (voting twice or what else?).

A further shortcoming in the concept of the 'electoral market', when associated with that of the economic market, is that market and competition are not only different things; they can have little to do with each other. A market can perform efficiently as an institution for the consumption of transactions and still be monopolistic or very non-competitive. On the other hand, the market can perform poorly and be competitive at the same time (Stigler, 1957: 6). The economic theory of competition, in more than a century of reflection,<sup>11</sup> has given no definitive answer to the question of how many firms are necessary to make a market competitive, and what maximum share of market control by one firm is compatible with competition. The solution offered is the definition of the conditions of 'perfect competition', refined over time. However, to say that there must be numerous traders on both sides of the market does not identify the minimal number necessary to define a competitive market which deploys its valued unintended effects to the advantage of third parties, which are, in this case, the consumers.<sup>12</sup> In conclusion, although economists tend to equate competition with openness of the market, they do not offer a useful solution to the problem of contestability in politics.<sup>13</sup>

In politics, given the obvious fact that only a limited number of actors can supply legislation for its monopolistic nature, there exist important barriers to the entry through the electoral process of potentially competing legislative suppliers. These barriers are not determined by the competitive process itself, but are set outside and independently from it, by the ex-ante

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11. The concept, although formulated much earlier, did not begin to receive explicit and systematic attention in the mainstream of economics until the beginning of the 1870s.

12. Moreover, the indicators normally used to evaluate the degree of competition empirically are extraordinarily ambiguous. Two examples: concentration ratios are used, arguing that the lower the concentration is, the more competitive the market, but the minimum concentration compatible with the definition of competition is not determined; price homogeneity is regarded as an indicator of higher competition, but the same indicator is often considered by courts as a phenomenon more suggestive of collusion than of competition (Stigler, 1968: Vol. 3, 181–2). Indeed the high abstraction of the concept of perfect competition and its difficult operationalization have pushed economists to look for a more realistic and 'workable' concept of competition (Clark, 1940: 241–56).

13. Several critical remarks concerning the analogy between perfect economic and electoral competition are in Ware (1979: 35–40).

normative, legal and cultural capsule of competition. There are several aspects of electoral contestability to be spelled out. They refer to:

1. the requirements to enter the race: that is, how difficult it is to present oneself as a candidate (or as a voter) or to form a list or to form a party that can compete in an election;
2. the possibility of being more or less fairly represented in legislative bodies;
3. the possibility of accessing the resources necessary for an electoral race with the other (access to media, coverage of activities, public money for campaigning, etc.).

They all constitute barriers to entry for potential new parties/candidates. The first is an ex-ante barrier, which defines the conditions by which candidates, parties, etc. are allowed to take part in the electoral race (party ban; how many signatures for a candidate; how difficult it is to form and deposit candidate lists, etc.). These barriers are mostly legal and they determine direct discrimination against potential suppliers. The second type, the representational barrier, defines the conditions of victory in the race. Among those who are allowed to participate in the race, some will be defeated and therefore prevented from taking part in any successive potential production of legislation. This may be due to representation thresholds or to the rules of the game that translate votes into seats for both parties and candidates and even from specific territorial distributions of the vote. Strictly speaking, in this case discrimination is still legal but indirect, in large part determined by the game itself. These barriers do not prevent competitors from competing, but they do prevent them from winning seats and representation. The fact that some of those who try to become suppliers fail does not mean, by itself, that the process is not competitive or less competitive. However, the knowledge of the existence of such barriers to victory may act as a barrier to entry for newcomers and as a margin for non-adaptation and non-responsiveness by the existing represented parties/candidates. The third type of actual barriers usually involves aspects such as the incumbents' advantages (Somit et al., 1994), campaign finance laws which favour old parties over the new ones, the organizational and financial costs incurred and the resources required to organize a new national party.

If entry is easy and if existing parties do not adequately reflect the sociopolitical interests, attitudes, divisions, etc. of the population, then new parties will tend to form. Therefore, the extent to which the possibility of new party formation is a major constraint for the existing parties or, on the contrary, whether such a threat is small for them, is a crucial empirical question. In a country like the United States, with 50 different legal barriers to entry of new parties (Lawson, 1987: 243–7), with a first-past-the-

post formula, high levels of campaign costs and a general political culture climate unfriendly to third parties,<sup>14</sup> the barriers against them are so high that one could almost define the party system as an 'enforced duopoly'. In politics the barriers to becoming a supplier of policy are quite high and potential suppliers tend to remain quite few.

For economic-minded theorists barriers to entry into electoral politics allow incumbents to 'earn monopoly profit' which can be spent 'by taking time off, missing votes, by tacking junkets at taxpayers' expense, by accruing a war chest of unspent campaign contributions or by voting ideologically rather than voting according to constituent interests' (Holcombe, 1991: 231–40, 235). That is, they tend to be presented as advantages for the politicians at the expense of the voters. In other words, the consequence of barriers is that incumbent candidates/parties do not necessarily need to follow vote-maximizing strategies in order to remain in office or to maintain their share of the vote. They do not need to compete as thoroughly as they would do without such barriers. As a consequence, they are less in need of 'responding readily and sympathetically' to voters' preferences.

The importance of legal, electoral and actual barriers to entry can hardly be underestimated if one considers that the incumbent political elite can decide to cooperate or not to cooperate depending on whether cooperation is more advantageous to them than defection. If barriers were so high as to decisively discourage new entries, then the incumbent political elite engaged in a repeated game would have strong incentives to opt for collusive strategies. Therefore, in principle, and *coeteris paribus*, any actual barrier is an incentive to collusion among the incumbents, an opportunity for deflecting from vote maximization and for reducing responsiveness. In principle, again, to foster and maximize competition one should reduce as many barriers to entry as possible.

Yet barriers serve another function and have another consequence in politics that are absent in economics: they avoid excessive fragmentation of the political offer. They help reduce suppliers from many potential to an actual few. In politics, as in economics, one can easily define, in terms of contestability, the point where competition ends and is substituted by something else: monopoly or authoritarian monism. At the other end of the spectrum, as opposed to economics, in politics we know that the extreme fragmentation resulting from many suppliers is not likely to enhance 'perfect competition' but rather political chaos. Authority being a public good, success in the competitive race offers authority not just over one's own supporters, but over all members of the polity. The indivisible nature of

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14. In 1968 the state of Ohio contended before the US Supreme Court that the public interest was served by laws which discriminated against third parties, on the ground that such parties increased the chance that a candidate would win with less than a majority of the votes cast (Ware, 1979: 38).

authority necessarily leads to strong pushes toward oligarchic tendencies and determines large economies of scale. Competition for private goods allows everyone to deal with the preferred partner, even though this partner is a very minor one. In politics, there is room for only a limited number of parties. New entries are immensely more difficult than in business. It is difficult to carve out a small niche, and, besides, small niches may be of very little use. Finally, oligarchic tendencies and economies of scale are also fostered by the protection against foreign or international competition which is typical, thus far, of political competition.

It is surprising that this consequence is not discussed in theories which assume that the best conditions for competition are represented by two-party systems and which base their analysis almost exclusively on this type of party system (Tallock, 1965; Holcombe, 1991; Shepsle and Cohen, 1990). If two-party systems are ideal for maximizing competition and hence responsiveness, then those extra-competitive barriers which help to reduce party fragmentation should be welcome. But in this case, as well as with the barriers, the implicit collusion among incumbents in order to raise them should also be valued. If, on the contrary, in order for incumbents to avoid the 'monopoly profit' which derives from barriers, contestability is maximized demolishing such barriers, then the likely fragmentation of the offer would emerge with all the consequences that I shall discuss in the following sections.

The only way out of this contradiction is to demonstrate that under the postulate of rational maximizers voters and/or parties, no third party will be formed (that is no third party will be in the interest of any voter or politicians) even in the absence of barriers to entry. The way in which formal theorists avoid dealing with this problem of the actual barriers is therefore by conceptualizing them in a reductive way as barriers created within the process of spatial competition between two parties by their relocating themselves in such a way as to prevent the formation of other parties. By definition these types of barrier are nothing more than ways to anticipate the exit options of voters, pre-empting with strategic moves their willingness to support new politicians or parties. As such, barriers to entry end up being other ways to 'respond' to the expected voters' preferences. That is, barriers are not studied per se – as pre-competition regulatory and actual obstacles set to bar the entry of newcomers and to limit the number of suppliers.

The second reason why economic theories of competition pay little attention to regulatory barriers is that they often take the lead from the candidate's point of view, not from the party-system point of view. If applied to every single candidate in a given constituency, entry barriers have no impact on fragmentation because the number of elected candidates is fixed. From this point of view, the only difference that barriers make is whether the candidate elected is X or Y. Choosing this perspective, it is natural to see competition as occurring not between parties, but rather between incum-

bents and non-incumbents, and to assume that there is much more in common among incumbents of different parties than between incumbents and non-incumbents of the same party (Holcombe, 1991: 231–40, 237–8).<sup>15</sup>

If parties are considered, the picture is different because it does make a great deal of difference whether there are as many parties as seats or whether the parties reduce the level of legislative bodies' fragmentation. If parties did not exist, it would be reasonable to expect that, at election time, the main dimension of competition in the system would oppose incumbents with non-incumbents. It would also be reasonable to expect that cartels of the incumbents would act to ensure the safety of their tenure by manipulation of entry barriers. Parties, when they are strong institutions, create an area of solidarity between incumbents and non-incumbents which prevents the collusion of incumbents on entry barriers. When they are weak, such a dimension can become more important.

The fact of the matter, in conclusion, is that the question of entry is far more important in politics than in economics. Actual and regulatory barriers are important because they point to the existence of collusive behaviour among existing incumbent parties/candidates against outsiders; because they allow the same parties/candidates to escape in part from vote-maximizing strategies; and finally because they foster the achievement of a goal – reduced fragmentation of the offer – which is instrumental to other aspects of competition. The conclusion is that, in politics, contestability is strongly confined to begin with by the rules and the resources that determine who can participate in the race and who can win it. So it is somewhat paradoxical that economic metaphors are employed to conceptualize it. The failure of formal theories to incorporate the study of barriers actually turns into the failure to appreciate the first and important margin of no maximization available for competitors for the good of public authority.

For an empirical study of competition, therefore, the question of 'perfect' contestability or of an 'open' market is meaningless for the reasons mentioned earlier. Waiting for a discussion of how contestability impinges upon other important empirical and also formal conditions of competition, we can fix the following conclusions: we need (1) to consider contestability as an important dimension of competition; (2) to keep contestability clearly separate from electoral availability, thus avoiding condensing both of them into the 'open market' metaphor; (3) to consider contestability as a structure of political opportunity for new and old potential claimants; and (4) to concentrate on the empirical factors which impinge upon the variations in this structure of opportunities.<sup>16</sup>

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15. Note, however that this perspective leaves unexplained the existence of parties.

16. I avoid here a discussion of the empirical indicators of contestability (effective threshold of electoral systems; fairness of representation; information on the regulatory barriers; actual costs of party formation (public finance, access to media, etc.).

### **The Demand: The Problem of Electoral Availability**

The availability of voters to switch their party/candidate allegiance is crucial because competition theory, and democratic theory *tout court*, assume that a quota of voters, in large masses or in critical minorities, determines through their ‘potential’ defection the anticipated reactions of the elite and therefore their responsiveness to public opinion orientation.<sup>17</sup> Such a quota represents what is at stake in the rivalry: the prize of the parallel efforts by competitors; therefore, the incentive for party competition. When the elasticity of the vote is zero and there are no available voters, the rule of anticipated reactions does not work and it is unlikely that parties engage in policy competition.

Under the usual assumption of the formal theories of competitive equilibrium, full elasticity of the vote is postulated and no other factor but proximity calculation impinges upon the decision of the voter to confirm or to change his/her party choice. The rational orientation toward the policy packages offered by parties makes the voter a perfect elastic consumer, who is, by definition, available to change his/her partisan preference, should a better offer be made to him/her.<sup>18</sup> In principle, however, one can introduce various conditions of non-elasticity of the vote to relax such a postulate. Actually, in spatial terms and with two parties, one voter willing to change his/her party choice – the median voter – is enough to make incumbents vulnerable. In this case, only the possibility of a non-elastic median voter (a median voter who for whatever reason votes always for the same party) would annul the foundation of the model.

Yet, a number of problems work in ambush. The first is the well known problem that, before choosing a party, rational voters must first decide to vote. There is an interesting gap between theories of rational choice which deal with the act of voting and theories of rational choice which deal with the act of choosing a party. The participation decision – the act of voting – is the most difficult. In a world of rational and informed voters turnout should be positively correlated with: (1) the size of the party differential (utility term) and (2) the closeness of the aggregate vote for competing parties (probability term). The more the voter perceives the advantage that he/she can get from one party with respect to the other and the more he/she feels his/her vote can make the difference between one and the other, the more he/she should be motivated to vote. No research, to the best of my

17. There is a large body of democratic theory which regards this as insufficient condition for democracy unless it is combined with other forms of direct participation additional to the electoral one. For obvious reasons this is not a theme to be discussed in this paper.

18. Ideology is introduced in a second stage, to reduce the implicit huge information costs.

knowledge, has ever demonstrated this.<sup>19</sup> Generally, the impact of participation norms (civic duty, etc.) and non-rational motivations are considered so overwhelming as major determinants of turnout figures that little space is left for the calculus of voting.

The point as to whether these expressive considerations at the roots of voting decisions are compatible with formal theories of voting has been amply debated (Barry, 1970; Pappalardo, 1989) and does not interest me here. Far more striking is the inconsistency between what is regarded as an acceptable explanation of the voting decision and what is regarded as an acceptable explanation of party choice. Although the importance of non-instrumental or expressive<sup>20</sup> consideration is admitted in explaining participation – that is, the most difficult decision – the same motivations are excluded in explaining party choice. In short, once the voter has decided to vote, non-instrumental considerations cease to have effect. Non-instrumental participants become rational utility maximizers in choosing their preferred party (Miller, 1983: 142; Geoffrey and Lomasky, 1993: 35). If, on the contrary, the existence of these non-instrumental orientations is also admitted for the act of party choice, then the latter cannot be based exclusively on spatial party differentials. For an expressive and non-instrumental voter the distance from the available offer may be too big, and considering if s/he prefers the far away shop to that one which is even farther away may be irrelevant. It follows that, for motivating expressive and non-instrumental voters to vote, you need nearby shops, that is, parties near to their expressive values. The equilibrium point that can be achieved by parties under these conditions is obviously different.

All this implies that if the act of voting and that of party choice have to be part of the same theory, the full elasticity of the vote cannot logically be postulated. In order to get voters who choose among parties (electoral participation) you must allow for the existence of voters whose choices are not elastic (or not as elastic) as supposed by the spatial models. In this context I do not need to discuss the conditions for no elasticity of vote. The only point which interest me is that, from a strictly logical point of view, the sources of inelasticity (or non-availability) must be incorporated within a theory of party competition.

The second problem which stems from the formal spatial approach to the

19. This is in part due to the collective action theory which for public goods of large scope, like outcome of elections, identifies the free rider choice (abstention) as the rational option.

20. The term 'expressive motivations' is here used in opposition to instrumental or rational motivations in reference to the weberian distinction between *zweckrational* (instrumental) and *wertational* motivations, that is, oriented to an absolute value. The latter involves 'a conscious belief in the absolute value of some ethical, aesthetic, religious, or other form of behaviour, entirely for its own sake and independently of any prospect of external success' (Weber, 1965: 175).

question of voters' availability concerns the basis on which the rational calculations of the voter are made: issue proximity and prospective return or retrospective evaluation of such return? The rational voter of the Downsian tradition bases his/her choice on the calculation of the party which offers him/her the best return in the next legislature. Issue proximity between the voter and the party at election time are meant to measure this prospective return. Position issues, as we have seen, are linearly ordered sets of policy options resulting in a one-dimensional scale on which voters have single-peaked symmetric preference curves. The farther a voter perceives a party's position from his/her ideal point, the greater the utility loss if this party were to pursue its policy in government. S/he is a prospective voter.

Retrospective evaluation, however, has been recognized as a good basis for equally rational voters' decisions. The voter in this case evaluates her/his own well being in the immediate past for which s/he makes the incumbent government responsible (Fiorina, 1981). In this case the past outputs of government influence the future party choices. The preferences of voters are not supposed to have changed: they are still postulated as fixed and exogenous. What changes is the reference point on which these preferences get translated into party choices: the evaluation of present promises and future returns in the first case and the evaluation of past outputs in the second. There is a great deal of difference between whether the evaluation is retrospective (involving issues of competence and record evaluation) or prospective (involving issues of trust in believing promises). Prospective voting depends on the capacity of voters to know and evaluate promises; retrospective voting depends on the capacity of the voters to allocate achievements and failures to parties and candidates.

In my opinion these are not only two different and separate logics of choice, they are also necessarily mixed. In fact, it is impossible to imagine that voters' availability to change party choice is based exclusively on spatial proximity at election time. If this were so, parties would then be free to do whatever they want during the legislative term, provided that at election time they search and find the maximizing policy promise. Downsian theories normally assume that parties and candidates will maintain their electoral promises because they have an interest in being re-elected. This implies that they will be judged, in part at least, on their capacity to keep such promises, that is, they will be judged retrospectively on their performance. It is inconsistent to postulate a pure prospective voter and, at the same time, assume that parties will be forced to respect their electoral commitments between elections.

Therefore, both bases for choices are 'rational', and both need to be employed to produce a 'rational voter'. It follows that two rational voters may come to different conclusions in evaluating the incumbent and

opposition parties and politicians according to whether they base their judgement more on prospective issue proximity or retrospective performance evaluation. Let us assume that a party presents itself to the voters as committed to the defence or expansion of welfare policies and that the same party, whilst in government in the last term, failed to perform in this sense. Such a party would obviously argue at election time that its failure was due to external constraints of all kinds, and not due to lack of commitment, and it would campaign arguing that it will do better if confirmed in government. That is, it will reiterate its commitment to welfare policies. A prospective voter interested in welfare policies will continue to choose that party which is the nearest to her/his preference point. Yet, the same voter may defect from that party if s/he votes on retrospective performance evaluation, as the failure in the previous term brings about a negative evaluation of such a party.

In a nutshell, retrospective voting can exist and be different from prospective voting only to the extent that it is admitted that a voter can choose a party which is farther away from her/his preference once s/he realizes that the nearest party was a bad performer when in government. Yet, if this is admitted, voters with the same preferences will vote differently according to whether they choose prospective or retrospective voting. Given that both are rational strategies, there is no way to decide which will be chosen. The scholar can test two models based on different choices, but parties/politicians have no key to knowing how voters will vote. It is important to note that the postulate of full information about voters' preference does not help because two voters with the same preferences can vote differently.<sup>21</sup> In conclusion, if voters vote *only* prospectively, parties/candidates will be free to betray their electoral promises during the term and offer a maximizing policy option at election time. If voters vote *only* retrospectively, electoral promises and issue proximity become far less important. If voters vote prospectively and retrospectively at the same time (or if some voters vote prospectively and others retrospectively) an equilibrium cannot be found.

In a situation of limited information in which parties do not know which and how many voters will use information shortcuts, and how many and which voters will choose prospectively and retrospectively, there is obviously an inbuilt tension in party strategy between marginal vote-seeking

21. One possibility is to advance theories specifying the conditions in which different voters will vote prospectively and retrospectively. Yet, as both are rational it is impossible that such meta-theories about which sort of rationality has to be chosen will be rational choice theory. They will be theories about which non-rational factors influence the choice between two equally rational choice logic. The problem is similar to electoral participation motives. The theory which should explain why some people vote (or abstain) for expressive reasons and others for utility calculations cannot be a rational choice theory.

and ideological purity or, to put it differently, between the core vote and the proximate switchers. But even if marginal vote-seeking prevails, how is the marginal or available voter defined? As a prospective or a retrospective voter? The conclusion is that the existence of two rational choice strategies and the impossibility of parties and leaders knowing which will be chosen will lead to imperfection in the competition, even within the postulates of perfect spatial competition. Any deviation from a perfectly elastic and available voter and any inevitable lack of information – not about voters' preferences (postulate), but about voters' logic of choice – makes vote maximization strategies very unreliable and opens the space for potential collusive behaviour among parties/candidates.

An empirical theory of electoral availability should cover the following points.

1. Both instrumental and expressive considerations should be included as influencing party preference to arrive at an evaluation of what quota of available electorate exists in different situations. The literature on electoral behaviour has accumulated a vast amount of material that indicates the extent to which individual voters and electorates are, in fact, little inclined to respond to changes of offer with changes in party choice. Strong psychological identifications, resulting from organizational encapsulation, cultural bonds and the like, make important quotas of the national electorates unavailable for voting switches. Thus, the actual level of electoral availability in each given election or country is an empirical aspect of crucial importance for the study of electoral competition.
2. Hypotheses about which logic of choice is used by which sections of the electorate in terms of issue proximity and retrospective evaluation should be established (Pappi, 1994).
3. The quota of available electorate should be combined with its logic of choice and with its spatial location in the evaluation of how more or less competitive each electoral contest is, and therefore how responsive party policies can be to voters' preferences.

We do not have precise information about the quota of available electorate necessary to make an electoral contest competitive or more competitive than another. We do not know whether prospective or retrospective choices prevail and in which group of voters they do so. Moreover, the quantity of the available vote may be less important than its location. We can simply assume that, *ceteris paribus*, the higher the level of potential availability is, the higher the potential level of competition.

At this juncture, it is important to emphasise that for an empirical theory of competition, the 'available voter' – defined as that voter who is willing to consider modifying his/her party choice – is not the same as the 'opinion

voter', the 'informed voter' or, worse, the 'rational voter'. The 'available voter' is not necessarily informed about issues or programmes, but is *sensitive* to them.<sup>22</sup> Sensitivity entails neither strong information, nor capacity of judgement; it simply refers to the availability to be influenced when choosing by elements which relate to public debate or personal experience. A switcher can be highly uninformed and uninterested, as much as a strong identifier or a true believer can be politically competent and interested. What is certain, however, is that: (1) identifiers have a lower propensity to switch than sensitive voters; (2) voters' sensitivity is higher (a) the lower the number of cleavage lines activated or mobilized (segmentation); (b) the less the organizational encapsulation of the electorate; and (c) the more diffuse the network of groups and the weaker is the link between specific political organizations (parties) and corporate groups outside the electoral domain; (3) parties, if compelled, look for switchers irrespective of who they are.

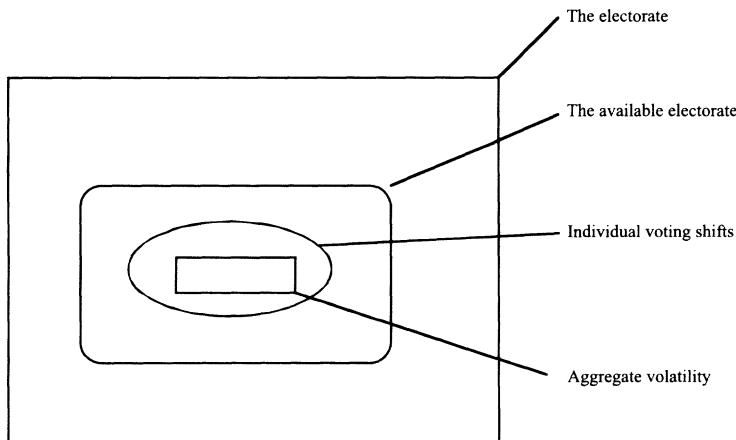
Electoral behaviour studies may not have paid sufficient attention to the topic of electoral availability in specific relation to the issue of the competitive nature of elections. Survey research rarely offers sufficient elements to answer the three questions mentioned earlier. Aggregate measures of electoral volatility (party volatility as well as blocks of parties or system total volatility (Bartolini, 1986)) are used to characterize the volatility of different electorates at different points in time. Their importance should not be underestimated, notwithstanding their obvious limitations in cancelling out voting shifts of different signs which occur in the aggregation. For instance, aggregate volatilities are, by and large, the only aspect party leaders perceive about the potential electoral availability in their system. They are also the only certain element which enables them to ascertain the electorate's reactions to their strategic choices and moves. Individual-level volatility has also been studied through transition matrices of voting switches, giving a more precise estimation of the amount of electors who actually change their mind from one election to the next (Denver, 1985: 400–12). Unfortunately, these studies are not numerous and this type of information is not routinely collected for elections.

22. By 'sensitivity' is normally meant 'issue sensitivity'. Against this term three basic criticisms have been advanced: (a) according to the findings of the early American public opinion studies, issue voting is not separated from party voting (Campbell et al., 1964: 78); (b) the term 'issue-sensitive' is not correct because there are inconsistencies in the presentation of issues (i.e. it is not easy to know where parties/candidates stand on each issue; very often ambiguous and confused stances). So an issue-sensitive voter could not make up his/her mind (Robertson, 1976: 13); (c) issue-voting is inherently multi-dimensional and cannot be reduced to a one-dimensional space. So spatial models work poorly with respect to issues and issue-voting (Sartori, 1976: 330–3). In the context of this argument, my definition of the available voter does not make reference to the sources of this availability, to how the available voter makes up his/her mind, and to whether his/her position can be represented in spatial terms.

Moreover, their utilization for the characterization of the available electorate as the prize of the competitive efforts by the parties/candidates, is rare.

A further problem is that, whether aggregated or individual, these measures refer to *actual* voting shifts. But electoral availability is poorly measured by actual voting shifts. An elector can be 'at stake' in the sense of being available to change his/her partisan choice even if in the end s/he will record the vote for the same party as before. The number of actual voting changes underestimates electoral availability, as it records only those available electors who actually switched their preference, leaving aside those who did not. In the global electorate, aggregate volatility underestimates individual voting shifts, and the latter underestimate the actual electoral availability, as represented in Figure 2.

Van der Eijk and Oppenhuis (1991) have suggested ways to operationalize electoral availability at the individual levels which are very promising as they are conceptualized in close relation to the issue of electoral competition. They do not use the term 'availability' or 'available electorate' but they pick up this dimension with survey data in which people are asked about their willingness to vote for parties other than the one they prefer. People are ranked according to the probability of voting for each of the parties in their party system. Voters range from those who are likely to vote for only one party to those who are likely to vote for several different parties. This method allows the distinction of different electorates and different sections of the same electorate, according to their electoral availability, although the authors tend to dichotomize their results in terms of electors 'beyond' competition and electors 'subject to intense



**Figure 2.** Aggregate and Individual Voting Shifts and Electoral Availability

competition' (pp. 60–1). Of great interest is their application of the data to individual parties. Through a number of operational choices, of no concern in this discussion, they compare the available vote for a party (those electors who declare it to be a possible choice) with the actual vote the party eventually gets at the polls. The term they use is 'competitive performance of political parties' and it measures the relationship between the potential and the actual vote collected by the party. The merit of this approach is not only that it suggests a direction to properly operationalize the dimension of electoral availability, but also that it relates this aspect to the patterns of electoral competition, showing that it is possible not only to properly conceptualize, but also to come to comparative inter-party and inter-system comparisons of electoral availability, seen as a necessary (but not sufficient) condition of electoral competition.

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