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Electoral Systems and Policy Outcomes

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Summary and Keywords

Policies as diverse as tariffs, exchange rates, and unemployment insurance vary across democratic countries. In an attempt to explain this cross-national variation, scholars have turned to the institutions that govern countries' elections. The institutions that regulate elections, also known as an electoral system, vary significantly across democracies. Can these varied electoral institutions explain the diversity of policies observed? This question remains unanswered. Despite a growing body of research, little consensus exists as to precisely how electoral institutions affect policy. Why is it so difficult to untangle the effects of electoral institutions on economic policy? One reason for the confusion may be the imprecise manner in which electoral institutions are often measured. Better measures of electoral systems may improve our understanding of their policy effects. Improved theories that clarify the causal mechanism(s) linking electoral systems to policy outcomes will also help to clarify the relationship between electoral systems and policies. To better understand the policy effects of electoral institutions, both theoretical and empirical work must take seriously contextual factors, such as geography, which likely mediate the effects of electoral institutions. Finally, different types of empirical evidence are needed to shed new light on the policy effects of electoral institutions. It is difficult to identify the effects of electoral systems in cross-national studies because of the many other factors that vary across countries. Examining within-country variations, such as changes in district magnitude, may provide useful new insights regarding the effects of electoral institutions on policy.

Keywords: electoral systems, proportional representation, plurality, trade policy, government spending

Introduction

Elections, and the rules governing them, vary across democratic countries. In some democracies, politicians can win office with less than a majority of votes. In others, politicians gain access to the ballot only by currying favor with the party elite. The path to electoral victory varies across countries because of differences in countries' electoral systems.

The rules governing countries' democratic elections are referred to collectively as an electoral system. An electoral system is a set of laws and regulations that govern electoral competition between candidates or parties or both (Cox, 1997, p. 38). These rules are usually statutorily specified, but sometimes stem from constitutional provisions or administrative decrees (Cox & McCubbins, 2001).

Electoral systems are one of the crucial forces that make democracy work and variations in these institutions shape the type of democracy that develops (Htun & Powell, 2013). Electoral systems influence important political outcomes, such as legislative behavior, the nature of electoral competition, the relationship between votes and seats in parliaments, and the number of parties in government (e.g., Carey & Hix, 2013; Cox, 1997; Duverger, 1964; Lijphart, 1994). Do electoral institutions also systematically influence policy outcomes? This question lies at the heart of a growing body of research.

Electoral Institutions and Policy

Democratic elections connect voters to policy makers. Given this, it is reasonable to expect that elections held under different rules will produce dissimilar policy outcomes. The idea that electoral institutions are connected to policy outcomes has a long intellectual history. Early studies by Ronald Rogowski (1987) and Peter Katzenstein (1985), for example, suggested an affinity between proportional electoral rules and open trade policies. In recent years, scholars have examined a growing range of issue areas beyond trade policy (e.g., Chang, Kayser, Linzer, & Rogowski, 2010; Chang, Kayser, & Rogowski, 2008; Persson & Tabellini, 2003). Research on the policy effects of electoral systems is one of the fastest growing areas in political science (Carey & Hix, 2013).

Electoral systems comprise a multitude of items, such as the electoral formula, the ballot structure, and district magnitude. The electoral formula determines how votes are translated into legislative seats. Ballot structure refers to how electoral choices are presented to voters on the ballot paper. Ballot structure determines, for example, whether people vote for individual candidates or political parties. Ballot structure also determines whether people cast a vote for a single individual or express a series of preferences across multiple candidates. District magnitude refers to the number of representatives

elected in a district. Sometimes only a single representative is elected in a district. Such districts are referred to as single-member districts. Multimember districts vary in the number of representatives elected in a district. Two legislators are elected from each district in Chile, for example, while 150 legislators are elected in a single national district in Slovakia.

Various other factors might reasonably be considered to be part of a country's electoral system. For example, the means by which the chief executive is elected may arguably be part of the electoral system. A vast literature examines the dynamics of presidential systems as compared to parliamentary systems (e.g., Haggard & McCubbins, 2001). While important, I set aside the distinction between presidential and parliamentary systems here and focus instead on the electoral formula, which has garnered substantial attention.

The Electoral Formula

The electoral formula refers to the method by which vote totals translate into claims upon legislative seats (Cox, 1990). Two main categories of electoral formulas exist: majoritarian (or plurality) and proportional. Together these two electoral formulas govern 80% of elections held across the world (Clark, Golder, & Golder, 2012).

Majoritarian, or more precisely plurality, rules stipulate that the candidates or parties who receive the most votes win. The most commonly used majoritarian formula is the single-member district system (SMD). In an SMD system, citizens cast one vote for a candidate in a single-member district, and the candidate with the most votes is elected. This system is used in congressional elections in the United States, for example. Forty-five percent of countries use some type of majoritarian electoral formula (Clark et al., 2012, p. 590).

Majoritarian electoral formulas typically help the largest party obtain a legislative majority. For example, in the post-World War II period, governments in Great Britain received 45% of the popular vote on average, but 54% of the legislative seats (Norris, 1997). In contrast, proportional electoral rules (PR) are intended to produce proportional outcomes (Cox, 1997). In a fully proportional system, a party that wins 45% of the vote would win 45% of the legislative seats.

In order to achieve proportional outcomes, PR systems employ multimember districts and a quota- or divisor-based electoral formula that determines the number of votes that a candidate or party needs to win a seat (Clark et al., 2012, p. 564). Thirty-seven percent of countries use some type of proportional electoral formula.

Policy Effects of Electoral Systems

No consensus exists regarding the policy effects of electoral systems. In fact, lively controversies have emerged among prominent scholars on this topic (Carey & Hix, 2013). Theoretical models made conflicting predications and researchers consequently turned to empirical work in an attempt to elucidate the relationship between electoral systems and policy. To date, the empirical studies have largely, but not exclusively, focused on one particular aspect of the electoral system: the electoral formula.

Connecting electoral institutions, like the electoral formula, to policy outcomes is difficult. One challenge is the long causal chain that runs from electoral rules to policy outcomes. Furthermore, electoral systems may affect policy outcomes only indirectly. For example, electoral systems may shape policy as a result of their effects on government formation (i.e., single-party government versus coalition government) (Carey & Hix, 2013). Alternatively, different electoral institutions may generate different campaigning incentives for parties and politicians. These incentives may lead parties and politicians to work for different policy outcomes once in office. Yet, there is no guarantee, of course, that they will achieve their desired policy goal. As a result, it may be difficult to observe any systematic effect of electoral institutions on policy outcomes.

Tracing the connection between electoral institutions and policy outcomes is difficult. Yet, researchers have attempted to do precisely this across a range of policy areas. Researchers have, for example, examined the effect of electoral systems on government spending, tariffs, and subsidies (Carey & Hix, 2013). Each policy area throws up its own challenges and its own findings.

Foreign Economic Policy

Foreign economic policy is arguably one of the most difficult areas in which to observe electoral system effects. Foreign economic policies have international consequences, and leaders consequently set policy with both domestic voters and international actors in mind. Leaders set tariffs, for example, in response to lobbying by domestic interest groups. Tariffs impose a tax on imported goods and consequently raise the price of foreign imports making domestic goods relatively more competitive. Leaders often come under pressure from domestic producers to impose tariffs on foreign goods. Yet, international trade agreements, such as the World Trade Organization (WTO), restrict tariff rates. Raising tariffs in violation of WTO rules risks angering the country's trading partners who may subsequently file a complaint with the WTO and/or raise their own tariffs against goods from the offending country. In this way, leaders must balance domestic pressures with international constraints when setting foreign economic policy.

As a result, it may be particularly difficult to find evidence of electoral system effects on foreign economic policies.

Despite this difficulty, several studies find evidence that electoral institutions influence foreign economic policies, such as tariffs. Ehrlich (2007) finds that proportional electoral rules have a robust negative effect on tariffs. However, Ehrlich argued that the effect of PR on tariffs is indirect: PR leads to lower tariffs to the extent that PR engenders party discipline and a small number of electoral districts. Controlling for the number of parties in a government, the number of electoral districts, and a measure of party strength, proportional electoral rules themselves do not appear to have a robust long-run effect on tariffs in Ehrlich's sample.

Nielson (2003) found electoral rules that empower party leaders correlate with a reduction in tariffs. He argued that these types of electoral laws allow party elites—who have the entire country's well-being in mind—to overcome the protectionist impulses of individual legislators. Based on a different sample of countries, Hankla (2006) reached a similar conclusion. He contended that the legislative logrolls that lead to high protection were significantly less likely when parties are centralized, and party centralization may correlate with certain types of electoral institutions.

Evans (2009) found a robust relationship between electoral rules and tariffs in a sample of 147 countries during the period 1981 to 2004. In this sample, majoritarian systems have higher tariffs, on average, than countries with proportional electoral systems, all else equal (Evans, 2009). Similarly, Ardelean and Evans (2013) demonstrate that tariffs are higher, on average, in majoritarian systems using product-level tariff rates for a cross-section of developed and developing countries between 1988 and 2007. In sum, electoral systems influence countries' barriers to foreign trade.¹

Electoral systems also affect countries' barriers to foreign investment. Crisp, Jensen, Rosas, and Zeitzoff (2010) report a robust correlation between countries' electoral rules and the content of bilateral investment treaties (BITs). BITs are international treaties that stipulate how investment between two countries will be treated (Crisp et al., 2010). BITs are the result of complex negotiations between countries that must ultimately be ratified by national legislatures (Crisp et al., 2010). As a result, BITs are the product of compromise not only between countries but also within them (Crisp et al., 2010).

Crisp and colleagues (2010) find electoral rules influence the content of bilateral investment treaties. More precisely, they show that the extent to which a country's electoral institutions provide legislators with incentives to cultivate a "personal vote" affects the content of BITs. A personal vote is defined as that part of a legislator's vote that is based on his or her individual characteristics or record rather than the party to which the candidate belongs (Carey & Shugart, 1995). Certain electoral systems generate relatively greater incentives to cultivate a personal vote. Candidates competing in open-list PR systems, for example, have strong incentives to cultivate a "personal vote." In open-list PR, parties control candidates' access to the ballot but not the order in which

candidates receive seats. Instead, voters influence the order in which candidates receive legislative seats. At the ballot box, voters choose a party and also their favorite candidate within that party. Seats are allocated to parties based on the sum of the votes for all the candidates of a given party. If party list votes are sufficient for a given party to win three seats in a multimember district, the winning candidates are the three people on that party's list with the most individual preferences votes (Cox & McCubbins, 2001).² This feature of open-list PR generates competition between candidates from the same party. Candidates in open-list PR systems therefore work to develop their own "personal vote" to differentiate themselves from other candidates from the same party competing in their district.

Exemptions to international treaties can be used by politicians to build a "personal vote". Electoral institutions that generate incentives to cultivate a personal vote should therefore be positively correlated with exemptions to international treaties. Indeed, Crisp and colleagues (2010) find that bilateral investment treaties are likely to contain language singling out select domestic sectors for exemptions from liberalization when politicians have incentives to cultivate a "personal vote." BITs generally open domestic economies to foreign direct investors, but they can also provide exceptions for specific domestic industries. These exceptions offer protection to select groups and as a result they can be used by politicians to build a "personal vote" with a well-defined constituency (Nielson, 2003; Weingast, Shepsle, & Johnsen, 1981). When electoral systems generate incentives for politicians to cultivate a "personal vote" or reputation, more sectors are exempted from the liberalization of investment rules in BITS (Crisp et al., 2010).

Although countries can and do obtain exemptions in bilateral treaties, such exemptions are far more difficult to achieve in multilateral agreements where many countries must agree. If leaders cannot win exemptions to multilateral treaties, they must find alternative ways to develop a "personal vote." One alternative is simply to violate multilateral economic agreements. Leaders may, for example, provide tariffs in violation of international trade agreements to cultivate a personal vote. Leaders are more likely to violate international economic agreements, such as the World Trade Organization, when they have greater electoral incentives to provide particularistic economic benefits—that is to cultivate a personal vote.

Rickard (2010) finds that governments elected via majoritarian electoral rules and/or single-member districts are more likely to provide narrowly targeted trade protection in violation of WTO rules than those elected via proportional electoral rules and/or multimember districts. Democracies with majoritarian electoral rules are named as defendants in international disputes over illegal narrow trade barriers more often than democracies with proportional electoral rules (Davis, 2012; Rickard, 2010). In majoritarian systems, the electoral incentives to provide trade protection are so compelling that legislators are willing to supply such policies even when doing so violates their international treaty obligations (Davis, 2012; Naoi, 2009; Rickard, 2010).

Fiscal Policy

If electoral rules influence foreign economic policy, they may also influence domestic fiscal policy.³ A large number of studies examine the effects of electoral institutions on national government spending. In fact, the bulk of research on electoral systems' policy effects focuses on government spending. Some studies examine total government spending while others investigate expenditures on single budget items, such as unemployment insurance.

Governments in proportional systems tend to spend more money than governments in majoritarian systems (e.g., Bawn & Rosenbluth, 2006; Persson, Roland, & Tabellini, 2007). Yet, even on this generally accepted point, the empirical evidence is somewhat mixed. Akitoby and Stratmann (2008) present evidence that plurality systems produce higher government spending than PR. Others find no evidence that proportional representation increases the overall size of government. For example, Funk and Gathmann (2013) demonstrate that government spending is no higher in proportional systems as compared to plurality systems. They suggest that the absence of an effect on overall spending is driven by offsetting forces. On one hand, the stronger political representation of left-wing interests in proportional systems increases spending (Funk & Gathmann, 2013). On the other hand, the political fragmentation generated by PR leads to less spending in a proportional system, as compared to a majoritarian system (Funk & Gathmann, 2013).

Looking only at the total amount of government spending may obscure important variance in expenditures on individual budget items. Countries with identical levels of aggregate spending may allocate monies to different budget items. Such variation is important because different budget items have different distributive consequences. Welfare spending, for example, assists different groups of citizens than agriculture subsidies.

Electoral systems may impact the distribution of spending across various budget items. Funk and Gathmann (2013) find that proportional systems shift spending toward education and welfare benefits but decrease spending on roads and agricultural subsidies. In a study of Swiss cantons, they find that a proportional system raises education expenditures by 12%, welfare expenditures by 30%, but also decreases road expenditures by 50% and agricultural subsidies by 21%.

Persson and Tabellini report that majoritarian systems spend less on welfare programs than proportional systems (1999, 2003). Spending on social services is 2 to 3% lower in plurality systems, as compared to proportional systems, holding all else equal (Persson & Tabellini, 2003). Similarly, spending on unemployment insurance is lower in plurality systems than PR systems (Neugart, 2005). In plurality systems, worker protection tends to be narrowly targeted to voters in pivotal districts, whereas PR systems encourage policies with broader protection against unemployment arguably because parties need to take the

employment risks of all voters into account. In sum, electoral systems may affect not only the aggregate amount of government spending but also the distribution of spending across various programs.

Other Policy Effects

Government spending and foreign economic policies have garnered the most attention to date from scholars exploring the policy effects of electoral systems. Yet, other policy areas have also been investigated. Exchange rates, for example, have been found to correlate with electoral systems. Floating exchange rates are more common in plurality countries while fixed exchange rates are more prevalent under PR (Bernhard & Leblang, 1999; Eichengreen & Leblang, 2003). The reason suggested for this finding is that plurality systems typically produce single-party governments who value the policy flexibility associated with floating exchange rates, whereas PR systems more often produce coalition government, which encourage fixed exchange rates as a commitment measure to resolve policy disputes among parties, and as a means for coalition partners to monitor the Finance Ministry (Carey & Hix, 2013).

Majoritarian systems may also expedite privatization reforms (Bortolotti & Pinotti, 2008) and restrict mergers and acquisitions more than PR systems (Kim, 2010). Hallerberg and Marier (2004) find that budget procedures that strengthen the executive's authority produce lower deficits where the electoral system for legislators generates strong incentives for personal votes, but yield no impact where legislators' incentives for personal votes are low (for example, under closed-list PR) (Carey & Hix, 2013).

Indirect Evidence from Prices

Several studies measure governments' policies indirectly using prices (e.g., McGillivray, 2004; Rogowski & Kayser, 2002). These indirect measures, while innovative, capture many factors that have nothing to do with policy or governments' responsiveness to special interests, such as transport costs, market size, and consumer demand. However, it is worth noting the findings from these innovative studies.

McGillivray (2004) used industry stock prices to measure industries' influence over government policy. Stock prices appear to respond more quickly to political change in majoritarian systems, as compared to PR systems (McGillivray, 2004, p. 146). Majoritarian systems are also more responsive to economic shocks, while changes in economic conditions have few discernible effects on the dispersion of prices in PR countries (McGillivray, 2004, p. 146).

Rogowski and Kayser (2002) used national consumer price levels to estimate the responsiveness of politicians to producers. Consumer prices are, on average, lower in plurality, single member district (SMD) systems and higher in PR systems, all else equal

(Chang et al., 2008, 2010; Rogowski & Kayser, 2002). Higher consumer prices, arguably, reflect government policies that privilege producers at the expense of consumers. Legislatively imposed barriers to trade, for example, raise the prices of consumer goods. The presence of greater trade barriers in proportional rule countries may explain why consumer prices are higher in PR systems than in majoritarian systems. However, this interpretation of Rogowski's findings runs counter to evidence of a "protectionist bias" in majoritarian systems (e.g., Evans, 2009; Rickard, 2012A).

Economic Growth

Some scholars look beyond specific policy outcomes and focus instead on broader claims about the relationship between electoral systems and macroeconomic performance (Carey & Hix, 2013). However, the causal chain connecting electoral systems to economic growth is even longer than the causal chain connecting electoral systems to policy. Yet, the lengthy causal chain has not stopped researchers from looking for a correlation between electoral institutions and economic growth. One reason why scholars continue to investigate this difficult topic is because of its important implications. If a connection exists between electoral rules and economic growth, constitutional reformers would be keen to know about it. However, the evidence on this point remains decidedly mixed. PR may produce more economic growth in the long run because proportionality encourages policies that pursue broader public goods (Knack & Keefer, 1995; Knutsen, 2011; Lijphart, 1999). Yet, some evidence suggests that electoral systems have no robust effect on countries' economic growth rates (Persson & Tabellini, 2006).

Explaining the Mixed Results

Uncertainty remains about precisely how electoral institutions affect policy. It is unclear, for example, if plurality systems generate higher or lower trade barriers, as compared to multimember PR systems. Theoretical arguments are also mixed. Some theories suggest that majoritarian systems provide legislators with the greatest incentives to cater to special interest (e.g., Grossman & Helpman, 2005; Rogowski, 1987). Yet, others contend that proportional electoral systems lead politicians to be most responsive to special interests (e.g., Hays, 2009; Mansfield & Busch, 1995; Rogowski & Kayser, 2002). The theoretical debate continues unresolved to date and both arguments find credible empirical support.

Conflicting conclusions about the policy effects of electoral systems are surprising given that these institutions lie at the heart of democracy. Elections, and accordingly electoral rules, are a defining feature of democracy. Electoral systems connect voters to policy makers; thus, it is reasonable to expect different rules to produce different policy outcomes. Why then have scholars failed to reach consistent conclusions about the effects

of electoral systems on policy? I offer several possible explanations for this impasse, which may suggest paths forward for future research.

Poor Measures of Electoral Institutions

One explanation for the existing empirical muddle is the widespread use of a simplistic measure of electoral institutions. Electoral systems comprise a multitude of items, such as the electoral formula, the ballot structure, and district magnitude. Yet, in many empirical studies, scholars measure the electoral formula using a simple dichotomous variable that categorizes democracies into one of two groups: majoritarian/plurality or proportional.

The blunt dichotomy between plurality and proportional systems misses a large amount of the variation in countries' electoral institutions. Among systems classified as being majoritarian, for example, eight different electoral formulas are used to translate votes into seats (Clark et al., 2012, p. 543). Similar diversity exists among PR systems—even though most can be characterized as list systems. In a list system, each party presents a list of candidates for a multimember district, and parties receive seats in proportion to their overall share of the votes. Despite sharing this common feature, list PR systems vary significantly. Seven distinct electoral formulas are used to allocate seats to parties in list PR systems. List PR systems also differ in their district magnitude, the use of higher electoral tiers, the use of electoral thresholds, and the type of party list employed (Gallagher, Laver, & Mair, 2011). These dissimilar systems are often grouped together in a single category labeled “PR.”

Mixed electoral systems introduce even more variance. Mixed systems combine majoritarian and proportional formulas in the same election. Yet, for convenience, many scholars include mixed systems together with “pure” systems. Germany, for example, is a mixed-proportional system. The total number of legislative seats received by a party is proportional to its list-tier results (Shugart & Wattenberg, 2001; Thames & Edwards, 2006). As a result, many studies group Germany together with pure PR systems (e.g., Rickard, 2012A). Because of this common practice, the dichotomous “PR versus majoritarian” variable includes even greater diversity than suggested by the already significant variation in proportional (or majoritarian) systems alone. The diversity in electoral systems raises serious questions about the usefulness of the blunt distinction between PR and majoritarian systems.

The widespread use of the dichotomous variable in studies of the policy effects of electoral institutions may persist because scholars working in this area are often experts in the policy area under investigation rather than electoral systems. Research on policy effects is often undertaken by experts in particularly policy areas, such as trade policy, for example. Policy experts may be unaware of the nuances of countries' electoral institutions, particularly as compared to scholars of electoral systems, and this ignorance may explain their use of the dichotomous measure of electoral systems. Taagepera and

Qvortrup (2012) warn that only nonspecialists can persuade themselves that all electoral systems can be characterized by a single dichotomous indicator. They call the majoritarian/proportional distinction a “procrustean bed” (Taagepera & Qvortrup, 2012, p. 255) and warn researchers to “forget about such coarse dichotomy” (Taagepera & Qvortrup, 2012, p. 253).

Unclear Causal Mechanisms

Although research on the relationship between electoral systems and policy outcomes is largely empirical, compelling theoretical models exist. Yet, the key theoretical models on this topic generate conflicting conclusions. Some predict that plurality systems provide the greatest incentives to cater to special interest groups. Others demonstrate that proportional systems supply parties with the largest incentives to cater to special interests.

These models reach conflicting conclusions, in part, because no agreement exists about the precise mechanism(s) that links electoral systems to policy. Electoral systems not only yield distinct electoral incentives; they also differ in the organization of the legislature they create. Proportional systems, for example, often result in politically fragmented legislatures and coalition governments. Is it via a fragmented legislature that electoral systems influence policy or some other mechanism?

Different models point to different possible mechanisms. A formal model developed by Rogowski and Kayser (2002), highlights the importance of seat-vote elasticities. Majoritarian systems have greater seat-vote elasticities than PR systems, and as a result, a loss of votes translates into a greater loss of seats for parties competing in majoritarian systems. In proportional systems, politicians are able to cater to narrow interests without having to be overly concerned with any election losses they might incur for doing so. In contrast, politicians in plurality systems cannot stray far from the preferences of the median voter because a small change in vote share can produce a large change in seat share. Rogowski and Kayser (2002) therefore posited that politicians in proportional rule systems will be relatively more responsive to narrow interests, such as industry-specific demands for protection.

In contrast, a theoretical model developed by Bueno de Mesquita and Smith (2005) points to the importance of a winning coalition’s size. A winning coalition is a subset of the electorate with sufficient size to allow the subset to endow leadership with political power to negate the influence of the remainder of the electorate and the disenfranchised members of the society (Bueno de Mesquita & Smith, 2005). The winning coalition is larger in majoritarian systems than in PR systems, according to Bueno de Mesquita and Smith (2005).⁴ As the size of the winning coalition grows the cost of private goods, such as tariffs, increase. According to their logic, particularistic economic policies should be less frequent in majoritarian systems than in proportional systems.

As these two illustrative examples demonstrate, little consensus exists regarding the causal mechanism(s) linking electoral systems to policy outcomes. However, one mechanism suggested in a growing number of empirical studies is the nature of electoral competition.

The Nature of Electoral Competition

Electoral competition can be characterized as being either candidate centered or party centered (Carey & Shugart, 1995). Party-centered competition encourages voters to emphasize their party preference over that for specific candidates. In contrast, candidate-centered competition encourages the voter to see the basic unit of representation as the candidate rather than the party (Shugart, 1999, p. 70).

Candidate-centered electoral competition can emerge from either single-member or multimember districts. In multimember districts with open party lists, voters are able to indicate their preferred party and also their favored candidate within that party. As a result, candidates have incentives to appeal directly to voters. Candidates may go against the interests of their party to curry favor with constituents in their districts. Similar incentives exist in single-member districts, like those in the United States, where candidates are rewarded by voters for bringing pork-barrel projects home to their districts.

In candidate-centered systems, the optimal reelection strategy is to cultivate a personal vote (Shugart, 1999). A personal vote occurs when an individual votes based on the characteristics of a particular candidate rather than the characteristics of the party to which the candidate belongs (Carey & Shugart, 1995). To develop a personal vote, representatives can provide private or local public goods and services to their geographically defined constituents. Various policies can be used to achieve this goal including tariffs and subsidies.

Few incentives exist for politicians to cultivate a personal vote in party-centered systems, because voters emphasize their party preferences over those for specific candidates. Closed-list PR systems, for example, engender party-centered competition because voters are unable to express a preference for a particular candidate. Ballot papers in closed-list systems often do not even contain the names of individual candidates. Voters select a party. Parties then receive seats in proportion to the number of votes they obtain. The party's seats are filled using a predetermined list of candidates. On this list, candidates are rank-ordered by party leaders. Candidates closer to the top of the list are more likely to get a seat in the legislature. Therefore, candidates' best electoral strategy is to work to promote the party's national popularity. Doing so maximizes the party's vote share and candidates' own positions on the party list.

Electoral Systems and Policy Outcomes

In a sample of 18 middle-income presidential democracies, Nielson (2003) finds that tariffs are higher in candidate-centered systems than in party-centered systems. This evidence suggests that the nature of electoral competition influences trade policy. Electoral competition influences policy in other areas as well. Research on Italy suggests that the candidate-centered nature of electoral competition encourages targeted infrastructure spending (Golden & Picci, 2008). When incentives to cultivate personal votes encourage narrowly targeted spending projects, senior legislators in the governing coalition tend to be advantaged in obtaining such projects for their districts (Golden & Picci, 2008). Golden and Chang (2007) show that, under open-list elections in Italy, waste and corruption in public works spending was greatest in the high-magnitude districts where competition for personal votes was the most intense. In sum, the distinction between candidate- and party-centered electoral systems may prove to be more useful for understanding policy outcomes than the simple PR/majoritarian dichotomy.

Conditional Effects

Part of the difficulty of connecting electoral institutions to policy outcomes is the long causal chain that runs from a country's institutions to policy outcomes. A further difficulty is disentangling the effects of institutions from the conditions in which they operate (Przeworski, 2004). The longer the causal chain, the more likely such conditions will alter the relationship (Ferree, Powell, & Scheiner, 2014).

Recent studies suggest that context shape the effects of electoral rules. Context can be anything external to the institutional rules themselves, including a country's ethnic composition or the geographic distribution of party loyalists. Contextual features intervene, for example, in the causal chains connecting the features of electoral rules with outcomes such as legislative representation or governance (Htun & Powell, 2013). Context also matters for policy outcomes. Voters' preferences are one contextual factor that influences the connection between electoral institutions and policy (Rickard, 2009). Voters have preferences over policy outcomes and electoral institutions aggregate these preferences. The implication is that to fully understand the effects of electoral rules on policy, it is important to understand voters' preferences.

It matters not only what voters want but also where they are located within a country. In this sense, geography—or more precisely the geographic distribution of voters with shared interests—may condition the effects of electoral institutions on policy (Rickard, 2012B). Rickard (2012B) argues that the geographic dispersion of protectionist interests mediates the impact of electoral rules on trade policy. When protectionists are geographically diffuse, politicians in PR systems will be more responsive to their demands than politicians in majoritarian countries. Governmental spending patterns in 14 countries over a 20-year period provide support for this conditional argument. When voters with a shared interest in subsidies are geographically diffuse, spending on subsidies constitutes a larger share of government expenditures in proportional systems than in majoritarian systems. In contrast, spending on subsidies constitutes a larger share of government spending in majoritarian systems when voters with an interest in subsidies are geographically concentrated.⁵ The geographic dispersion of protectionist interests provides a bridge between two rival arguments about how electoral systems affect trade policy and specifies the conditions under which one is more appropriate than the other. The Rickard study points to the usefulness of considering context (i.e., geography) to better understand the effects of electoral institutions on policy outcomes.

Going Forward

Taking contextual factors, such as geography, more seriously can help improve our understanding of the effects of electoral institutions on policy outcomes (Rickard, 2012B). I

offer several further suggestions that may also help to progress this research agenda beyond the current impasse.

Better Theory

Disagreement among prominent theories about the policy effects of electoral systems led to a flurry of empirical studies (e.g., Rickard, 2009). Yet, the empirical studies have generally failed to resolve the debate over precisely how electoral institutions affect policy. The research agenda appears to be somewhat adrift—moving further and further away from the causal mechanisms originally proposed in the theoretical arguments.

Going forward, better theory is needed to resolve the argument over the relationship between electoral institutions and policy outcomes. Theoretical models could now be revised in light of the new empirical evidence. For example, restrictive assumptions about the distribution of voters with shared preferences, which were previously believed to be relatively innocuous, should be relaxed in light of Rickard's (2012B) evidence. Modifying these assumptions may change the comparative statics derived from the theoretical models, which may inform a new round of empirical research.

Better Measures of Electoral Institutions

Scholars investigating the policy effects of electoral institutions must take seriously the variation that exists within majoritarian and proportional electoral systems. To this end, an expedient first step would be to move away from using the blunt dichotomous PR/majoritarian variable to "measure" countries' electoral institutions. Some types of majoritarian systems may generate higher levels of government spending than some types of proportional systems. Such within-system variance could explain the mixed empirical results reported to date and help to clarify the precise mechanism through which electoral institutions influence fiscal policy. If some majoritarian systems generate higher levels of expenditures than others, a common feature may characterize these particular majoritarian systems, and it may be this shared attribute that influences fiscal policy, rather than the electoral formula itself.

Credible alternative measures of electoral systems exist (e.g., Gallagher, 1991; Johnson & Wallack, 2012). However, before adopting an off-the-shelf-measure, researchers must think carefully about precisely what aspect of a country's electoral system matters for policy outcomes. One aspect that many agree is important is legislators' incentive to cultivate a personal vote. As a result, several scholars attempt to rank countries in order of the extent to which the country's electoral institutions generate incentives for politicians to cultivate a personal vote (Carey & Shugart, 1995; Johnson & Wallack, 2012; Nielson, 2003). Troublingly, these ordinal rankings systems present different rank orders of even the most common electoral institutions (André, Depauw, & Martin, 2016). Some countries appear at the party-centered end of the ordinal ranking and at other times at the

candidate-centered end of the spectrum, even with no change in their institutions. This variation suggests that disagreement exists over what makes electoral institutions more candidate centered, or more party centered, and thus how electoral systems should be classified (André et al., 2016).

One innovative solution is offered by André and colleagues (2016) who survey 2,326 legislators to see how they perceive their electoral incentives in 15 democracies. Ultimately, individual politicians decide how much effort to devote to cultivating a personal vote (Carey & Shugart, 1995). Given this, it makes sense to ask them what they think is their best electoral strategy and how they allocate their reelection efforts. André and colleagues (2016) offer a new measure of electoral systems that measures not the institutions themselves but rather how politicians perceive the incentives generated by the country's electoral institutions. This strategy offers a potential way forward.

Another possible way forward is to isolate the policy effects of specific aspects of a country's electoral system. For example, scholars could estimate the effects of district magnitude and/or ballot structure—individually or interactively. Investigating institutions individually helps identify which dimensions of a country's electoral system matter for which outcomes. The strategy of “unbundling institutions”—that is, understanding the role of specific components of the broad bundle of laws and regulations that make up a country's electoral system—may help to resolve the current impasse.

An alternative approach is to consider the combined effect of “institutional bundles.” To this end, several scholars have attempted to build a general theory that can incorporate multiple institutional differences within a single dimension. Tsebelis (2011), for example, developed the veto player framework while Ehrlich (2007) suggested the idea of “access points”. The added bonus of these theories is that they can incorporate the effects not only of electoral institutions but of other institutional features as well, such as the executive-legislative relationship and the policy-making bureaucracy.

New Types of Evidence

Evidence of the effects of electoral systems on policy outcomes generally comes from comparisons of countries with different electoral systems. However, it is difficult to identify the effect of electoral systems independently from other factors that also vary across countries, such as parties, governments, other political institutions, and voters' preferences (Carey & Hix, 2013). For this reason, researchers have begun to look for evidence within countries. For example, scholars have examined policy outcomes in mixed-member electoral systems, where politicians are elected by both SMD or PR rules in the same election.

Stratmann and Baur (2002) examine the effects of electoral rules on legislators' behavior in Germany. The German electoral system is a mixed system that includes a mechanism that assigns whether legislators are elected under plurality or proportional

representation. Stratmann and Baur (2002) identify the effect of these different electoral rules on legislators' behavior. They find that legislators elected via different rules choose to serve on different committees. Legislators elected via plurality serve on committees that allow them to address the needs of their geographically-based constituency. Legislators elected via PR serve on committees that allow them to aid their party's constituencies. While useful, such studies leave unanswered the question of which policy outcome ultimately prevails. Despite this drawback, focusing on the policy effects of variation (and changes) in electoral rules within countries over time can provide new and useful evidence to advance understanding how electoral rules influence policy (Carey & Hix, 2013).

Conclusion

No consensus has yet emerged as to whether a robust correlation exists between electoral systems and policy outcomes. Although resolving this issue presents a very real challenge, an even more challenging problem persists. Can we ever know if electoral rules "cause" distinct policy outcomes, given the myriad unobservable factors that drive the selection of electoral systems? Ultimately, to know this we would need to answer the counterfactual question: If we picked a country at random and went back in history to change its electoral rules, how would this alter its current policies? (Persson & Tabellini, 2003). The problem, of course, is that we cannot observe the relevant counterfactual.

However, this challenge should not lead scholars to abandon research on the policy effects of electoral systems. Understanding how a fundamental democratic institution influences policy outcomes is an important and valuable research agenda. Besides, there is still much to be learned from observational data, as demonstrated by the suggestions offered for future research. Although observational data do not typically identify causal effects, they can uncover interesting patterns and robust relationships, which can then be used as valuable inputs into theory building. Armed with better theories about precisely how and why electoral systems might affect policy, scholars can then work to empirically identify causal effects, using, for example, within-country changes in electoral institutions or other natural experiments.

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Notes:

(1.) Mansfield and Busch (1995) report that non-tariff barriers (excluding subsidies) are higher in PR countries than plurality countries, all else equal.

(2.) In contrast, in a closed list system, they are the three candidates the party leaders have placed on the top of its list (Golden & Picci, 2008).

(3.) Of course, some domestic spending programs have an international component. For example, subsidies to domestic producers impact their international competitiveness. A study of 68 countries shows that spending on subsidies is higher in majoritarian democracies than in democracies with proportional electoral rules, holding all else equal (Rickard, 2012a). However, Rickard (2012b) shows that this result holds only when the beneficiaries are geographically concentrated. When subsidy beneficiaries are geographically concentrated, subsidy spending is higher in plurality countries than PR countries. When they are diffuse, subsidy spending is relatively higher in PR countries.

(4.) However, Persson and Tabellini (2003) make the opposite claim.

(5.) In a study of two majoritarian countries, McGillivray (1997) finds that electorally concentrated industries receive higher levels of protection than electorally decentralized industries (pp. 602–603).

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