Multipartism and The “Kinder” Majority:

A Theoretical Refinement on Consensual Democracy

Author: Yuhui (Huey) Li, a Ph.D. student in Political Science at U. C. San Diego (Will be transferred to U. C. Davis in April 2013)

Email: yul010@ucsd.edu, yhh@ucdavis.edu

*Abstract: This paper shows theoretically and empirically why a majority party cannot sustain in the long run under a parliamentary system combined with a proportional electoral system and how such a phenomenon helps moderate “unkind” distributive policies that favor political winners.*

**Why a new set of theories is needed for consensual democracy**

In the enormous literature on how formal institutions affect policy performances, electoral systems and executive systems are the two factors that are most intensively studied. However, the large number of confounding variables (such as secondary institutional variables as well as cultural and economic variables), given the relatively small sample size of the world’s democracies, necessarily renders a low degree of freedom and inconclusive results.

Despite the widespread disagreements and non-conclusions among institutional studies, Lijphart’s (1968; 1999; 2002) series of influential books are among the handful that enjoyed a large number of believers. He argues that a political system that guarantees power-sharing between different groups in the parliament, especially through a proportional electoral system combined with a parliamentary system, can help protect the interests of the minority groups, channel the conflict between groups from the field to the parliament tables, and promote concessions between these groups by providing an arena for their representatives to negotiate. However there are two reasons that make these arguments vulnerable to skepticism.

First, Lijphart implicitly assumes that seats in the parliament necessarily enjoy bargaining power, which is opposed by Horowitz (2002). The latter argues that as long as a group has the majority seats in the parliament, it does not need to care about what the opposition parties think regardless of how many parliamentary seats they have. He therefore questions the needs for concession under a power-sharing arrangement.

Second, Lijphart does not take into consideration the endogenous preferences of voters. Rothchild and Roeder (2005) and Brass (1985) are among the scholars who argue that representation of each ethnic group may actually politicize ethnicity. Even though in the short term they may have a fair share of political power, in the long term they will get used to formulating their political campaign along their ethnic groups and make reconciliation even less likely.

In general, simply having minorities represented in the parliament does not directly imply that they will have real political power and may strengthen their ethnic identity. So if the empirical evidences Lijphart found are valid, there must be something else that a proportional electoral system has to do in order to achieve reconciliation between the majority and the minority.

Gerring and Thacker (2008) are also in favor of a Parliamentary-PR combination (although not PR in general, but closed-list PR in particular). Other than the reasons similar to Lijphart, they provide two more explanations of their institutional choice in the book. First, closed-list PR generate strong parties and strong party leaders, and therefore parties can do a better job as a unit of policy making and policy coordination. Second, closed-list PR is said to move the focus of political campaign to the center while majoritarian electoral systems “tend to accentuate the spatially demarcated nature of a polity”.

However, both of the above arguments are problematic. Before discussing what exactly was wrong about them, let me give some examples of a hypothetical institutional arrangement that can serve the two purposes mentioned by Gerring and Thacker even better than closed-list PR. If party unity and centralized party orientation are uncontroversially good, would it be even better if legislators are simply forbidden from voting against their parties? Why bother using party ranking to incentivize their loyalty? Or more extremely, why bother having a legislature? Is Russia not a perfect example of centralized strong party system? Since the even more centripetal institutional designs compared to a PR-parliamentary system do not seem to work, it is very unlikely that the centripetal characters can explain the success of consensual institutions.

Furthermore, it is far from safe to say that strong parties are necessarily desirable. In a corporation we would want the CEO to be accountable to the board of directors, not the other way round. Similarly, the idea of parliamentarism is to have the prime minister follow the aggregated ideas of the governing party/coalition, instead of having individual party members to follow the prime minister. If closed-list PR does make legislators less able to express their independent opinions, I would consider it a con rather than a pro. In fact, when comparing policy performances in closed-list PR and open-list PR, there is no clear evidence that favors the former. So the party unity argument does not seem to work.

To have a centralist political campaign that marginalizes local issues is even less obvious a good idea. If Gerring and Thacker were right about the importance of centralist political system, we would have found PR systems with large magnitude perform better. In fact, the literature often tells the opposite. Persson, Tabellini, and Trebbi (2003) and Kunicova and Rose-Ackerman (2005) all found large magnitude can be a negative asset under certain specifications. We would have also observed presidential systems with a strong presidency performed better than those with a weak one, which is opposite true in the real world (Przeworski et. al. 1996). In sum, centralization also fails to explain the favorability of consensual institutions.

McGann (2006) provide justifications for consensual democracy is that it enhances deliberation. I basically agree with the causal mechanisms he provided between consensual institutions and deliberation. But using Horowitz’s logic, I can question the argument by saying that the opposition parties can still be left out from deliberation. And even within the winning coalition, what keeps a single large group from being dominant and uninterested in deliberation? The deliberation argument would work only when the winning majority is balanced and when the opposition parties are not entirely powerless. Can consensual democracy bring about these phenomena?

In addition to the deliberation argument, McGann also argues that proportional system, by removing the majority party, can enhance cyclical preferences in the parliament. “…It is possible for the losers to buy off enough of the winners to undermine the current winning coalition. This typically does not produce chaos, because the winners realize they have to accommodate the losers sufficiently that they do not seek to undermine the winning coalition.” This is exactly the argument I will build my theory on in the following sections. It does not mean that my work is repetitive since I will clarify two issues that McGann did not make explicit in his argument.

First, McGann does not mention why a proportional parliamentary system necessarily lacks a majority party. Such a judgment on proportional systems is by no means conventional in the literature. The previous part in this section has discussed the dominant idea in the literature that multi-partism depends on certain cleavage structure. The mission of the rest of this paper is exactly to help prove the unavoidable lack of majority party in consensual democracies, both empirically and deductively.

Second, McGann is not clear on how cycling results in equality. Yes, it gives incentives for the governing coalitions to compromise to the oppositions. But according to the three-person divide-the-dollar game mentioned in the book, even a complete equal distribution among the three players still face further cycling. So it is not intuitively clear how a compromise really helps stop the cycling attempt. If the party not in the coalition can always get better off when splitting the coalition by giving one coalition member’s money to the other, how could such cyclical splitting ever stop? If the cycling persists, we can at best say that the distribution outcome is random, but not necessarily equal. Then what connects randomness and equality in a cyclical context? I believe the universalism literature has the answer.

The figure below shows the incompleteness of McGann’s logical chain.

The task of the rest of this paper is exactly to fill these logical gaps with more refined theories and more comprehensive empirical tests, which may lead to a better understanding on how consensual democracies work.

**Can parliamentary systems with proportional electoral systems guarantee the lack of majority parties?**

1) The literature on party system fragmentation

The mainstream studies on the determinants of party systems can be roughly divided into two large groups. The first group, best represented by Horowitz (1985) and Chandra (2004), holds that the cleavage structure in a society, especially ethnic and religious cleavages, is so determinant that institutions play only a marginal role. Institutions are more likely to shape the party system only in mature democracies in which ascriptive cleavages are no longer salient. But in young and developing democracies, according to Horowitz, elections are no more than ethnic censuses.

The second group, including Duverger (1954), Ordeshook and Shvetsova (1994), and Cox (1997) enjoys the most believers. They do believe that institutions can force coalitions between groups and result in a party system less fragment than its original cleavage structure. But they do not believe that institutions can work toward the opposite direction. When a country has only one salient cleavage, these scholars believe, increasing the permissiveness of the electoral system would not render more parties.

However, it is very suspicious to me that a country can have only limited amount of cleavages. No matter how hostile two ethnic groups are against each other, there have to be disagreements within each group between, say, importers and exporters, employers and employees, net tax payers and net welfare receivers, moderates and extremists, and many others. It seems to me a matter of whether politicians are willing to exploit these cleavages instead of whether they exist.

Taagepera (2007) is among the very few scholars that deviate from the main stream and offer a more deterministic view on institutional design. His model suggests that the electoral system by itself can explain the average party system in a country quite accurately without the help of cleavage variables. However, there are two limitations in Taagepera’s work.

First, the size of the largest party that he predicts is a mean of two extreme values. It therefore does not imply any sufficient-condition relationship. There is no reason that an actual party system cannot deviate from that average wildly because of contextual reasons such as cleavages. And that's why even Taagepera himself was surprised at how well his data verified the theory. A constructivist would say that such a theory could not be used to design a political system because there is no reason for a unique society to happen to have an average party system. For example, nothing in Taapepera's theory prevents Iraq from having a majority party. My theory, however, is trying to find a sufficient condition for a specific type of party system. It can also help explain why Taagepera’s theory is verified by the data better than his own expectation: Politicians can always discover new cleavages if they need to and therefore cleavages themselves may be a function of political institutions.

Second, Teegepera's data includes very few younger democracies so can only be used to test the long-run equilibrium of party systems. It may undermine the engineering value of the theory since it is exactly new democracies that need to get engineered.

2) A model on party split using career incentives

I argue that both of the mainstream groups of studies may have underestimated the explanatory power of formal institutions. When certain institutions do not create the outcomes that institutional theories predict, we may be tempted to think that contextual reasons, such as ethnicity, make them less effective. However, it may also be that other institutions that have opposite effects that should be blamed. Before taking into consideration different institutions’ interactions, it is too early to conclude that institutions do not always work.

The following four types of institutions are most frequently discussed in the literature (the fourth row is still under-theorized and will be further discussed in this dissertation). If we simply look at any one of them, it is not surprising that the outcome will be unstable because of the interactive effects from other variables.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Institutions | Main effect | Main reason |
| 1 | Majoritarian electoral system | Incentives for small parties to merge  | Strategic voting (Duverger) |
| 2 | Proportional electoral system | Incentive for large parties to split | Exploitation of less typical cleavages (Tageppera) |
| 3 | Presidentialism | Incentives for small parties to merge | Coattail effects (Shugart and Carey, Samuels and Shugart) |
| 4 | Parliamentarism | Incentives for large parties to split | Lower-ranking politicians wanting to become pivotal players |

For example, if a country has both an SMP and a parliamentary system, the outcome of its party system will be hard to predict because the two variables work in the opposite directions. Similarly, the party system of a country that has both a PR and a presidential system is also hard to predict, which is probably why Morgenstern and Vazquez-D’Elia (2007) find little predictive power of electoral systems in Latin America.

However, if a country’s different institutional variables work in the same direction, the outcomes will become more obvious. If, for example, a PR system were combined with a parliamentary system, would the result still be unpredictable? The empirical analysis followed will give an overview of all the countries with such an institutional combination, and found that there almost always lacks a majority party regardless of the ethnic structure. Similarly, an SMP combined with a presidential system almost always result in a party system with one or two dominant parties. But such a combination will not be the emphasis of this project.

I argue that most of the scholars failed to fully recognize the explanatory power of institutions exactly because they ignored the interactive effects between the two most important institutional variables: legislative electoral systems and executive systems. The explanatory power of electoral systems is simply stronger in parliamentary systems than in presidential systems. One of the reasons is obviously what Shugart and Carey call the “coattail effects” from the presidency. In presidential systems, a new party without a viable presidential candidate would have a hard time fighting for popularity. So there is little politicians can do even when the electoral system becomes more permissive. But that only explains why politicians in parliamentary systems are more responsive to electoral permissiveness, but does not imply that they HAVE TO form more parties.

However, from the empirical evidences I will introduce, a fragmented party system is not only more likely, but also nearly guaranteed as long as certain institutional arrangements are in place. I believe the key to explain such a strong empirical pattern is to give up the pure reelection-orientation assumption for legislators. In any legislature, legislators vary in their power. It is not only because the parties they belong to may or may not be the governing party, but also because the higher-ranked members of each party are often assigned additional power and salaries. Therefore it is important to recognize that a legislator’s strategic actions serve not only to ensure reelection, but also to enhance advancement within the legislature.

In presidential systems, such an incentive is less important since the legislators’ power is very limited regardless. Compared to MPs in parliamentary systems, not only the bills they pass are subject to a presidential veto, but also there are certain areas, such as cabinet appointment, on which they have very little influence. But most importantly, the legislators in presidential systems are usually prohibited from serving in the cabinet themselves, which is exactly what separation of power means. In the United States, serving in Congressional committees may be an attractive job for legislators, but the seniority rules made the strategy for advancement overlap with the strategy for reelection since being senior simply means getting reelected enough times. In sum, advancement in the party rank is usually less a priority than reelection itself for legislators in presidential systems.

In systems in which the parliament has a more dominant power in legislation and cabinet appointment, being a leader becomes much more profitable than being a regular MP. In most of these systems, higher-ranked MPs can even serve in the executive offices themselves. In the UK, for example, the salary of a cabinet minister (almost always an MP at the same time) is twice as much as that of a backbencher. It is therefore very unrealistic to model an MP’s utility function with only reelection benefits.

The above theory is not entirely intuitive and deserves a simple model to clarify.

In order to account for the complexity of the utility function of the politicians in a parliamentary system, Strom and Muller (1999) provide a model of utility tradeoff between three types of incentives: policy, votes and offices. They argue that politicians, especially party leaders, care about pursuing their preferred policies, winning elections, and controlling executive offices at the same time, and often have to sacrifice some of them to achieve the others. However, exactly because of the exhaustiveness of Muller and Strom’s model, it is next to impossible to make it formalized. Since the pursuit of any one of the three objectives can have impact on the other two, we would see an extremely complex utility function if all three are considered. It is therefore painful but necessary to drop one of them from consideration. And below is the justification of dropping the policy incentives.

Firstly, I group electoral incentives and office incentives into one general category, career incentives. The relationship between career incentives and policy incentives is certainly reciprocal. A politician may pursue certain policy in order to advance his/her career. He/she may also pursue a political career in order to fulfill his/her policy ideal. It is a purely behavioral question which of these two types of politicians is more common. I have not had a chance to study the literature on this question, but suspect reliable empirical research is hard since politicians would always claim they were policy-oriented regardless whether they really are. Although it is hard to directly read the politicians’ mind, I argue that career incentives in general are much more important than policy incentives. If we assume most of the elections in democracies are highly competitive, any politician that behave in a way that hurts his career would eventually lose it as there are plenty of rational job-seekers who want to replace him. This is similar to a perfectly competitive market in an economic model: any firm that keeps making donations would necessarily go out of business. And since the objects I want to model are WINNING politicians who are already in the parliament, it is relatively safe to assume that they place their career incentives above anything else. This is not saying politicians do not care about policy, but simply assumes that they only care about policies that are instrumental to their career benefits.

Now we are left with only two types of career incentives to consider, votes and offices. Although such a utility function necessarily omits part of the reality, it is already an improvement from traditional Duvergerian theories on number of parties. The previous theories (Amorim Neto and Cox, 1997; Ordeshook and Shvetsova, 1994) all argue that the Duverger’s law does not work the other way round. They believe that parties merge when facing a less permissive system, but do not necessarily split when facing a more permissive system. It would most likely to be true if politicians only cared about reelection since associating with a large party is normally more likely to be successful. But as I argued previously, having a successful reelection is not nearly as enough for an MP in a parliamentary system or premier-presidential system. I will now layout a simple model to show how splitting the majority party can help prevent certain politicians from sitting permanently in the backbenches.

Assume at the beginning of the game, there exists a majority party. It means the governing party holds at least one-half plus one of the total seats, which is normally a much larger number than the size of the cabinet. Therefore in any majority party, there have to be a considerable number of backbenchers. Even when the assembly size is small and the party is able to use committee appointments and other minor posts to reward all the party members, there is no way to really equalize the income and esteem across the cohort. It is also unrealistic for parties to allow their members to take turns for the leadership positions like US congressmen do for committee appointments. This is because party leaders, especially the prime minister, often serve as the personalized label of the party and thus are required to possess exceptional popularity and policy competence (Marsh, 1993). Frequent change of leadership without any obvious reasons would create a disorganized image of the party. So it does not come as a surprise when Saalfeld (2008) finds that "cabinets have better survival chances if they control a parliamentary majority".

In contrast, in a parliament without a majority party, cabinet necessarily changes more frequently and therefore the benefit of serving in the cabinet necessarily expanded to more people. It means that the politicians who otherwise have very little chance of entering the cabinet would be happy to see a fragmented party system, as long as they can keep getting elected. Then the question we need to ask is who have the ability to turn a majoritarian party system into a fragmented one.

Here I need to introduce another assumption to simplify the analysis. I assume that the expected popular support for each politician or each party will not change between the start of the game and the next election for any exogenous reasons (such as economic shock, war and natural disasters, etc.). This is not to say that popular support does not change in reality. But the direction of change, increase or decrease, for each party/candidate’s support is random and therefore the best estimate short of other contextual information is no change.

Under such an assumption, we do not need to worry about new comers being able to change the composition of the government unilaterally. In other words, if existing MPs do not change their strategy from the last election, there is nothing their competing candidates could do and the party system would stay the same. Therefore we are left with three types of people who could have an impact on the party system: office holders in the governing party, backbenchers in the governing party, opposition MPs. Let us look at them separately.

First, the office holders in the governing party do not have any incentive to make any change since they already have the best possible political jobs. Any change would at best increase their uncertainty of holding such jobs. Second, however, the backbenchers in the majority party, as previously argued, have a strong desire to see a change of the party system toward the more fragmented direction. And they also have the potential to push for such a change since they can simply split from the majority party and campaign with a new party in the next election. Finally, the MPs of opposition parties would like to see such a change too, but it is not up to them. They are already outside the majority, and even by splitting they would not be able to break up the majority. But what they could do is that whenever a splinter party has split the majority, they could try to strike a deal with one part of the original majority and enter the governing coalition.

Assume there is a really small parliament consisted of three seats and a cabinet consisted of one seat. The only minister needs to be a member of parliament. When the game starts, there are two parties in the parliament, a majority party with two members and a minority party with one member. There is no doubt that minister position is held by the higher-ranked member of the majority party. If, as assumed previously, there is no external shock on the electorate, the same three people will keep getting reelected as long as they do not change their campaign strategy. Consequently, the same person will keep holding the minister position because, as previously argued, change of the party leader without any obvious reason is awkward.

For any of these three players, the utility function is defined as the following:

U=Pe\*(Ump+Pc\*Umi)

Pe: Probability of getting elected

Ump: Utility as a regular MP

Pc: Probability of being a minister once elected

Umi: Utility as a minister

Ump and Umi are exogenously given. What the politicians need to do, therefore, is to work on their probability of getting elected and probability of being a minister once elected.

If none of them change their strategy, Pe will always equals 1. Pc of the minister is 1. Pc of the other two MPs is 0. Therefore, the utility of the three MPs would be:

U1=Ump+Umi

U2=U3=Ump

(U1: Utility of the incumbent minister. U2: Utility of the majority backbencher. U3: Utility of the minority MP.)

At the beginning of the game, player 2 needs to decide whether he should split the party. Let us look at what will happen to his utility is he does.

First, Pe will drop for sure. When reelection is guaranteed otherwise, splitting the party and changing the political label will at best increase uncertainty and often create an image of inconsistence for the respective candidate. Therefore, for player 2, Pe<1.

Second, and often ignored in the literature, Pc will increase. The relationship between player 1 and 2 will change from intra-party hierarchy one to inter-party negotiation. Although 1 is more popular than 2 for sure (even without the split), they both have equal number of seats once elected and therefore have equal bargaining power as implied in the Gamson’s Law and most of the cabinet bargaining games (e.g. Riker 1962). Therefore I assume that each party within the coalition has a 50% chance of gaining the office, which means the final outcome is determined by some unknown reasons that are not of interest in this model. However, it does not mean that player 2 therefore has a 50% chance of entering the cabinet. Since the majority party has split, player 1 is no longer obligated to partner with 2. Without further knowledge on each party’s policy stance, we should expect that every party have an equal chance of being excluded from the winning majority. Therefore, the probability for any player to become the minister once elected equals to the probability to enter the coalition, 2/3, times the probability for a coalition member to become the minister, 1/2, which equals to 1/3. Therefore Pc=1/3 for all three players.

Consequently, if player 2 decides to split the party, the payoffs will look like the following:

U1=U3=Ump+1/3Umi

U2=Pe2\*(Ump+1/3Umi) Pe2<1

The payoffs of U1 and U3 are not relevant here since player 2 is the only person that has more than one option to choose from. It either stays within the party with player 1 and gets a fixed payoff U2=Ump or splits the party and gets an uncertain payoff U2=Pe2\*(Ump+1/3Umi)

To compare U2(stay) with U2(split), I subtract the latter from the former and get:

U2(stay)-U2(split) = Ump-Pe2\*(Ump+1/3Umi)

When U2(stay) > U2(split) => Ump-Pe2\*(Ump+1/3Umi) > 0 => Pe2 < Ump/(Ump+1/3Umi) = , player 2 stays in the party. When the sign flips, he splits the party. When the two payoffs equal, he is indifferent. Note that the left hand side, Pe2, is the probability of getting elected after the split, a number between 0 and 1. The right hand side obviously is also a number between 0 and 1.

The conclusion that can be drawn at this point is that whether player 2 splits the party depends on the probability of getting elected after it splits and how much more desirable the minister position is compared to a normal MP position. In almost all the parliamentary system the minister salary is significantly higher than the backbench salary. Therefore we can further assume that the right hand side of the above equality cannot be a number too close to 1 and should not vary too much across different countries. The left hand side, however, heavily depends on the electoral system and can wildly vary from 0 to 1. Consequently, any electoral system that can make Pe2 extremely close to 1 will ensure the split of the governing party.

I do not claim that the above mechanism is the only reason for majority parties to split. In fact, there are many exogenous reasons, such as the change of voters’ preferences, that can lead to such a split. I am simply arguing that even when all other risk factors are absent, lower ranked politicians in majority parties would split anyway as long as they can largely ensure reelection.

The above model, however, says nothing about what kind of electoral systems can achieve a Pe2 that is close to 1. Even under a majoritarian system there could exist conditions in favor of party split. However, Pe2 is likely to be high only if the potential splinter party is geographically concentrated. Under a proportional system, especially that with a low electoral threshold, Pe2 is always high regardless of the support distribution of the splinter party. Therefore, a testable hypothesis that results from this model is:

H1: In a parliamentary system with a proportional electoral system, majority parties cannot sustain.

3) The panel data on institutions and party systems

With only a few exceptions, the data used in the existing literature on comparative democratic institutions are mostly cross-sectional data. There are several obvious problems when testing institutional effects with this kind of data. First, it is hard to determine the casual directions. The data itself cannot tell us which happen first, the IVs or the DVs. Second, without the information on within-country variation across time, it is hard to determine whether some confounding variables such as locations are really behind the variations or both IVs and DVs. Third, a cross-national dataset by definition has a small sample size since there are only less than two hundred nations in the world, many of which have political institutions that are hard to categorize.

Przeworski et al. (1996) and Samuels and Shugart (2010) are among the few scholars that used panel data to test the probability of certain events under certain subtypes of democracy. But these data cannot serve my purposes directly for a few reasons. First, they coded only executive accountability structure, but not the electoral system. Since my theory is specifically about the interaction between the former and the latter, I need a panel data with both. Second, they only used post-war observations in their data, which means a lot of interesting cases in the earlier period, especially the inter-war Europe, are excluded. Third, Samuels and Shugart’s (2010) data only includes relatively stable democracies (using a Polity score cutoff). Therefore if I want to know what makes a democracy stable in the first place, I need a more minimalist criterion for democracy. Fourth, Przeworski et al. did not distinguish between the subtypes of semi-presidential systems, which I believe is crucial in explaining a semi-presidential government’s behavior.

In addition, a panel data for party system is also lacking in the literature. Dieter Nohlen’s series of election data handbook has provided rather complete information on almost all the elections that had taken place in the world until the time the books were written. But no one to my knowledge has incorporated this information into a whole panel data. Tageppera (2007), for example, used only the national averages of each country’s parameters. Generating a party system panel dataset is also important for my project since I need the starting time of each party system to test the causal directions between that party systems and the formal institutions that coincide with them.

Below are the details of my coding criteria.

a) Executive accountability structure.

Following Shugart (2005), I divide democracies into six subtypes according the accountability structure of the executives.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Criteria | Semi-presidential | Asymmetric origin and survival | Collective principals for executives |
| Pure presidential system | Elected chief executive (president), unaccountable to parliament  | N | N | N |
| Pure parliamentary system | Appointed chief executive (prime minister), accountable to parliament  | N | N | Y |
| Premier-presidential system | Two chief executives: president elected and unaccountable to parliament, prime minister appointed, accountable only to parliament | Y | N | Y |
| President-parliamentary system | Two chief executives: president elected and unaccountable to parliament, prime minister appointed, accountable to parliament and president  | Y | N | N |
| Assembly-independent system | Appointed chief executive (president), unaccountable to parliament | N | Y | N |
| Elected-prime ministerial system | Elected chief executive (prime minister), accountable to parliament | N | Y | Y |

Among these six types of democracies, I define pure parliamentary system, premier-presidential system and elected-prime ministerial system (extremely rare) into one broad category called “systems with collective principals for executives” or SCPE. The common characteristic of these systems is that the executive is solely accountable to a collective body that makes decisions through majority vote. No person could punish the cabinet ministers on his own. In president-parliamentary system, although the parliament is also part of the cabinet’s principal, the president definitely plays a bigger role in shaping the executive policy than the parliament does (See Shugart 2005, and I will discuss in detail why that is the case elsewhere in the paper). SCPE is an especially important concept for the purpose of this study. I will show in the theory part how this type of system can provide the cognitive advantages implied in the Condorcet Jury Theorem and how it can interact with certain electoral systems to engender a party system that can prevent a stable majority.

 I use a minimalist definition for democracy since that can help me test why some seemingly democratic institutions did not engender democracy in actuality. My definition is similar to that of Dahl (1971) except that I do not require actual power alternation. Since my object is to study the effects of different parchment institutions, power alternation should serve better as a DV than as an IV. To use power alternation as a cutoff criterion means that I would have to leave out interesting cases in which democratic institutions failed to render power alternation. In addition, I will not use universal suffrage as a criterion for democracy as that would too leave out a lot of earlier cases.

I code a country as one of the six types of democracies as long as 1) there exists a elected parliament that consists of more than one party; 2) the chief executive(s) is either directly elected or appointed by that elected parliament; 3) the election of the chief executive, if any, needs to be contested in by at least two candidates; 4) no non-elected person has the authority to dismiss the chief executive or the members of the elected parliament.

The main sources for coding of executive accountability structure include Samuels and Shugart (2010), Elgie (2011), Robbers (2007). For cases about which the authors disagree, I will read the original constitutions and make my best judgment.

b) Parliamentary electoral system.

It takes many variables to capture the complete image of an electoral system, such as district magnitude, total seats, vote-seat formula, threshold, etc. I will try to code as many of them as possible for each country, depending on data availability. However, for the purpose of this paper, I will simply use a dummy variable for proportionality, using it as one of the two criteria for consensual democracies.

Although it does not seem scientifically accurate to code electoral systems using one single dummy variable, it can serve the purpose of clear and intuitive presentation. With such a criterion, together with the executive structure criterion introduced above, I will be able to show a simple comparison between consensual democracies as a group with non-consensual democracies as the other group. I can also capture the moment a country switch from/to consensual democracy to/from non-consensual democracy, which will be an excellent source for future case studies. This dummy variable is different from the empirical proportionality based on OBSERVED numbers of seats and votes, such as the Rose index. It is rather a theoretical variable deduced from the written electoral rules, independent of the observed election results.

Only three types of electoral systems are considered proportional in this study: List PR (with either open or closed lists), STV, and MMP. All other systems, even occasionally producing proportional results, are not considered proportional. There are two ambiguous cases when applying this criterion. Turkey (1983-present) and Greece (1958 – present) that do have a PR formula but are not considered proportional. Turkey adopted a very high national threshold (10%) for a party to win any seat at all. Greece had several different electoral systems since 1958, all of which are complex variants of the so-called “reinforced PR” system. The most distinct feature of this kind of systems is that they give additional reward to large parties to ensure the existence of a majority party. The current Greek system, for example, grants 40 additional seats to the largest party, which makes the lack of majority party nearly impossible. In both countries, party split (a key feature in my theory on consensual democracy) is very costly for politicians in the majority party since it either makes them hard to reach the threshold or makes them lose the majority bonus seats. Therefore, it takes further study to determine whether to consider the electoral systems in these two countries proportional.

The main sources for coding of the electoral systems include Robbers (2007), Nohlen and Stover (2010), Nohlen, Grotz, and Hartmann (2001), Nohlen (2005), Nohlen, Krennerich and Thibaut (1999), and the ACE Electoral Knowledge Network.

c) Party system

I will code three main variables but may not use all of them in my study. They include the seat share of the largest party in the first chamber, the seat share of the largest party in the second chamber. I will also record the name of the largest party in each chamber as well as the name of the president’s party in order to control for effects of the divided government.

The main sources for coding of the party systems include Robbers (2008), Nohlen and Stover (2010), Nohlen, Grotz, and Hartmann (2001), Nohlen (2005), Nohlen, Krennerich and Thibaut (1999). For more recent elections, I search for country specific resources such as the national electoral commissions.

4) Initial empirical findings

By the time I write this paper, I have not finished coding all of the observations. So it is impossible at this point to reach any solid statistical results. Nevertheless there have emerged some quite obvious patterns that cannot be ignored.

In this project I focus on one special type of political system, a combination of both SCPE and proportional electoral system. Such a system is similar to the term “consensual democracy” that is often appeared in the literature. But it differs from Lijphart in that it does not require the power sharing between the central and local governments. It also differs from McGann in that it does not require a single veto gate (unicameral pure parliamentary system).

For now, let me simply define, without further justification, a consensual democracy as a polity that combines SCPE and proportional electoral system and all other democracies as non-consensual democracies. There have been 44 countries that have used such a system for a total of 1398 years according to my dataset. So it is a large enough sample to work with.

Below is a complete list of all the consensual democracies that ever existed by the end of 2010. Among these cases (a country is considered two cases if it experienced two disconnected period of consensual democracies), there are 16 countries that switched from non-consensual democracies to consensual democracies. The rest started off as consensual democracies.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Consensual democracies | First year | Last Year | # of elections | # of cases with majority party | Ratio | # of elections since fifth 3 | # of cases with majority party since fifth | Ratio |
| Albania | 2001 | 2010 | 3 | 1 | 33.3% | 0 | 0 | #DIV/0! |
| Algeria | 1997 | 2010 | 3 | 1 | 33.3% | 0 | 0 | #DIV/0! |
| Austria | 1920 | 1932 | 4 | 1 | 25.0% | 0 | 0 | #DIV/0! |
| Belgium | 1899 | 2010 | 35 | 6 | 17.1% | 3 | 31 | 9.7% |
| Bosnia | 1996 | 2010 | 5 | 0 | 0.0% | 0 | 1 | 0.0% |
| Bulgaria | 1991 | 2010 | 6 | 2 | 33.3% | 0 | 2 | 0.0% |
| Cambodia | 1993 | 2010 | 4 | 3 | 75.0% | 0 | 0 | #DIV/0! |
| Croatia | 2000 | 2010 | 3 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| Czech Republic | 1990 | 2010 | 7 | 0 | 0.0% | 0 | 3 | 0.0% |
| Czechoslovakia | 1918 | 1938 | 4 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| Denmark | 1918 | 2010 | 33 | 0 | 0.0% | 0 | 29 | 0.0% |
| East Timor | 2002 | 2010 | 2 | 1 | 50.0% | 0 | 0 | #DIV/0! |
| Estonia1 | 1920 | 1933 | 5 | 0 | 0.0% | 0 | 1 | 0.0% |
| Estonia2 | 1990 | 2010 | 5 | 0 | 0.0% | 0 | 1 | 0.0% |
| Finland | 1919 | 2010 | 27 | 0 | 0.0% | 0 | 23 | 0.0% |
| France1 | 1946 | 1950 | 3 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| France2 | 1986 | 1987 | 1 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| Germany | 1949 | 2010 | 17 | 0 | 0.0% | 0 | 13 | 0.0% |
| Guyana | 1966 | 1979 | 3 | 2 | 66.7% | 0 | 0 | #DIV/0! |
| Hungary | 1945 | 1947 | 2 | 1 | 50.0% | 0 | 0 | #DIV/0! |
| Iraq | 2005 | 2010 | 2 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| Ireland | 1921 | 2010 | 25 | 5 | 20.0% | 5 | 21 | 23.8% |
| Israel | 1948 | 2010 | 17 | 0 | 0.0% | 0 | 13 | 0.0% |
| Italy | 1948 | 2010 | 11 | 1 | 9.1% | 0 | 7 | 0.0% |
| Latvia1 | 1922 | 1933 | 4 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| Latvia2 | 1990 | 2010 | 5 | 0 | 0.0% | 0 | 1 | 0.0% |
| Lesotho | 2005 | 2009 | 2 | 2 | 100.0% | 0 | 0 | #DIV/0! |
| Lithuania | 1920 | 1925 | 3 | 3 | 100.0% | 0 | 0 | #DIV/0! |
| Macedonia | 2002 | 2010 | 4 | 1 | 25.0% | 0 | 0 | #DIV/0! |
| Madagascar | 1993 | 1995 | 1 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| Moldova | 1996 | 2010 | 4 | 2 | 50.0% | 0 | 0 | #DIV/0! |
| Montenegro | 2006 | 2010 | 2 | 2 | 100.0% | 0 | 0 | #DIV/0! |
| Netherlands | 1918 | 2010 | 25 | 0 | 0.0% | 0 | 21 | 0.0% |
| New Zealand | 1997 | 2010 | 4 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| Niger | 1999 | 2010 | 2 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| Norway | 1920 | 2010 | 23 | 4 | 17.4% | 4 | 19 | 21.1% |
| Poland | 1991 | 2010 | 6 | 0 | 0.0% | 0 | 2 | 0.0% |
| Portugal | 1983 | 2010 | 9 | 3 | 33.3% | 1 | 5 | 20.0% |
| Romania | 1992 | 2010 | 5 | 0 | 0.0% | 0 | 1 | 0.0% |
| Slovak Republic | 1993 | 2010 | 4 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| Slovenia | 1991 | 2010 | 5 | 0 | 0.0% | 0 | 1 | 0.0% |
| South Africa | 1994 | 2010 | 4 | 4 | 100.0% | 0 | 0 | #DIV/0! |
| Spain | 1977 | 2010 | 10 | 2 | 20.0% | 1 | 6 | 16.7% |
| Sweden | 1917 | 2010 | 28 | 2 | 7.1% | 2 | 24 | 8.3% |
| Turkey | 1961 | 1979 | 5 | 2 | 40.0% | 0 | 1 | 0.0% |
| Ukraine | 2006 | 2010 | 2 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| Yugoslavia | 1992 | 2010 | 3 | 0 | 0.0% | 0 | 0 | #DIV/0! |
| Total |  |  | 387 | 51 | 13.2% | 16 | 226 | 7.1% |

The main feature I will explore regarding their party systems is the seat share of the largest parties (as I will show in later sections that the lack of a majority party is the key to the so-called “beneficial cycling”). There have been 390 national parliamentary elections that happened in these consensual democracies by 2010. Only 51 of these elections (13.2%) produced a majority party. More strikingly, if we exclude the first four elections in each country (for the party system may not have been institutionalized at the time), only 7.1% of the elections produced a majority party. These numbers are especially interesting when compared to one of the observations in Przeworski et. al. (1996): “Legislative majorities are more frequent under presidentialism than under parliamentarism: 57.9 percent of the time under the former and 49.0 percent under the latter.”

There are 22 consensual democracies that had more than four elections by 2010. In all of these 22 countries, party systems were fragmented and rarely saw the existence a majority. Ireland had the highest frequency of having a majority party among these countries, but it experienced just five elections that produced a majority party out of its 25 elections since independence. Such an initial look at the data shows that consensual political institutions can be considered a quite sufficient guarantee for a fragmented party system (in contrast to Amorim Neto and Cox, 1997). It may still be argued that these countries have similar cleavage structures since most of them are in Europe. However, even European countries should be heterogeneous enough to create different party systems short of institutional constraint.

To further confirm the above observations, let us also look at the variation across time within each country. The following figures show the result of the five elections immediately before and after a country switched to consensual democracies. The Y-axes are the seat share of the largest party. The X-axes are the number of elections before or after the switch.

Figure 1 portrays the only ten countries that switched from non-consensual democracies to consensual democracies when they still had a majority party. Eight of these ten countries, Albania, Belgium, Bulgaria, Croatia, Madagascar, Moldova, New Zealand, and Turkey, ceased to have a majority party almost immediately after the switch. Among these countries, Madagascar and Turkey adopted non-consensual institutions later on and immediately regained a majority party. All other six democracies stayed consensual ever since and never regained a majority party except in isolated elections.

The other two countries, South Africa and Lesotho, had only four and two elections respectively since the switch, so it is still hard to tell the pattern of their party system. I will discuss why South Africa may be an outlier in the theory part.

Figure 2 shows six countries that lost their majority party BEFORE switching to consensual democracies. It may be argued that the switches in these countries are the result, instead of the reason, of their lack of majority party (Grumm, 1958; Boix, 1999). But this is simply another way of saying that the small parties expect the consensual institutions to prevent the reemergence of a majority party. They would not have switched without expecting it to work. Such a strategic calculation turned out effective because all of these countries maintained their fragmented party systems ever since.

The rest of the cases started off as consensual democracies. So there is no point to show them in a graph. Among these 29 democracies, 24 maintained a fragmented party system with very rare cases of a majority party. The other five countries, Guayana (1966-1979), Hungary (1945-1947), Montenegro, Cambodia, and East Timor, did not show an obvious pattern of fragmented party system, but none of them had more than three elections yet.

There are a few special cases that are worth further study. Iraq, Israel, Bosnia, Post-USSR Latvia and Estonia are all countries with sharp majority-minority divide in terms of ethnicity, religion or language. An ethnicity scholar such as Donald Horowitz would probably have predicted majoritarian party systems in these countries. However, the majority groups in these countries have all been divided into different parties and campaigned bitterly against each other at the expense of a safe majority in the parliament. Even in South Africa where ANC has maintained the majority status, it was weakened by a splinter party and is still under threat of further splits. There seems to be some mechanisms that have forced the majority in these countries to split and focus a lot on their within-group cleavages.

The rough description presented above shows that consensual democratic institutions (a parliament elected proportionally and a cabinet accountable to it), can be considered a safe guarantee of the lack of majority party, which is in contrast to the conventional wisdom that a fragmented party system depends on the existence of cross-cutting cleavages. In other words, we can say that the crosscutting cleavages seem to exist everywhere and are ready to be exploited by politicians whenever the institutions allow. The difference between countries’ cleavage structures may have been overestimated while the explanatory power of formal institutions may have been underestimated.

**Can fragmented party systems ensure just distribution within the electorate?**

1) Criteria for normative judgment on distribution

Before discussing the distributive effects of the lack of majority party, it is necessary to clarify what kind of distribution should be considered favorable. Any distribution, by definition, benefits some and hurts the others. So any public good criteria such as the Pareto criterion would not work. Using a simple equality criterion would also be problematic because equality and efficiency are often at odds (Okun, 1975).

I may engage a more sophisticated and philosophical argument regarding this question in my dissertation, but for now I will simply adopt the following minimalist criterion for favorable distributive outcome: A better distributive outcome means that there is less government intervention that decreases equality compared to the Laissez Faire state (or “regressive redistribution”) without improving efficiency.

Such a criterion is neutral regarding progressive redistribution and therefore does not favor the left to the right or the other way round. In other words, it is OK for a government to redistribute a lot or not redistribute at all. But if it does, the redistribution has to serve EITHER equality OR efficiency. It seems to be a rather lenient criterion at the first look. But examples that do not meet such a criterion can be found easily. For instance, there are countries that charge higher level of taxes in poor rural area, which clearly hurts equality and probably efficiency too. Such a practice is more common in non-democracies, but is not completely unseen in democracies. Another example would be the suppression of religious freedom of the minorities. It is not a monetary redistribution per se, but is nevertheless a way of using state resources to hurt equality without any compensation in efficiency. These above examples of inefficient regressive redistribution, if happening in a democracy, are very similar to what Tocqueville calls the tyranny of the majority. In contrast, a country that avoids them would be similar to what Lijphart calls a “kinder and gentler” democracy. The task of this section, therefore, is to find out what kinds of party systems are more likely to make the governing majority kinder, gentler and less tyrannical.

The Madisonian separation of power is one of the most conventional answers to the above question. However there are several reasons that the benefits of separation of power often fail to pass the empirical tests. First, even when there are different branches in the government, there could still be a significant number of minorities that are not represented in ANY branch. Therefore the negotiation between the branches would not take these minorities’ preferences into consideration. Second, a country with separation of power can certainly adopt a proportional electoral system to ensure minority representation in the legislature, but the existence of the presidency means that the decisions of the legislature are subject to veto and selective enforcement of that presidency, which by definition is not proportional. Third, according to my theory in the Chapter Four, the existence of presidency implies many disadvantages discussed in the literature (Linz 1994), especially in countries that have a dominant president that can overlook the preferences of the legislature. In general, having a president often causes more harm than good. As a result, I set my mind on McGann’s beneficial cycling argument, which I will explain in details in the following section.

2) How the lack majority party affects distribution: implications from existing models

Now let us look at how a fragmented party system can be linked to the favorable distributive outcome defined above.

As introduced in the first section, McGann (2006) has provided an interesting argument that the cycling between minority parties in consensual democracies provides that there are no clear and stable winners, which may be helpful in explaining the distributive outcomes in these countries. However, he does not provide a clear logical link between cycling and favorable distribution. It is true there are no stable winners, but it could simply mean different minorities take turns to become victims of the tyranny. In the long run, we may see a rather equal outcome between these different minorities when their actual frequency of being the losers approach their expected frequencies of being so according to the Law of Large Numbers. But in the short run, the winning coalitions could still adopt tyrannical policies as no one could stop them.

It certainly matters a lot whether equality results from a random process in which different groups take turns to be dictators and victims or from a predictable pattern in which a certain level of equal distribution is ensured at any time period. The former way of cycling is not normatively attractive at all because 1) different groups may have different frequencies of being the winner which are determined totally by luck and 2) there will be huge fluctuation in each group's utility since their positions swing between the ruler and the ruled. The latter does not have either problem. In the Theory literature, people almost always think about cycling in the former way although they disagree on whether cycling can happen at all. McGann is not clear in which of these two ways cycling promotes equality although he seems to mean the latter. Therefore the key issue I want to explore here is whether the majority can be constrained at any time period, not whether the majority and the minority switch their positions over time.

Buchanan and Tullock (1962) and Weingast (1979) are the two pieces that I believe provide the best logical connection between cycling and equality. These two pieces were both written regarding very different contexts from what this dissertation is about, the former on the super-majority decision rule for certain constitutional rights and the latter on pork distribution among US electoral districts. However, they are both inspiring for the purpose of my project in the way that they show how a rule-making majority would build equality into the decision-making system to avoid the randomness in the future that may result from cycling.

Buchanan and Tullock (1962) argue that the super-majority requirement for altering certain constitutional rights is a rational choice of individual citizens voting for decision-making rules. It looks like benefiting the minority at the expense of the majority’s policy freedom. But it could potentially benefit the majority too. In the policy areas in which the individuals could be seriously affected by public actions, they may be better off requiring a more costly way of reaching decisions. Therefore we hardly need to worry about rights violation even if citizens are selfish as long as they can make well-informed rational decisions. People will voluntarily protect other people’s private sphere with constitutions in order to protect their own.

Their argument is not completely unproblematic. For example, I think it is too unrealistic to assume that the decision-making costs are the only downside of super-majority rule. Giving a minority the right to block policies may be against the epistemic efficiency implied in the Condorcet Jury Theorem and against the procedural justice that is best served by the simple majority rule. But their construction of the model is nevertheless inspiring. It shows that rational individuals in the majority would not seek to unlimitedly deprive the minority of their rights.

Weingast (1979) argues that the universalist style of distribution in the US Congress is also a rational decision of the legislators. Different from the minimum winning coalition predicted by Riker (1962), Weingast’s model shows that the legislators, when taking into consideration their likelihood of being excluded from the winning coalitions, would agree on a decision-making norm prior to the legislative game, requiring all districts to be included into the distribution of national projects. Although this model is designed to capture the voting phenomenon in the US Congress, there is little to prevent it from being applied to a more general voting scenario.

Both of these models suggest that a relatively equal distribution can be achieved between the majority and the minority given a context of potential majority cycling. Therefore they can be used to answer the question overlooked by McGann’s: Why cycling enhances equality. The Weingast model is even more important since it does not just apply to the constitution-making process but also to implicit norm-building process in day-to-day politics. It shows that when certain universalist norms are well understood by the legislators, even when these norms are not legally binding and do not require a super-majority to remove, individual legislators still have a strong incentive to conform because of the repetitive nature of the game.

Another feature of these two models is that they do not really require the empirical existence of cycling, a quite controversial phenomenon and denied by a lot of empirical tests (Mackie, 2003). All they require is the potential threat of cycling. Players in a repetitive voting game, anticipating such a threat, would build a norm of equality in advance of distributive voting to protect themselves even when they belong to a temporary majority. As long as that norm is built, the minority would not be interested in cycling any more since they would not benefit enough from breaking the majority to justify the costs of it.

To make it more intuitive, considering a hypothetical scenario like this: Three people vote to decide the distribution of certain amount of money every year. If two of them each gets 50% and leave the other person with nothing in the first year, that third person will certainly persuade one of the two previous winners to side with him in the next year by offering the latter more than 50%. However, such a scenario is not likely in the real world because the two winners will anticipate the potential chaotic outcome and negotiate with the third person in advance to avoid it (assuming they are risk-averse). Anyone who violates the negotiated term will be subject to punishment, either by being convicted in a constitutional court (following Buchanan and Tullock's logic) or by being left out of future distribution (following Weingast's logic). Fearing such punishment, players will honor the negotiated terms and reach a certain level of equality. When the distribution is already equal, the minority would hardly have enough incentive to engage in cycling, which is more or less costly.

However, these models are all based on an implied assumption that there is no stable majority. In other words, everyone in the winning coalition expects his coalition partners may defect at some point and form an alternative coalition with the previous losers. This may not be the case in a legislature with a relatively stable majority party. Such a stable majority party is particularly common in polities with a majoritarian electoral system and a salient ethnic or religious divide between the minority and the majority, such as Northern Ireland and Sri Lanka prior to their electoral reforms in the 1970s and 1980s respectively as well as the contemporary Malaysia. When there exists a strong presidency, a stable majority in the legislature is even more likely, as evident in most of the former Soviet Union countries and a number of sub-Sahara emerging democracies. When the majority party is stable, it is less realistic for legislators in the winning coalition to defect and vote with the oppositions. Therefore there is little reason for these legislators to fear the possibility of becoming a member of the minority. Consequently, the universalistic style of distribution predicted by Weingast would not exist.

A stable majority in the short run (between two elections) is even more common. It does not even require the existence of a dominant cleavage such as ethnic or religious conflict. Whenever a majority party exists, it cannot be removed until the next election. Therefore most of the legislature with a majority party should be considered having a “stable majority” and therefore does not have to take minority interests into consideration at least in the short run.

Of course, under certain presidential systems with weak parties, as best represented by the US, a majority party is by no means the same as a stable voting bloc. Such a non-partisan context could also enable cycling and help equalize the distribution among legislative districts. However, the presidents in these countries are not subject to cycling themselves, and therefore the beneficial cycling achieved in the legislature may not always translate into the final policy outcomes. The stronger the presidents are, the less consequential the legislature’s preferences are. Therefore what we really want to have is cycling in countries with weak or no presidencies, namely SCPE countries.

In sum, the cycling assumption needed for Buchanan and Tullock (1962) and Weingast (1979) is not satisfied in the short run in all the systems with either a unified majority party or a strong presidency, and is not satisfied in the long run in all the systems with a dominant majority party (without power alternation). Only if a system can help prevent the emergence of a unified majority party, could the equality predicted in the two models be realistic.

Now I have established the logic connection between the lack of unified majority party and equality among legislators. However, the equality among legislators does not necessarily imply the equality among voters. It is possible that while every electoral district gets a fair share, the benefits only go to the incumbent’s supports in that district. In order to further establish a normative argument regarding distribution among voters, we need to make sure that the distribution within the legislature mirror the distribution within the electorate or, in other words, the legislature needs to be proportionally elected. Since presidential systems are by definition disproportional, we are left with only SCPE systems with proportional electoral system to be qualified as high proportionality between voters and decision makers. And such a system is exactly what McGann defines as a consensual democracy.

The hypothesis I need to test, therefore, is stated as such:

*Distributive policy tends to create more inequality between the winning coalition and the oppositions when there is a majority party in the parliament.*

However, there are two reasons that such a hypothesis is hard to test using observational data.

First, Equality in the real world is hard to measure. There are certainly variables such as Gini Coefficient, but they are affected by numerous factors and have many endogenous effects. In a cross-national regression, it is hard to control all of the relevant institutional and non-institutional variables without consuming most of the degrees of freedom. In a lab environment, however, I do not need to worry about too many confounding variables since the grouping of participants can be randomized.

More importantly, outcome equality is not what I am interested in because equal distribution is not necessarily just, let alone efficient, as people may vary in the effort they spend. What I really try to explain is the “tyrannical” behavior in which the government intentionally creates inequality without aiming at efficiency, taking resources or limiting freedom of the disadvantaged groups to please the advantaged groups. Such behaviors are even harder to measure in the real world since there is no way to distinguish inequality resulting from Laissez Faire competition from that resulting from intentional redistribution. Therefore, I plan to conduct a lab experiment in which inequality can result only from redistribution so that it is purely a political outcome.

2) The experimental design

When the funding is in place, I will organize an experiment with 120 participants. They will first be divided into 40 groups of three. Each group will play two repetitive games in succession. The first game simulates a parliamentary system without a majority party and therefore each of the three players belongs to a different party. The players can switch coalition partners freely after each round of the game. The second game simulates a parliamentary system with a majority party, which means any two people who vote together against the other person are considered to be in the same party. If either person in that majority party wants to defect and vote with the opposition party from the last round, there will be a cost incurred to him.

 a) No-majority-party game

In the first game, three people will repeatedly vote on how to divide a certain amount of money for a number of rounds. In order to prevent them from being too shy to fight for themselves, the negotiation and voting will be conducted online using a simple platform in which the players cannot see or talk to each other but can only make, accept, or reject proposals. It is crucial that participants negotiate using such a platform instead of face to face in order to minimize the psychological effects on participants’ rational strategies. For example, in face-to-face negotiation, they may tend to equalize the income among themselves in order to not upset each other. Also, participants from similar cultural or ethnic backgrounds may tend to form coalitions. Online negotiation, however, can ensure that participants do not know each other’s identities or observe each other’s feelings or expressions. This way they can concentrate on fighting for their own prize share through strategic actions so that I will not observe any outcome variations that result from non-institutional confounding variables.

The layout of the online game is shown in the following figure:



Each player sees a window like this on his or her computer. The lower box is for inputting the player’s own proposal. The upper two boxes show the proposals of the other two players in the same group. At the beginning of the game, each player can choose to make a proposal by inputting the percentage of prize intended for other players in the “Make a new proposal” box. The three percentages must add up to 1 in order for the “confirm” button to be clickable. After clicking the confirm button, the proposal will appear in the “Your last proposal” box and will be seen by the other two players, who can choose whether to accept it. Alternatively, the player can wait until the other two players make their proposals. If any other player makes an attractive proposal, he or she can click the “accept” button under that player’s proposal.

A proposal is passed as a policy whenever any other player clicks “accept” (which means the majority of the players favor it). And once it is passed, the system will automatically assign money according to that proposal. Each player will see the amount of money earned on the bottom of the display.

The same process will repeat for 40 rounds to ensure a large sample size and to reach the long-run equilibria, if any. In each round, a player is free to choose whose proposal to accept and is free to switch coalition partners from round to round. The total prizes to be divided within any group will be 0.6 dollars for twenty rounds and three dollars for the other twenty rounds. I vary the level of payoffs to detect whether people change their strategies when stakes become higher/lower.

At the end of the game, real money will be awarded to each player according to earnings in the game in addition to a fixed compensation to everyone as a reward for participation. As in any experiment on strategic political actions, participants need to be incentivized to think about their strategies as hard as possible to simulate politicians in the real world or to test the models constructed based on rational-choice assumptions. The compensation not only needs to be high enough to make a difference to participants’ utility, but also needs to vary across participants according to how well they play the game.

 b) Majority-party game

In the second game, everything will be the same except for one rule. When a player accepts the proposal from another player, he or she will incur a cost of one dollar upon accepting a different player’s proposal in the next round. Such a rule is to simulate the existence of a majority party. In a parliamentary system with a majority party, it is costly for the members in that party to vote with the oppositions because the party may punish defection and the voters may doubt the member’s faithfulness.

After the participants finish both games, I will regroup them into 24 groups of five and repeat the same process. The game platform will be slightly different as there will be five boxes on the screen, instead of three. It also means that two players will need to accept an identical proposal in order for it to become a policy (for simplicity, I will not provide an abstention option. Therefore, a majority has to be three people).

During the games, the program will automatically record the following data after each round:

a) The prize each player earned;

b) The time elapsed before a proposal is passed;

c) Whose proposal is passed;

d) Who accepted the proposal;

The following variables can be calculated from the above data:

1. The average level of distributive inequality in each round for each group (measured using within-round within-group standard deviation of the single-round prize);
2. The level of final distributive inequality in each group (measured using within-group standard deviation of final prize);
3. Average time duration of a game;
4. Coalition durations (measured by the number of rounds before the winning coalition changes);
5. Defection rates (measured by the number of defection incidences divided by the number of rounds except the first round);
6. The standard deviations of the above variables across groups in each of the two games.

The independent variables that I will control include:

a) Existence of a majority party, which is tested by varying the defection costs;

b) Assembly size, which is tested by varying the number of members in the voting groups;

c) Stakes, tested by varying the prize to be divided in each round of the games.

If I can find additional sources of funding, I may also test the following additional independent variables:

1. I may conduct off-line face-to-face games in addition to the online games to see whether conducting the voting game online really helps reduce the psychological effects in voting experiments.
2. I may set more levels of defection costs (instead of just 1 and 0) to see whether they have any non-linear effects.

3) Interpretation of the data

a) Effects of defection costs (the key independent variables modeled in the theory section)

One of the basic tasks of this experiment is to find out whether defection costs for the members of the winning coalition are truly decisive on the bargaining power of the opposition. Therefore, the first thing I need to compare is whether the levels of final inequality in the two types of games are statistically different, and if so, in which direction. If the no-majority-party games do produce more equal results, it will show that the bargaining power argument of McGann (2006) is likely to be correct.

However, a test of final inequality within each group is not enough. An equal final outcome may simply be an aggregation of many unequal rounds of games, in which different players randomly take turns being winners and losers. It would be far from a normatively favorable outcome since one round of the game could mean several years in the real world. I do not want to simply wait for the long-run equality to emerge until Large Number Theorem becomes visible because, as Keynes put, “in the long run, we are all dead.” What I really care about is whether distributive equality can be achieved in most of the rounds with certain predictability. Therefore, I also need to compare the average within-round inequality of the two types of games and detect any statistically significant differences.

It is quite obvious that the coalition durations (measured by average number of consecutive rounds with the same coalition) and defection rates (number of defection instances divided by number of rounds minus one) in two types of games will be different because of the direct effects from the defection costs. However, I will still compare these parameters to have a better sense on the scale of the effects.

 I will also compare which types of games take longer to finish, as the time duration of each round simulates the coalition formation period in the real world.

b) Effects of assembly size

When there are more people in each group, I expect defections to be easier and strategic coordination harder, which means the distributive outcome will be more random, at least at the beginning of the game. After a few rounds, however, when the players learn that they need to do something about the randomness, I expect that the Weingast’s (1979) equilibrium will still emerge in no-majority-party games.

The most important purpose of such a test is to make sure that the results on defection costs can still hold even under larger assemblies and make these results more useful in evaluating real-world parliaments.

c) Effects of stakes

In majority-party games, I expect that low stakes probably will lead to higher equality because the psychology of reciprocity (Earnest Fehr) triumphs over the materialist concern. In other words, people may become more selfish and rational when the stakes get higher. As a side benefit of this experiment, I want to test whether this is truly the case. If I do observe different behaviors under different stakes, it may remind further rational-choice experimenters to spend more money on incentivizing participants.

**Conclusion**

This paper is still an ongoing project. It aims at studying two distinct but closely related questions. First, can a parliamentary system combined with a proportional electoral system ensure the lack of a majority party, which means the lack of a stable winning coalition in the parliament? Second, can the lack of majority party help achieve a more equal distribution between political winners and losers? I have constructed formal explanations that predict yes for both questions. However, there is still a long way to go before finishing the empirical verification. An initial look at the data does show that proportional parliamentary systems almost invariably end up with a fragmented party system in the long run, but more variables need to be controlled before reaching a more definite conclusion. The link between party systems and distributive outcome will take a lab experiment, which is currently in the preparation phase.

Work cited:

Amorim Neto and Cox. 1997. "Electoral Institutions, Cleavage Structures, and the Number of Parties." American Journal of Political Science. 41(1):149-174

Boix, Carls. 1999. "Setting the Rules of the Game: The Choice of Electoral Systems in Advanced Democracies", American Political Science Review. 93:609-24

Brass, Paul R. 1985. Ethnic Groups and the State. London: Croom Helm.

Buchanan, James M. and Gordon Tullock. 1962. The Calculus of Consent. The University of Michigan Press.

Chandra, Kanchan. 2004. Why Ethnic Parties Succeed. Cambridge University Press.

Cox, Gary W.. 1997. Making Votes Count. New York: Cambridge University Press.

Dahl. Robert A. 1971. Polyarchy. New Haven: Yale University Press

Duverger, Maurice. 1954. Political Parties. New York: Wile

Elgie, Robert. 2011. Semi-Presidentialism. Oxford University Press.

Gerring, John and Strom C. Thacker. 2008. A Centripetal Theory of Democratic Governance. Cambridge University Press.

Grumm, John G.. 1958. ‘Theories of Electoral Systems’, Midwest Journal of Political Science, 2 (4), 357–76

Horowitz, Donald L. 1985. Ethnic groups in conflict. Berkeley, University of California Press.

Horowitz, Donald L. 2002. Constitutional Design: Proposals versus Processes. In Andrew Reynolds eds. The Architecture of Democracy. New York: Oxford University Press.

Kunicova J, Rose-Ackerman S, “Electoral rules and constitutional structures as constraints on corruption,” BRITISH JOURNAL OF POLITICAL SCIENCE Volume: 35 Pages: 573-606

Lijphart, Arend. 1968. The politics of accommodation: Pluralism and democracy in the Netherlands. Berkeley: University of California Press.

Lijphart, Arend, 1999. Patterns of Democracy. New Haven: Yale University Press.

Lijphart, Arend. 2002. The Wave of Power-Sharing Democracy. In Andrew Reynolds eds. The Architecture of Democracy. New York: Oxford University Press.

Linz, Juan. 1994 “Presidential or Parliamentary Democracy: Does It Make a Difference?” in The Failure of Presidential Democracy, ed. Juan Linz and Arturo Valenzuela. The Johns Hopkins Press

Mackie, Gerry. 2003. Democracy Defended. Cambridge University Press.

Marsh, Michael. 1993. “Introduction: Selecting the Party Leader,” European Journal of Political Research 24(3), 229-31

McGann, Anthony. 2006. The Logic of Democracy: Reconciling Equality, Deliberation, and Minority Protection. The University of Michigan Press.

Morgenstern, Scott and Javier Vazquez-D’Elia. 2007. "Electoral Laws, Paries, and Party Systems in Latin America". Annual Review of Political Science. 10:143–68

Nohlen, Dieter, and Philip Stover. 2010. Elections in Europe: A Data Handbook. Nomos Verlagsgesellschaft

Nohlen, Dieter, Florian Grotz and Christof Hartmann. 2001. Elections in Asia: A Data Handbook. Oxford University Press

Nohlen, Dieter, Michael Krennerich and Bernhard Thibaut. 1999. Elections in Africa: A Data Handbook. Oxford University Press

Nohlen, Dieter. 2005. Elections in Americas: A Data Handbook. Oxford University Press

Okun, Arthur M.. 1975. Equality and Efficiency: The Big Tradeoff. Brookings Institution Press

Ordeshook, Peter, and Olga Shvetsova. 1994. Ethnic Heterogeneity, District Magnitude, and the Number of Parties. American Journal of Political Science 38: 100-123

Persson,Torsten, Guido Tabellini and Francesco Trebbi, 2003, “Electoral Rules and Corruption”, NBER Working Papers with number 8154

Przeworski, Adam, Michael Alvarez, Jose Antonio Cheibub, and Fernando Papaterra Limongi Neto. 1996, “What Makes Democracies Endure?”, Journal of Democracy, Volume 7, Number 1

Riker, William H.. 1962. The theory of political coalitions. New Haven: Yale University Press

Robbers, Gerhard. 2007. Encyclopedia of World Constitutions. New York: Facts on File, Inc.

Rothchild, Donald, and Philip G. Roeder. 2005. “Power Sharing as an Impediment to Peace and Democracy". In Philip G. Roeder and Donald Rothchild eds. Sustainable Peace: Power and Democracy after Civil Wars. Ithaca: Cornell University Press.

Saalfeld, Thomas. 2008. Institutions, Chance and Choices: The Dynamics of Cabinet Survival. In Kaare Strom, Wolfgang C. Muller, and Torbjorn Bergman eds. Cabinet and Coalition Bargaining: the Democratic Life Cycle in Western Europe. Oxford University Press.

Samuels, David and Matthew Shugart, 2010, “Presidents, Parties and Prime Ministers: A Framework for Analysis”, Cambridge University Press

Shugart Matthew S. 2005. Semi-Presidential Systems: Dual Executive and Mixed Authority Patterns. French Politics 3: 323-351

Strom, Kaare and Wolfgang C. Muller. 1999. "Political Parties and Hard Choices". In Kaare Strom and Wolfgang C. Muller eds. Policy, Office, Or Votes?: How Political Parties in Western Europe Make Hard Decisions. Cambridge University Press.

Taagepera, Rein. 2007. Predicting party sizes. Oxford, Oxford University Press.

Weingast, Barry. 1979. A Rational Choice Perspective on Congressional Norms. American Journal of Political Science. 23: 245-62.