Political Economics III – Spring 2016
Selection of Political Leaders:
Drivers and Consequences

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Selection in politics

Talk about its properties, drivers and consequences

Common denominator(s)

- ▶ recent research on Swedish local politics
- ▶ draws on high-quality register data

Four topics – see Syllabus

- ▶ selection of politicians
- ▶ selection of party leaders
- ▶ gender quotas and selection of ability
- ▶ dynastic rents of selected leaders

Who Becomes a Politician?

Ernesto Dal Bo, Fred Finan, Olle Folke,
Torsten Persson and Johanna Rickne

Selection important in representative democracy

... if full policy commitments are infeasible, candidates pick policies and deal with new problems

Ability (Competence)

- ▶ aggregation of information
- ▶ ideally, would like the most able to pick policy to best further any given objective

Representation

- ▶ aggregation of interests
- ▶ collectively, would like to broadly represent a spectrum of interests to balance different objectives in policy

Likely drivers of selection

Individual entry and voter/party screening

Basic intuitions on ability and self-selection

- free riding (Olson 1965), adverse selection (Caselli and Morelli 2004, Key 1947), or both (Messner and Polborn 2004) – best let others engage; even if private returns to power, incompetent may be advantaged by low opportunity cost
- but intrinsic motivation may be a remedy (Benabou and Tirole 2003, Besley and Ghatak 2005, Francois 2000)

Basic intuitions on representation

- electoral system shapes accountability $\Rightarrow$ ability, and representation – PR favors representation at cost of accountability, v.v. for plurality (Myerson 1993, Persson and Tabellini 2004, Powell 2000, Taagepeera and Shugart 1989)

Empirical hurdles to study political selection

Literature plagued by three data constraints

1. data on both candidates and elected – many studies of selection use elected only (e.g., Diermeier, Keane and Merlo 2005), a selected sample

2. data on individual ability traits and family backgrounds – existing work uses proxies like education or pre-office income (Dal Bo et al. 2009, Ferraz and Finan 2010, Galasso and Nannicini 2011), but may reflect luck and social class

3. data on entire population to study politicians vs. everybody else – know of no such research (Tillmann 2014 takes a few steps; Celik 2015 and Chetty et al. 2015 study competence and family background for US innovators)

First empirical study of broad selection patterns

This paper overcomes these data constraints

- ▶ rich data for Sweden's citizens, candidates, and elected politicians

Key measures of individual competence and social background

- ▶ focus on municipal politicians: numerous and provide variation
- ▶ cover universe of national population – or males, for some measures

Main questions and answers

From aggregate towards individual level

- selection on ability adverse or positive? – positive!
- reflection of meritocracy or elitism? – meritocracy!
- politicians representative of full population? – yes!
- variation by parties and by municipalities? – considerable!
- tradeoff between ability and representation? – not really!
- drivers of individual-level selection? – supply (self-selection) and demand (party-screening) factors!

Roadmap

Swedish municipalities

Lowest level of political organization

- ▶ 290 units of different size
- ▶ dominant social-service providers: day-care, K-12 schools, old-age care
- ▶ 20 % of the economy: spending, employment, income tax rate
- ▶ PR election of council: from local party lists, every four years, 80-90% turnout
- ▶ parliamentary government: majority coalition appoints council board, dominates committees, and proposes budget
- ▶ top politician in largest majority party becomes mayor

Municipal politicians

"Leisure" politicians, engaged part time

- only reimbursed for direct costs and meetings – opportunity costs may be powerful disincentive
- no income gain from council seat (Lundqvist 2013)
- springboard for national career – 72% of 2010 national legislators had been municipal councilors for same party

Mayor

- often only full-time salaried position (sometimes vice mayor), in top percentile of national distribution
- position also yields power over policy and local prestige

Data

Link a variety of data sets

- ▶ lists of all party candidates, 1982-2010 (Election Authority)
- ▶ yearly data from tax records and census data – age, gender, education, occupation, earnings – for whole population, 1979-2012 (Statistics Sweden, various registers including Swedish Tax Authority)
- ▶ family relations (Multigenerational Register)
- ▶ individual scores on mental capacities for 18-year old men (Defense Recruitment Agency)

Large data sets

- ▶ altogether, data for about 14 Mill. unique individuals – 150,000 nominated and 53,000 elected politicians

Enlistment scores

Cognitive score

- 1-9 (stanine) scale from IQ-test of non-teachable mental ability

Leadership score – if cognitive score ≥ 5

- 1-9 scale from evaluation of four traits: social maturity, psychological energy, intensity, and emotional stability – "help create group cohesion"

Residual ability

Measure of earnings power, given observables

- if full-time paid position in politics, use only prior earnings
- estimate fully saturated Mincer regression on panel data for whole population, based on Besley, Folke, Persson, and Rickne (2015)
- compute individual fixed effect (average residual) – conditional on cohort, employment sector, years of education, experience, municipality, and interactions of all of these – expressed as z-score

Three measures capture different ability aspects

Table 1: Correlations between ability measures, 2011

	Cognitive score	Leadership score	Years of education
Cognitive score	1		
Leadership score	0.338	1	
Years of education	0.511	0.3	1
Residual ability	0.138	0.171	0.065

Roadmap

Positive selection, by all competence measures
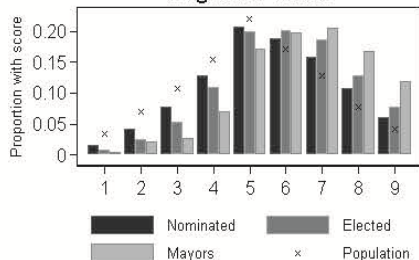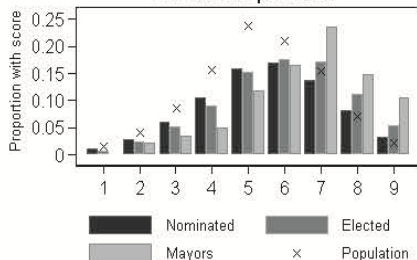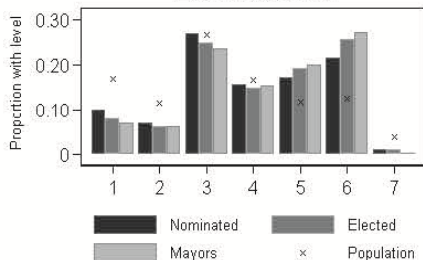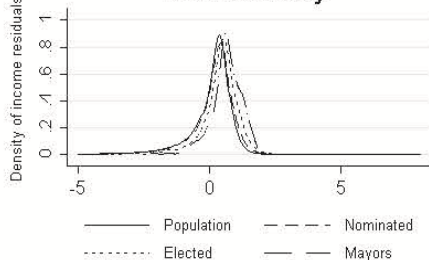
Facts about positive selection

All measures tell same story

- ▶ cognitive, leadership, education, residual ability

Monotonic in political position

- ▶ nominated: higher cognitive score by 20% of population standard deviation – elected: 40 % higher – mayors: 2/3 higher, just a hair below national MPs
- ▶ similar-sized differences for residual ability, larger for leadership

First-order shift of distribution

- ▶ clear for cognitive score, leadership, and residual ability
- ▶ but not for education (PhDs underrepresented in politics)

Perspective on abilities

Table 3: Ability by selected elite occupations

|	Cognitive score	Leadership score	Residual ability	Years of schooling	Labor earnings	Obs
Mayors	6.2	6.4	0.62	13.9	679.4	247
Municipal councilors	5.9	5.8	0.31	13.8	379.0	8870
CEOs $(10-24$ employees)	5.8	6.1	0.61	13.6	675.6	6825
CEOs $(25-249$ employees)	6.2	6.4	0.78	14.2	1046.2	6885
CEOs $(\geq 250$ employees)	6.7	6.8	0.88	15.4	1926.0	1470
Medical Doctors	7.4	6.5	-0.09	17.1	640.0	29514
Lawyers and Judges	6.8	6.5	0.51	17.0	568.0	5308
Economists	7.0	5.9	0.16	20.4	530.0	248
Political Scientists	6.8	5.8	0.41	20.4	513.3	306

- ▶ elected politicians about as able as small-firm CEOs
- ▶ mayors as able as mid-firm CEOs and other elite professions
- ▶ almost as smart as PhDs, but better leaders
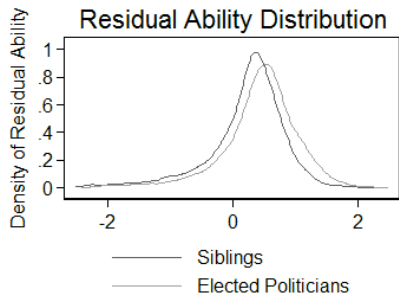
Relation between ability and representation?

Is positive selection meritocratic, or byproduct of elite representation?

- ► if high ability reflects elite dominance
  (i) individual traits should not matter, given family
  (ii) socioeconomic background should matter a lot
- ► consider these issues empirically

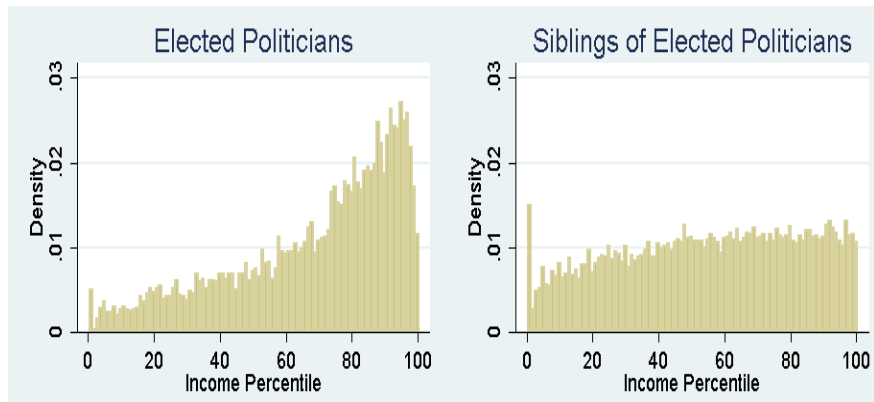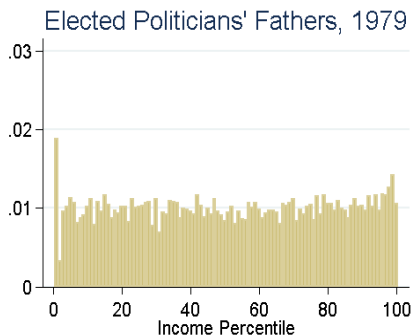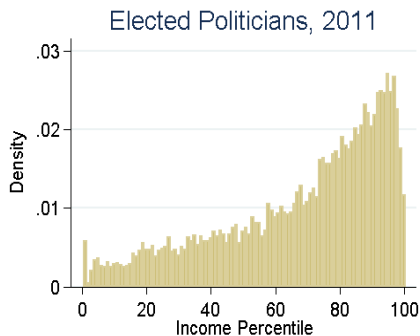# Politicians positively selected within the family
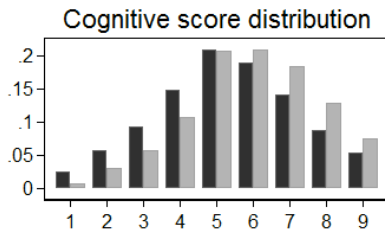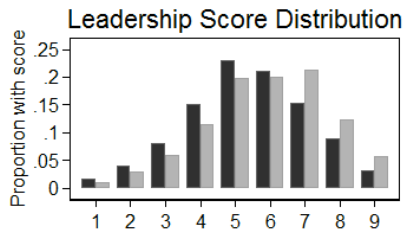
# Politicians positively selected within the family
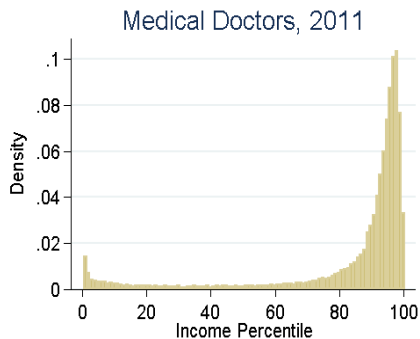

- politicians earn more than siblings, who are similar to the whole population
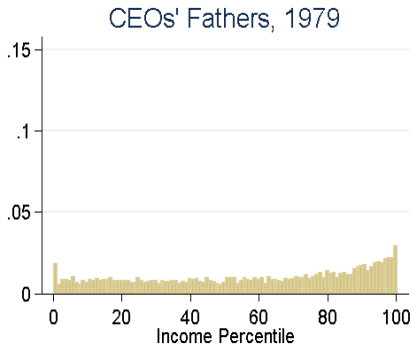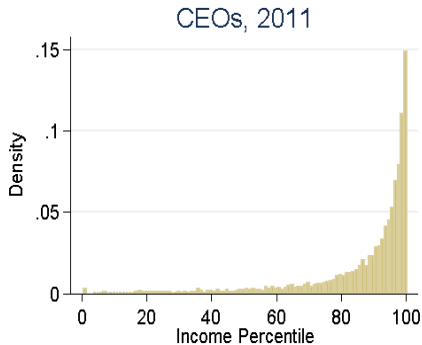
Representation: Do we see a privileged elite?

Elected Politicians, 2011 — Elected Politicians' Fathers, 1979

- ► higher earnings do not reflect parental background
- ► social mobility is high among politicians

Unlike for doctors ....

Medical Doctors, 2011   Medical Doctors' Fathers, 1979
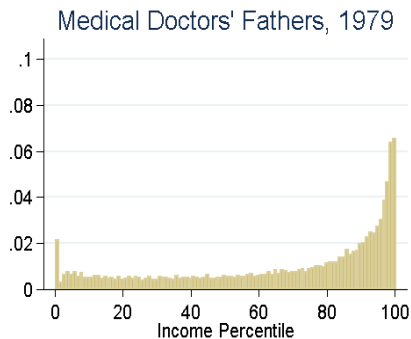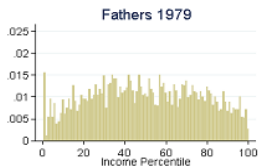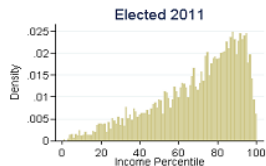
▶ whose fathers have much more lopsided incomes

.... and CEOs of small companies

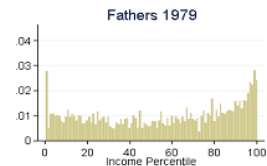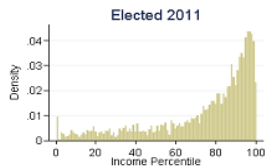# Representation by party

Do all parties represent all of society?
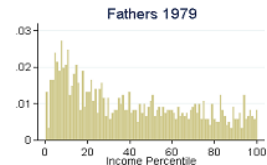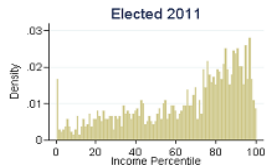
Representation: Do we see a privileged elite?

Look at social class (EGP scheme) rather than income
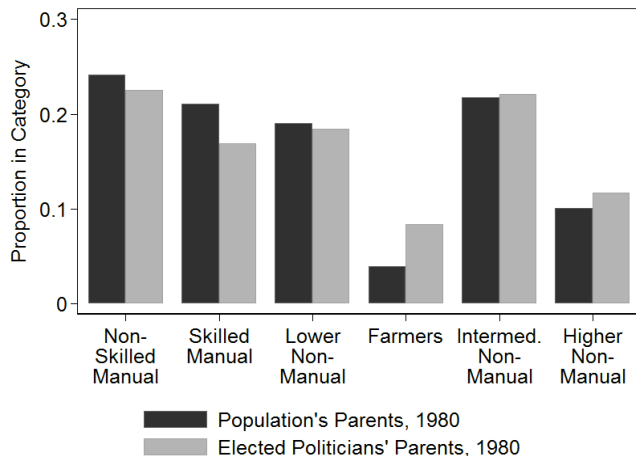
- class composition similar for politicians' parents and overall population (farmers overrepresented due to Center party)

Roadmap

Are all municipalities alike?

Perhaps Swedish politicians brilliant and representative everywhere

- consider municipal ability and representation indexes
- for $k = 1, ..., K$ categories of some trait x, for council members c and municipal population m, compute

$$S_x = \sum_{k=1}^{K} s_{k,c} k - \sum_{k=1}^{K} s_{k,m} k$$

where $s_{k,i}$ is share of type $i = c, m$ in category k

Municipal variation in ability
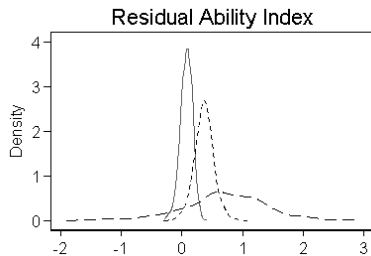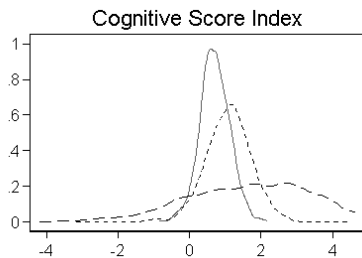
- quite a spread, but negative selection in some places

Municipal variation in representation

Parental SEI Index

Parental Income Index
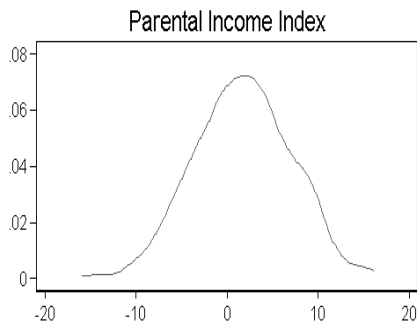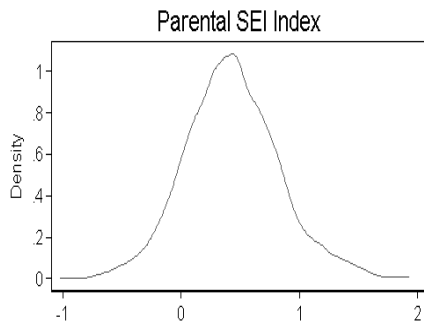
- ▶ again quite a spread – now, a 0 means "balanced" representation

A tradeoff?

Do ability and representation covary?

- does representing the less privileged mean a drop in ability?
- study municipal-level correlation between ability and representation indexes

Representation-ability plots
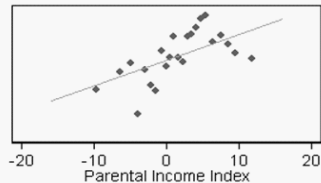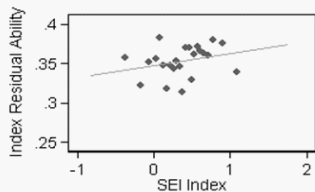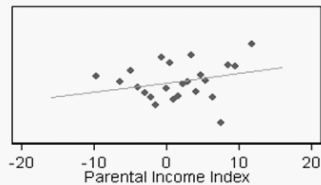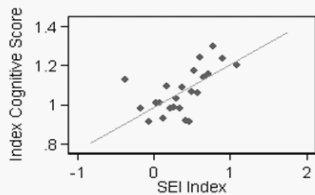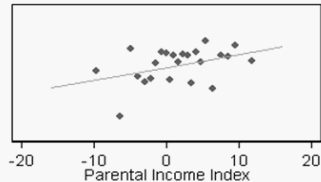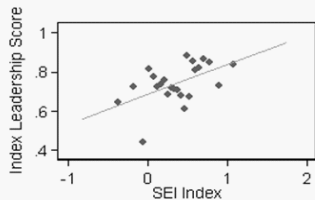
Representation and ability

Ability cost from better representation seems small

- only significant link of parental income is with residual ability: 1 std dev cut in income overrepresentation associated with 0.03 std dev cut in residual ability

What explains missing (or flat) tradeoff?

- how can competence come so cheap in terms of representation?
- if anything, positive selection stronger at lower ranks of parental status!

Selection by parental social class
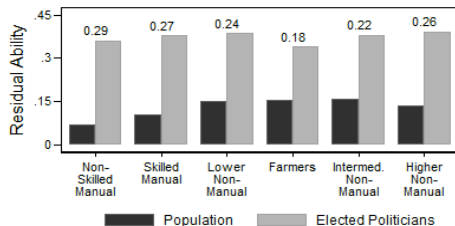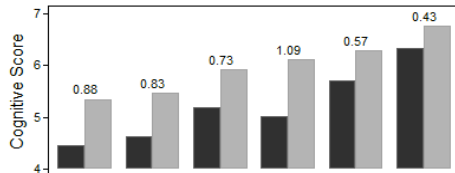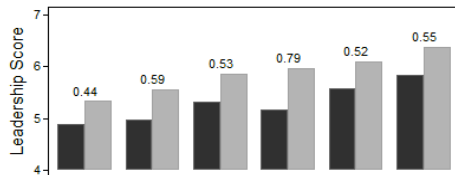
Selection by parental income
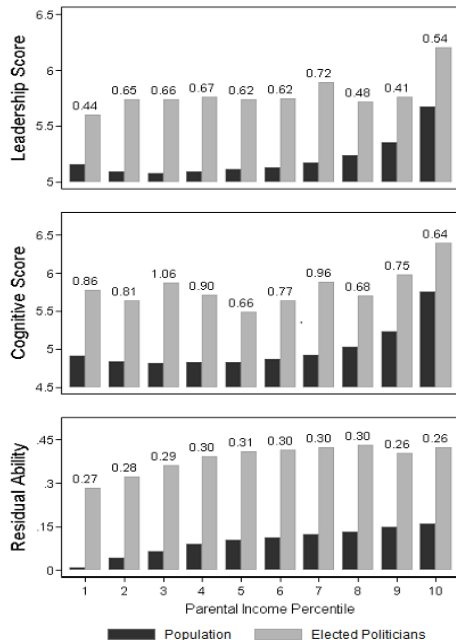
Roadmap

Drivers of supply – self-selection

Simple Roy model: risk-neutral citizens may offer political service

- ▶ joint continuous distribution over ability y, and intrinsic motive to serve p, given other parameters below
- ▶ each citizen has a two-period horizon

Outside politics

- ▶ earn y in period 1 and expect γy in period 2, where $\gamma \geq 1$ is *occupation-specific* wage-tenure profile

Inside politics

- ▶ elected to council with probability $q(y)$, if so get intrinsic benefits $\frac{p}{2}$ per period
- ▶ have to give up some private career, so earn y in period 1 but only $(1-\delta)\gamma y$ in period 2
- ▶ elected become mayors in period 2 with *party-specific* probability π to earn *municipality-specific* political wage w

Cost-benefit calculus and comparative statics

A person offers to become a politician if

$$(1 + \gamma)y \leq (1 - q(y))(1 + \gamma)y$$

$$+q(y)((1 + (1 - \pi))(1 - \delta)\gamma)y + \pi w) + q(y)p$$

$$\Rightarrow p \geq p^* = \delta\gamma y - \pi(w - (1 - \delta)\gamma y)$$

- intrinsic benefit (LHS) must outweigh expected material cost (RHS): p^* upward sloping in y

Comparative statics suggest which correlations to study

Prediction *if (p,y) drawn from joint uniform distribution, higher w, π and lower γ raise (maximum and average) ability of those self-selecting into politics – with positive party screening, these also in apply in equilibrium*

Mayor earnings
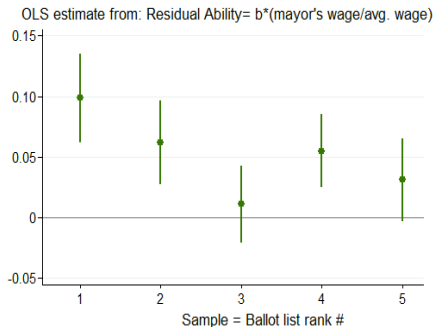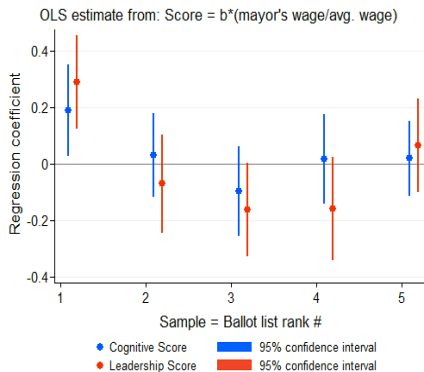
- ▶ higher relative mayor earnings in municipality associated with higher-ability candidates at top of party lists
- ▶ incentives to overcome opportunity cost for the most able do seem to matter

Promotion probabilities and intrinsic motives

Table 4: Average ability selection indices by party-internal career prospects

	Governing bloc				Opposition bloc			
	Largest party		Minority party		Largest party		Minority party	
	Elected	Top	Elected	Top	Elected	Top	Elected	Top
Leadership Score	0.66	1.64	0.59	1.00	0.32	0.87	0.87	0.98
Cognitive Score	0.93	1.73	1.33	1.14	0.86	1.05	1.34	1.14
Residual Ability	0.43	0.65	0.21	0.39	0.37	0.60	0.20	0.40
Observations	316		413		324		178	

- ▶ incentives do matter at top, but parties without chance at mayor position, still get high-ability candidates
- ▶ indirectly, suggests intrinsic motivation matters, as in two-type model (cf. qualitative work by Swedish political scientists)

Selection better for flat earnings-tenure profiles

Specific examples
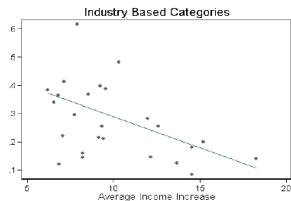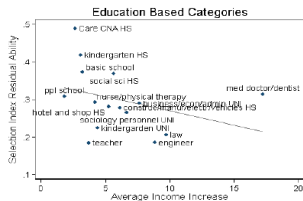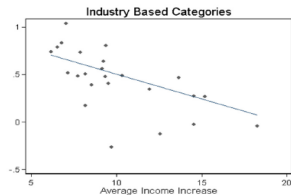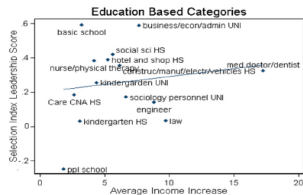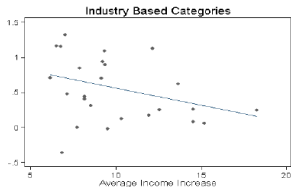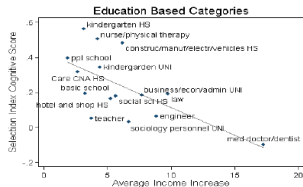
Education Based Categories
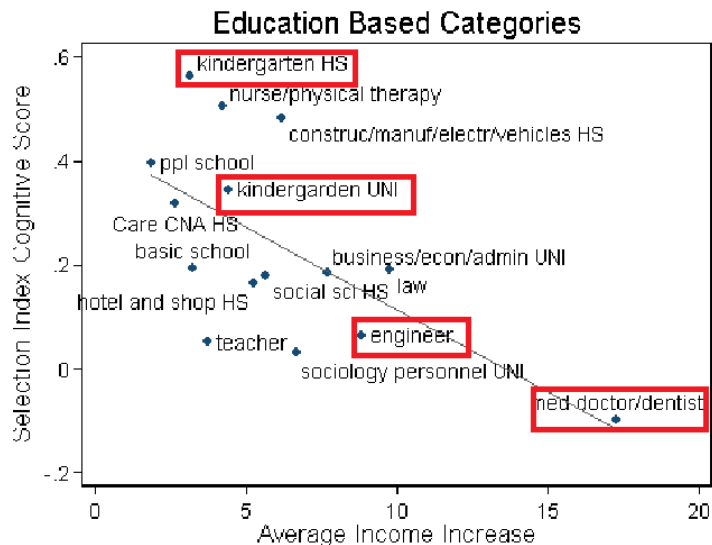
Drivers of demand – party screening

How do voters and parties screen willing candidates?

- we show in the model that random (Athenian) or negative (machine politics) screening would give elected politicians worse ability than citizens
  - but see better ability in the data $\Rightarrow$ positive screening
  - prediction about self-selection holds in equlibrium

Which role do parties play in positive selection?

- actively screen candidates on behalf of voters: in Sweden, no entry in politics outside of parties
- do we see more positive screening under high political competition?

List rank and selection
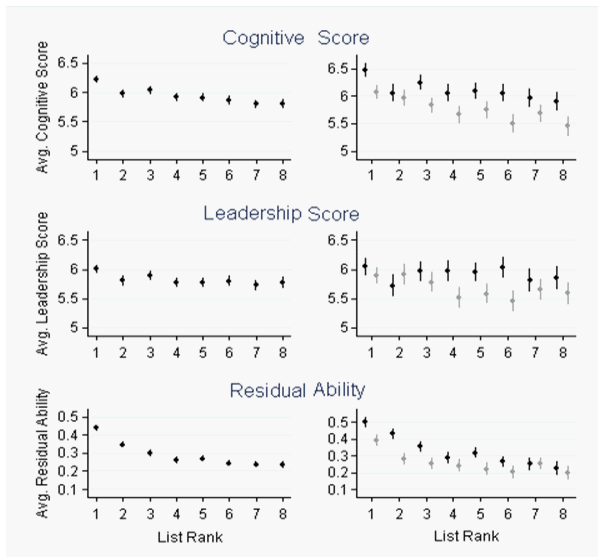
- parties do promote the more able to top positions ...
- ... and more so under stiffer political competition

Roadmap

Summary

Compared to population, selection of Swedish politicians is:

- ▶ strongly positive by key competence measures
- ▶ very representative of socioeconomic backgrounds – privilege maps weakly into political power
- ▶ subject to a flat ability-representation tradeoff, as ability selection stronger for low socioeconomic groups
- ▶ driven by material and intrinsic motives, as well as screening by parties

Important perspective on representative democracy

- ▶ systems that encourage broad representation need not select mediocre leaders

What next?

Sharpen the analysis

- ▶ use theory to interpret and better guide empirics?
- ▶ how strong are intrinsic motives?
- ▶ empirical effects of ability and representation on policy and welfare?
- ▶ do specific conditions (lack of political competition, income inequality, share of foreign-born) worsen competence-representation tradeoff?

Explore external validity

- ▶ some patterns likely to be Sweden-specific
- ▶ data permitting, compare to other political systems

The Primary Effect:
Preference Votes and Political Promotions

Olle Folke, Torsten Persson, and Johanna Rickne

Elections and accountability

Elections seen as having two key functions

- to select representatives, and hold them accountable
- creates tradeoff between Plurality Rule and Proportional Representation (PR)

Political competition can make election outcomes more efficient

- competition occurs both between and within parties
- e.g., primary elections increase within-party competition and accountability in plurality systems

PR improves representation but reduces accountability

- half of all democracies have some form of PR
- still, little or no research on within-party competition in PR systems

Preference voting

Electoral reform to raise accountability in closed-list PR

- ▶ allows voters to express preference for specific candidates: those with enough support moved to top of the list
- ▶ at least ten countries have undertaken such reform

Commonly seen as failure – by researchers and reformers

- ▶ evaluations have focused on representation
- ▶ few "new" politicians elected, as votes concentrated to top of ballot
- ▶ "closed lists in disguise" (e.g., Farrell, 2001, Müller, 2005)

This paper

Suggest and test new hypothesis

- ▶ preference vote may have a *primary effect* on party organization
- ▶ may serve as stand-in primary election for the position as party leader

Why is the primary effect hypothesis interesting?

- ▶ in PR systems, party leaders are key – they draw votes (Bittner, 2011), help determine policy (Wilson, 1994), and form coalitions (Laver and Schofield, 1990)

Theory?

No formal modeling

- ▶ hard nut to crack how strategic voting with downstream effects (Piketty, 2000, Razin, 2003, Meirowitz and Shotts, 2009) interacts with strategic decisions by parties in electoral competition

Main idea: information very scarce in local elections

- ▶ preference votes inform parties about popularity of individual candidates on ballot, which helps them appoint leaders

Additional ideas

- ▶ primary effect may be heterogenous, conditional on candidate characteristics and political contexts

Data and findings?

Sweden: data from local council elections

- ▶ information about all candidates, on semi-open lists of all parties, in 290 municipality assemblies and 4 elections

Results identified by RDD – effect of winning *the most* preference votes

- ▶ we discover a huge effect on party leadership – the primary effect
- ▶ this effect is indeed heterogenous by candidate and context

Brazil: data from local elections for council and mayor

- ▶ use all candidates, on open lists of all parties, in 5000 councils, from 2000-2012
- ▶ find a primary effect of winning the party's preference vote in council election on becoming a candidate in next mayor election
- ▶ RDD estimates of same magnitude as in Sweden

Road map

1. Theoretical Discussion and Predictions

PR systems vary in relative power of voters vs parties

- ▶ closed lists: representation fully determined by party ordering of candidates
- ▶ open lists: fully determined by preference votes
- ▶ preference votes in closed-list systems – semi-open lists – give voters an option to decide on representation

Earlier research on closed-list systems

- ▶ local reputations draw votes (Shugart et al, 2005, Tavits, 2010)
- ▶ parties have strong motives to place popular candidates high on their lists (Crisp et al, 2013) to raise their vote shares
- ▶ but as opinion polls are few and concern parties rather than individuals (at least in local elections), parties have a hard time observing candidate popularity

Prediction 1

Preference votes an important source of information

- give direct reading on popularity of candidates and (indirectly) policy preferences, both in semi-open and open-list systems
- can use this information in appointments to important positions, e.g., local party leader or candidate for mayor
- parallel to primary elections in majoritarian systems – these were introduced to combat party divisions and appoint candidates in a transparent way
- thus "winning" the preference vote may be focal

P1 – The Primary Effect
The individual who obtains the most preference votes has a greater probability of future political promotion

Prediction 2

Nominations may still be limited to viable candidates

- ▶ analogy with primaries, where restrictions on participation common – parties prefer to limit voter choices to "vetted" candidates to secure party cohesion
- ▶ parties in PR systems may restrict leader appointments to candidates already approved by the local party elite

Tradeoffs in promotions

- ▶ as popularity is not the only criterion, information on popularity most valuable for otherwise similar candidates
- ▶ competence an important additional criterion

P2 – The Influence of Individual Characteristics
The primary effect is stronger for candidates
(a) *in top portion on the list*
(b) *with similar levels of competence*

Prediction 3

The importance of electoral competition

- ▶ parties behave more efficiently when they are neck-to-neck with other parties
- ▶ stiffer competition makes it more important to respond to preference votes that reveal candidate popularity

Majority vs minority

- ▶ in analogy with primaries, more transparent nomination procedure to combat party divisions are most valuable for large and powerful parties that control important appointments
- ▶ these are more likely majority, rather than minority, parties

P3 – The Influence of Political Context
The primary effect is stronger for parties
(a) *facing strong external competition*
(b) *in the political majority*

2. Empirical Strategy

Major goal

- estimate the effect on leadership selection of obtaining the most preference votes in a party group
- but simultaneity problems makes this a thorny exercise
- reverse causation: party rank affects list votes
- omitted variables: a host of variables – such as unobserved ambition or ability – could affect both preference votes and rank in party group

Regression Discontinuity Design

Essentially random who wins the most preference votes when top-two candidates are neck to neck

- ▶ we can treat it as a lottery

If no difference between winners and losers

- ▶ we can estimate a causal effect
- ▶ our specification includes both winner and first runner up from each party

Forcing variable

- ▶ in each election t, for each party, in each municipality, measure margin to win/loss between the top two candidates
- ▶ divide by their total vote to get relative win margin with natural threshold at zero

3. Sweden – Background and Data

Swedish municipalities – lowest political level

- ▶ 290 units of different size (since 1974)

Dominant providers of social services

- ▶ e.g., day-care, schools at all levels, old-age care
  spend 15-20 % of GDP, employ 25% of labor force

Parliamentary form of government

- ▶ council majority appoints council board and its chair (like
  mayor), dominates committees, and proposes budget

Electoral system

- ▶ PR of (31-101) council members every four years,
  synchronized with national (and county) elections, 80-90%
  turnout

Data

Seven major parties fill about 13,000 council seats

- ▶ four elections 1998-2010

Electoral ballot data

- ▶ information for all candidates in the seven parties – about 60,000 per election – about list placement and soc.sec #

Match with individual register data

- ▶ age, education, income, gender, region of birth, ...

Match with election data

- ▶ election outcomes: vote and seat shares for all parties
- ▶ exact number of preference votes for all candidates

The preference vote system

Debated since 1909, when plurality rule abandoned

- ▶ reform not introduced until 1998
- ▶ *one* preference vote per person – cf illustration
- ▶ those who pass a threshold "catapulted" to top of list
- ▶ threshold is 50 votes AND 5% of the party's votes – about 20% of elected politicians clear it

Party ballot with preference vote boxes

VAL TILL KOMMUNFULLMÄKTIGE

Moderata Samlingspartiet

Du får bara markera en av dessa **anmälda** kandidater.

- ☐ 1 Hans Jonsson, Lantbrukare, Ringarum
- ☐ 2 Anna Nilsson, Leg. Sjuksköterska, Fil.mag., Gryt
- ☐ 3 Karin Magnusson, Fritidspedagog, Valdemarsvik
- ☐ 4 Monica Stillnert, Fru, Ringarum
- ☐ 5 Hans Andersson, Key Account Manager, Valdemarsvik
- ☐ 6 Per Hollertz, Lantbrukare, Redovisningskonsult, Ringarum
- ☐ 7 Anita Esbjörnsson, Revisor, Valdemarsvik
- ☐ 8 Charlotta Hollertz, Agronom, Mäklarassistent, Ringarum
- ☐ 9 Jan Ekroth, Företagare, Östra Ed
- ☐ 10 Göran Österdahl, Projektledare, Ringarum
- ☐ 11 Lennart Andersson, Yrkesofficer, Valdemarsvik
- ☐ 12 Tord Andersson, Egen företagare, Valdemarsvik
- ☐ 13 Lars Ekblad, Konsult, Valdemarsvik
- ☐ 14 Torbjörn Stackling, Företagsekonom, Gryt
- ☐ 15 Rolf Swärd, F.d. officer, Gryt
- ☐ 16 Joel M. Hodt, Organisationskonsult, Valdemarsvik
- ☐ 17 Per Gunnarsson, Lantbrukare, Östra Ed

Valdemarsviks Kommun
0001—01416

System commonly viewed as a failure

Wasted votes

- ▶ preference votes concentrated on top-ranked candidates, and more so in small party groups – cf Figure 1
- ▶ only 5 % who clear threshold need it to get elected

Low participation

- ▶ on average, only about 30% of voters cast preference vote
- ▶ preference voters have similar characteristics as voters at large, except know more about politics and more strongly identify with a specific party
- ▶ most common survey response (about 50%) for abstention: don't know enough about candidates
- ▶ municipality-election distribution is skewed, top (bottom) outliers are rural (urban) – cf Figure 2

Figure 1 Preference votes by list rank
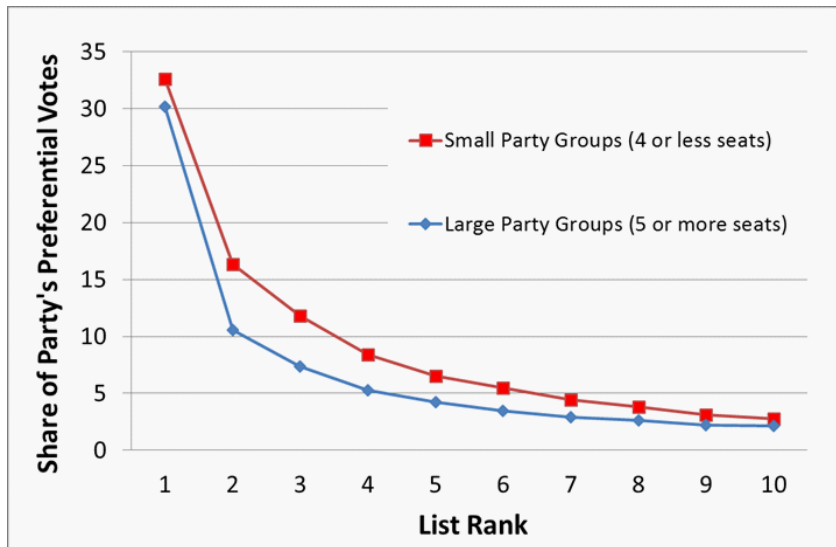
Figure 2 Distribution of preference vote by council-election

Proportion of voters who utilize the preference vote option
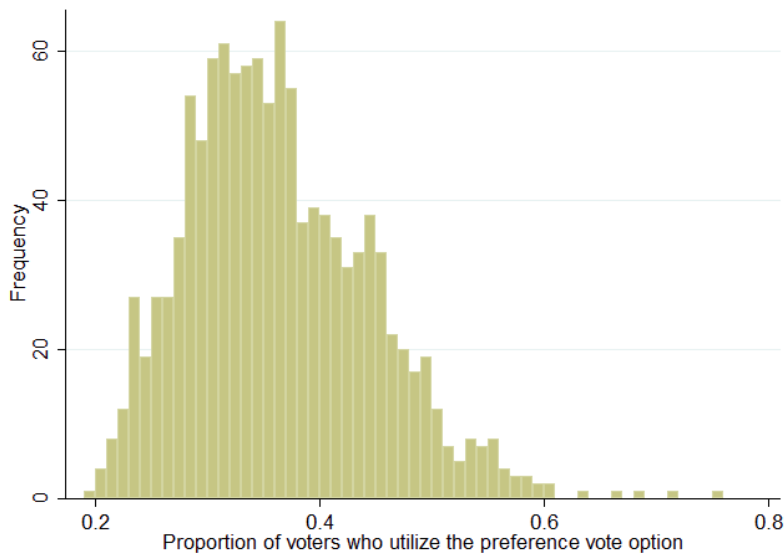
But, anecdotally, preference votes do matter

Municipal elections a low-information environment

- ▶ not only for voters, but also for parties – opinion polls rare and for party popularity
- ▶ leading Social Democrat: "we would be stupid to ignore such information about individual candidates"

Newspapers often report on preference voting

- ▶ who got many preference votes and how they fare in the party

Successful local politicians often get many preference votes

A. Johansson (s), Sigtuna   S. Henriksson (v), Fagersta

- ▶ illustrates prospective endogeneity problem

Outcome variable and sample restrictions

Local party leader in $t+1$

- ▶ approximated by top name on the party's list
- ▶ validation for 2006 and 2010 elections: chairperson of council board at t top-ranked in $t+1$ in $9/10$ cases, vice chairperson top ranked in $8/10$ cases
- ▶ we also use these powerful positions as outcomes

Sample restrictions

- ▶ win/loss margin less than 50%
- ▶ third-ranked candidate far from threshold
- ▶ at least three elected representatives
- ▶ both top-two ranked in preference vote have "safe seats"

4. Sweden – Main Results for **P1**

Graphical analysis

- ▶ standard RDD graphs – cf Figure 3
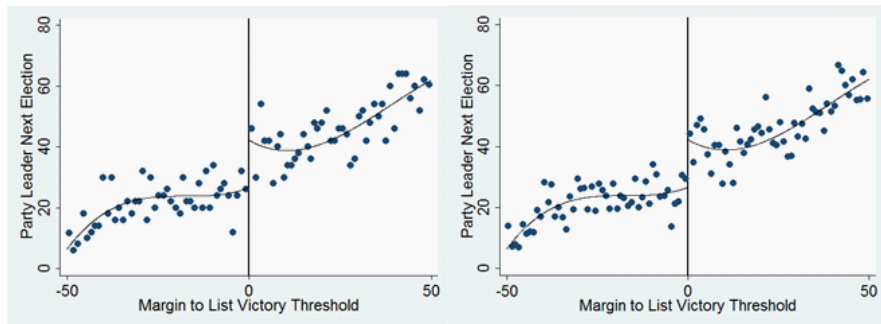- ▶ binned averages with 50 observations in each bin (left)
- ▶ bins by 1 percent interval of the forcing variable (right)
- ▶ fitted third-order polynomials

Size of estimate

- ▶ winning the vote raises the chance of becoming next party leader by 15-20 percentage points – more than 60%

Figure 3 Primary effect of list victory

Dependent variable: 1st on party list at $t+1$

Regression analysis

Four different specifications – cf Table 1 (here only show boldface)

- ▶ **OLS**
- ▶ **2nd** and 3rd **order polynomial** control function
- ▶ close elections cum local linear control function (**Imbens Kalyanaraman optimal bandwidth**, 20%, **10%**, and 5%)
- ▶ narrow estimation windows (10%, **5%**, and 2.5%)

Other robustness checks

- ▶ with and without a host of relevant control variables – cf Table 1
- ▶ graphic illustration of regression results with different bandwidths – close elections, and close elections with linear control – cf Figure 4

Table 1 Win in t boosts chance of party leadership in $t+1$

	OLS	2nd Pol	I-K test	Local lin 10%	Close margin 5%
Without Controls					
Primary Effect	24.74***	15.94***	11.87**	19.55**	19.90***
	(1.64)	(5.10)	(5.37)	(8.00)	(5.52)
Observations	4,486	4,486	1,888	888	406
With Controls					
Primary Effect	11.73***	14.14***	9.67*	17.40**	16.81***
	(1.79)	(4.90)	(5.01)	(7.77)	(5.44)
Observations	4,465	4,465	1,980	890	402

Figure 4 Estimates of primary effect by bandwidth
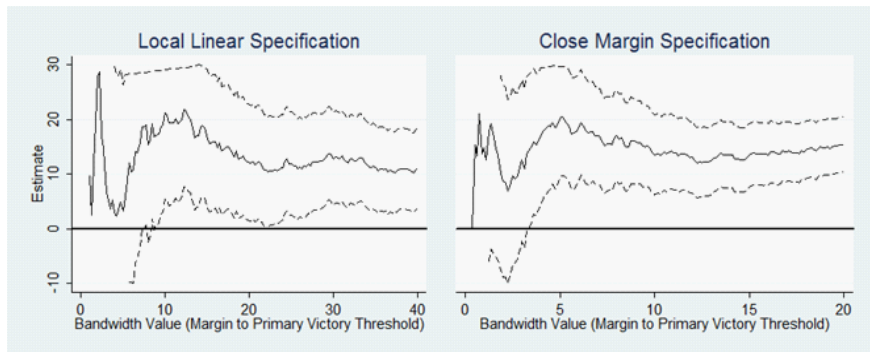
Appointments to top positions of power

Examine appointments to position that matters the most

- ▶ council board chair leads executive of municipal government
- ▶ equivalent of mayor
- ▶ chair and vice chair typically the only full-time politicians
- ▶ appointments right after election at t

Examine effect graphically (and econometrically)

- ▶ only groups that hold chair or full-time positions, so 10 observations per bin
- ▶ probability of appointment more than doubles – cf Figure 6 (and Table 2, in paper)

Figure 5 Primary effect on top positions

Dependent variable: Position of power at t
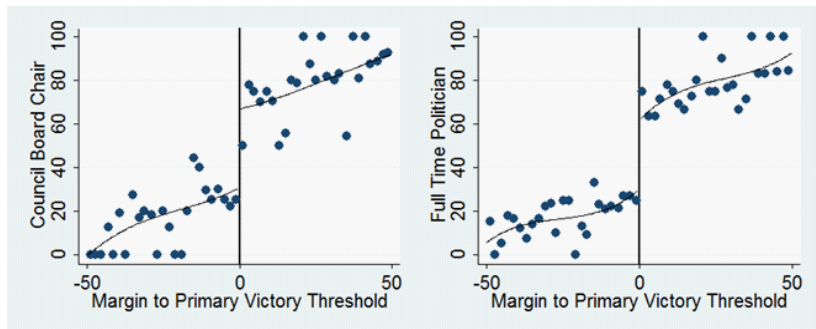
Validation tests of RDD

Test for differences in density of observations across threshold

- ▶ limit sample to current leaders – cf Figure A3

Placebo tests on pre-determined outcomes

- ▶ current party leader, current list rank, years of education, and gender – i.e., test if these variables are balanced around threshold
- ▶ precisely estimated zeroes (cf Figure A4 and Table A1, in paper)

Test for placebo thresholds

- ▶ only significant effect at the true threshold – cf Figure A5

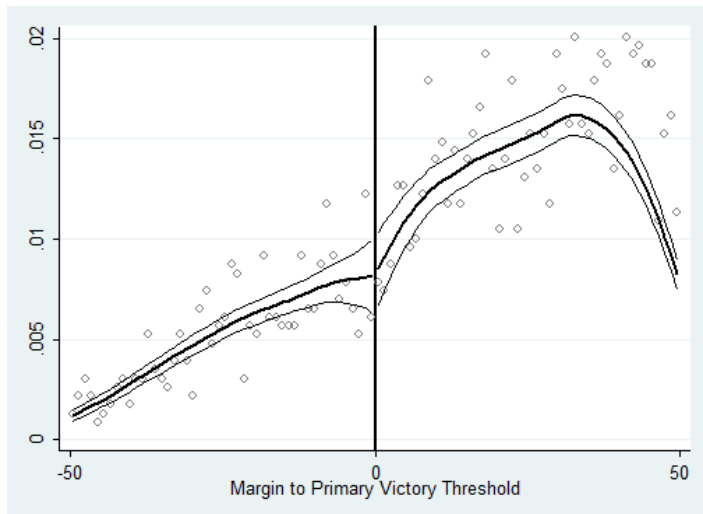# Figure A3 McCrary test rejects discontinuity at threshold

Figure A5 Significant effect only at true threshold
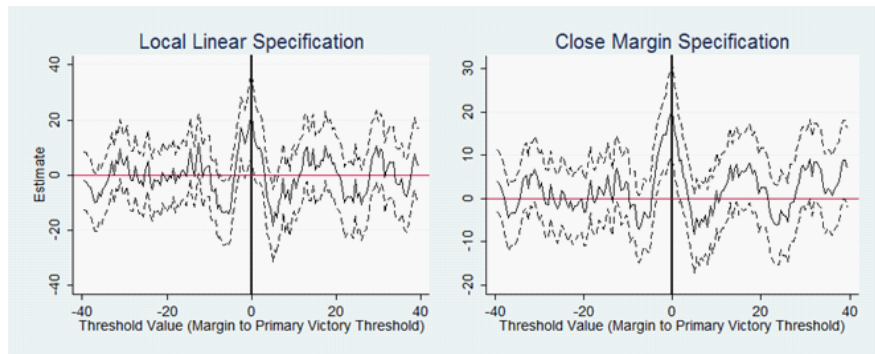
5. Sweden – Additional results

Look at the auxiliary predictions **P2** and **P3**

- ▶ do we see a heterogenous primary effect by personal characteristics: stronger for candidates on top of party list, and for candidates of similar competence?
- ▶ do we see a heterogenous primary effect by political context: stronger for parties in stiff political competition and for majority parties?

Vetted vs non-vetted candidates – **P2** (a)

Measure trust of party elite by list position

- ▶ estimate the primary effect separately for different candidate ranks
- ▶ find positive significant effect only for top-three candidates on the list (Figure A7 and Table A3)
- ▶ RDD estimates for top-three vs lower ranks – cf graphical analysis in Figure 6 (and regression estimates in Table 3)

Figure 6 Primary effect by list rank
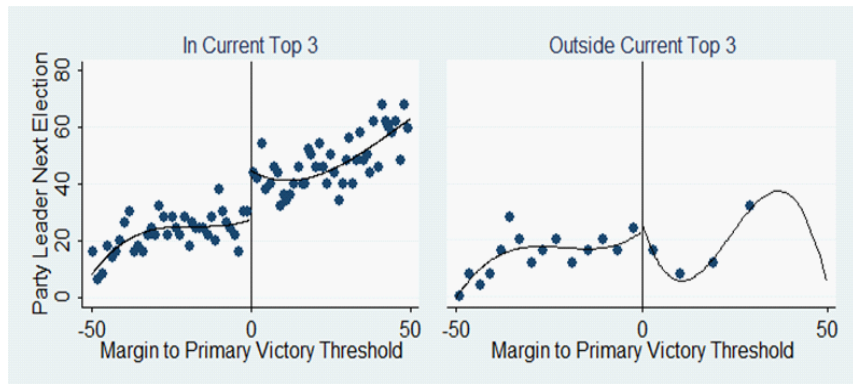
Competence of candidates – **P2** (b)

How do we measure competence?

- ▶ by fixed effect (average residuals) in fully saturated Mincer-style wage equations based on panel data for 25 years (Besley, Folke, Persson, and Rickne, 2014)
- ▶ this measure correlates well with leadership scores from military drafts and different measures of political success

Compare close races of different kinds

- ▶ RDD estimates when top two are both competent (above median), both mediocre (below median), or one competent and one mediocre
- ▶ largest effects when both candidates have same competence levels – cf graphical analysis in Figure 7 (and regression estimates in Table 4)

Figure 7 Primary effect largest when competence equal

Heterogeneity by political context – **P3**

Measuring external competition

- ▶ Swedish politics characterized by block politics, despite increasing number of parties
- ▶ classify municipalities into high and low competition based on vote differences in past local election (above and below median)

Measuring majority

- ▶ classify as majority or minority, depending on whether party belongs to governing coalition in municipality or not
  RDD estimates
- ▶ the primary effect is indeed strongest for majority parties and stiff political competition – cf graphical analysis in Figure 8 (and regression estimates in Table 5)

Figure 8 The primary effect by political context
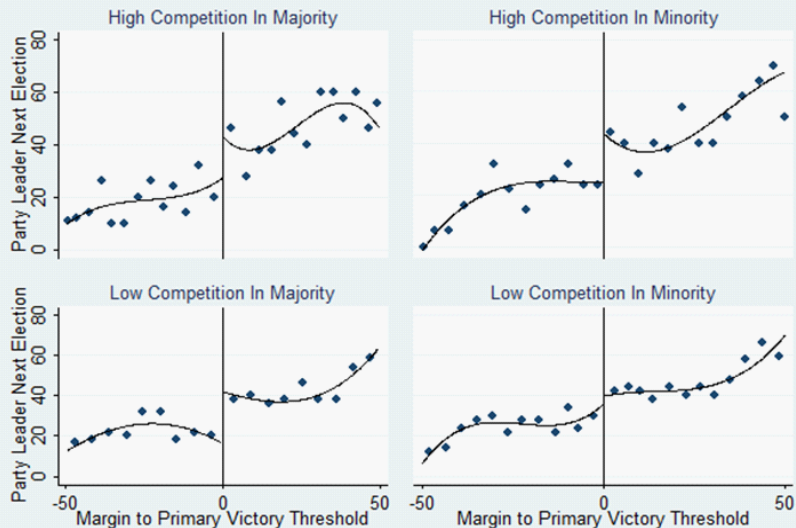
6. Brazil – Background, Data and Results

Open lists – no ordered ballots – in local council elections

- ▶ data from all parties in elections 2000-2012 in 5000 municipal councils
- ▶ preference votes concentrated to a few candidates, even though parties do not rank candidates – cf Figure 9

What political promotions to study?

- ▶ cannot use first-ranked person in next election, and do not have data on powerful positions in the council
- ▶ most powerful position in municipality is the mayor – local political system is "presidential" rather than "parliamentary"
- ▶ mayors appointed in separate election where each party can field a candidate
- ▶ is there a primary effect of winning the preference vote on being a mayoral candidate in the next election?

Figure 9 Preference votes by vote rank
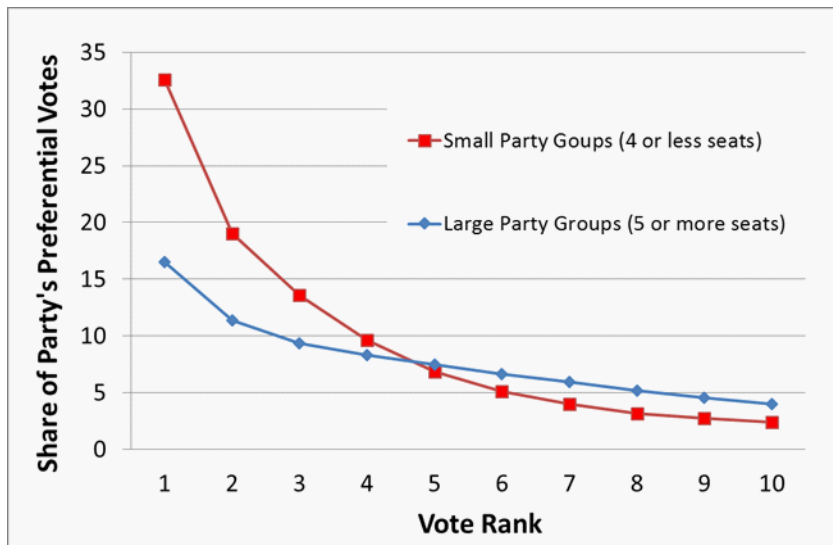
RDD estimates

Sample restrictions

- ▶ same as in Sweden

Graphical analysis

- ▶ see a clear primary effect: probability of becoming a mayoral candidate for same party goes up by 60-80% – same magnitude as in Sweden,
- ▶ probability of becoming a candidate for any part up as well – cf Figure 10 where each bin has 250 observations

Regression estimates

- ▶ corroborate the graphical analysis – cf Table 6
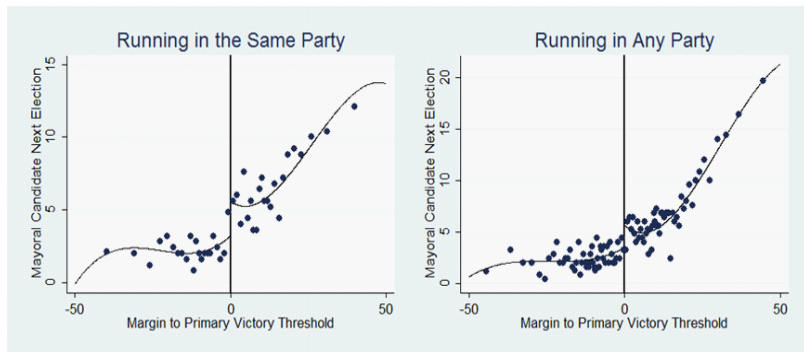
Figure 10 Primary effect in Brazil

Table 6 Positive and significant effect in all specifications

Candidate for	OLS	2nd Pol	I-K test	Local lin 10%	Close margin 5%
same party					
Primary Effect	4.41***	2.12**	2.37**	2.58**	3.13***
	(0.40)	(1.03)	(1.17)	(1.30)	(0.90)
Observations	10,878	10,878	5,984	4,694	2,042
any party					
Primary Effect	4.51***	1.52**	1.21*	1.65*	2.11***
	(0.27)	(0.68)	(0.73)	(0.84)	(0.59)
Observations	24,354	24,354	14,220	10,584	4,542

7. Final Remarks

This paper uncovers a new fact – the primary effect

- ▶ a causal – and large – effect of winning the most preference vote on chance to be promoted to local party leader
- ▶ magnitude is similar in Sweden's semi-open list system and Brazil's open-list system
- ▶ primary effect, and its heterogeneity in Sweden, suggests that preference voting works as internal-party primary

Earlier critique misses the target

- ▶ reform affects leadership promotion rather than representation
- ▶ fulfills its intended role of raising within-party competition, but in unintended way
- ▶ earlier research had too narrow a focus

Final remarks (continued)

Future theoretical work

- ▶ understand voting better when it has downstream effects – as in theoretical work on strategic voting (Piketty, 2000, Razin, 2003, Meirowitz and Shotts, 2009)

Future empirical work

- ▶ what about external validity – do we observe the primary effect also in other countries?
- ▶ do party leaders appointed through primary effect select different – better or worse – policies than other leaders?
- ▶ answer needed before jumping to normative conclusions
- ▶ our current design can serve as a "first stage"