Scale and Size Effects in the Political Economy of Separation and Integration

This paper deals with the trade-off between separation and integration of two given geographical entities. The separatist incitation resides in the political gain for a majority in a region to impose the optimal taxation policy of the regional median voter. Scale economies at the government level are in general unionist. We examine the role of the sizes of the regions in the integration process. If the tax rate is decided by the median voter, other things equal, the more different the regions are in size, the more likely their unification takes place. If the tax rate is decided by a social planner, union happens more often and is more likely with regions of comparable sizes.

Sophisticated Voting and Electoral Systems

This paper constructs a game-theoretic model of elections in alternative electoral systems with three candidates or parties. Each electoral system specifies how the platforms of the candidates and their scores give rise to an outcome. When geometrical analysis shows that a pair of outcomes can compete one against the other for victory, a pivot probability is associated to that pair. Given a state of beliefs about the pivot probabilities, voters behave strategically and candidate positioning is endogenous. The possible equilibria are computed for the main electoral systems. Analysis is extended to the case of four parties. The main results are as follows. Proportional systems where coalitions are formed ideologically guarantee a median voter result. Under relative majority systems, runoff majority systems and proportional systems where coalitions are decided according to the sizes of the parties, any policy can be implemented in equilibrium.

Citizen Candidacy, Party Formation and Duverger’s Law

This paper studies the number of candidates, their ideology and the policy outcome, in a citizen candidate model with uncertainty and endogenous formation of parties. In a simple citizen candidate model without parties, each ideology is represented by a candidate if the cost of candidacy is low enough. There are less candidates if this cost is higher. If, in order to share the cost of candidacy, citizens are allowed to create and become members of parties before the candidacy stage, results are different. Surprisingly, with a coalition-proofness refinement, under reasonable assumptions, all ideological groups are not represented: there are generally two candidates, a centrist and an extremist. The centrist citizens form a party whose number of members is chosen strategically: it is large enough to finance its president against one extremist, but not against two. And extremists prefer not to be represented rather than not to have a centrist candidate. Therefore, the paper proposes both a first theory of party formation and an alternative explanation for Duverger’s law: the two party system can be a result of the party formation process.