Party Selectorates and Fiscal Redistribution:

A Cross-National Analysis

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ABSTRACT

This paper argues that the internal cohesion of government parties impacts the magnitude of budget deficits. Cohesion is a function of 1) who nominates election candidates, and 2) who selects party leaders. When election endorsements are decided by each constituency, legislators have stronger incentives to provide local goods than when they are nominated by the national party headquarters, even if this leads to aggregate overspending that harms the collective reputation of the party. However, these incentives to redistribute locally can be curbed by autonomous party leaders. If leaders are picked in a national voter primary, not by their own backbenchers, then they will prioritize national over local preferences by constraining redistribution that must be paid from pooled tax resources. We should observe greatest cohesion, defined as the prioritization of collective party survival over individualistic reelection, when party leaders are responsible to a broader party selectorate AND have exclusive power to nominate election candidates. I test this thesis in the context of common pool resource problems that generate higher government deficits. Based on an original dataset of party cohesion, covering 120 political parties in 17 OECD countries, I find that the balance of power between party leaders and rank-and-file MPs accounts for a greater proportion of government deficits than do the electoral system or cabinet composition.

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I. Introduction

The comparative politics literature has long asserted a causal linkage between the electoral incentives of politicians and redistributive spending by governments. The narrative is fairly straightforward: politicians woo voters by supplying—and claiming credit for—public works projects, social welfare programs, and other expenditures which inject money and jobs in their districts. What *has* been in dispute, however, is the list of factors that generate these redistributive incentives and, by extension, variation in government expenditures.

One prominent argument describes the size of government budgets as a *common pool resource problem* ("CPR" hereafter). Assume a fiscal structure whereby redistributive programs can be targeted to benefit specific social groups or geographical constituencies, but whose costs are paid for through taxes collected *nationally*.[1] This imbalance incentivizes politicians to push fiscal projects to their districts, since the value ("X") of any spending item to their voters is greater than the district's burden of the tax costs ("X/N", where N = number of districts). In other words, voters believe that they are getting more in benefits than they will have to pay for. The problem, of course, is that if every politician takes advantage of this benefit-cost disconnect, then the legislature ends up spending more in aggregate, driving government deficits (and eventually, taxes) beyond what voters may actually prefer. In essence, CPR is a specific type of a collection action problem or prisoner's dilemma, where the rational redistributive choices of individual politicians result in a *collectively* suboptimal outcome.

The actual magnitude of the common pool resource problem is typically portrayed as a tug-of-war between electoral incentives to cultivate the personal vote and legislative constrains that restrain those spending demands. There is, however, a fundamental disconnect in how these factors fit together. While proportional representation electoral rules purportedly *reduce* redistributive incentives compared to first-past-the-post rules, PR is also more likely to produce coalition governments, which studies show *increase* government spending. This theoretical mismatched is exacerbated by methodological concerns: the high correlation between PR systems and coalition governments make it difficult to disentangle their independent effects. At the same time, by placing causal emphasis on electoral systems, which rarely change over time, the literature implicitly assumes little temporal variance in government overspending *within* countries due to political factors.

I believe that one way to mediate and improve on this debate is to examine variation in the redistributive preferences of individual *parties*. Most cross-national research projects assume that parties can be treated as indivisible, atomistic actors. However, I argue that the *internal organization* of political parties can alter the incentives of and constraints on individual legislators to mitigate common pool resource problems. Specifically, I examine two facets of parties: 1) who determines candidate nominations in elections, and 2) how party leaders are selected.

The actors who control *nominations* are the selectorate that politicians must satisfy to be reelected, and thus is indelibly linked to whether legislators push for nationally or locally targeted redistribution. The common pool resource thesis assumes that local incentives dominate, since the benefit-cost gap

[1] This framework of targeted benefits but generalized costs assumes a high degree of fiscal centralization. In more fiscally decentralized or federal countries with stronger linkages between local spending and taxation, however, this disconnect between benefits and costs may be mitigated. See for example Rodden (2003) and Diaz-Cayeros, McElwain, and Romero (2011).

of government programs only exists if projects are concentrated in individual districts. While many scholars attribute variance in candidate nomination processes to the electoral system, I demonstrate substantial variation in how parties organize nominations *within* the same country over time.

Leadership selection rules measure the flipside of the coin: whether party leaders can crack down on overspending without fear of being ousted by their legislative caucus. Even if individual legislators want more fiscal transfers, independent leaders may have the authority to limit excessive deficit spending that sullies the collective reputation of the party. However, party leaders are vulnerable to internal coups: while legislators only lose their posts at periodic elections, party leaders are subject to recall at almost any time. I show that the autonomy of party leaders is a function of their selectorate. Leaders are freer to wield their sticks when they are chosen by a wide, pluralistic selectorate, such as in an open primary, than when they are selected by an exclusive vote among MPs.

Synthesizing these two factors, I argue that deficit spending is a function of the relative centralization of leadership selection and candidate nomination in governing parties. Where leaders are selected by a broad party constituency and candidate nomination is controlled by party bosses, parties are "cohesive": the leaders' survival is more secure and they have a powerful stick to wield against their backbenchers. This allows the party to prioritize collective survival over the individual reelection of its incumbents. Where party leaders are selected by other MPs and candidate nominations are controlled by local party branches, however, parties are "diffused": leaders owe their own position to keeping backbenchers happy, and they have no effective tool to keep their MPs in line. Leaders in cohesive parties have stronger incentives and authority to control common pool overspending by backbenchers, resulting in lower government deficits than where diffused parties control the budget.

I test the impact of party cohesion on government spending with an original dataset of internal party organization in 17 developed democracies, where leadership selection and candidate nomination procedures are coded year-by-year for approximately 120 political parties. I find that government deficit as a percentage of GDP is 1.4% higher in the most diffused parties when compared to the most cohesive, thus confirming that CPR-induced overspending is linked to legislative incentives and constraints as determined by the party's structure.

In the rest of this paper, I will explain the theoretical foundation, data operationalization, and statistical methods in greater detail. In Section II, I review the literature on political institutions and pork-barrel spending and posit the causal importance of party organization to understanding government spending. Section III explores my methodological approach to coding the internal cohesion of parties. Section IV discusses results from the statistical analysis of government spending. Section V concludes.

II. Incentives and Constraints on Government Spending

The comparative politics literature on government spending begins with the assumption that fiscal redistribution is dictated by the reelection desires of legislators. In order to maximize their vote share, politicians set tax rates and design fiscal programs to better appeal to their constituents. As posited by Meltzer and Richard (1981), voters whose income falls below the mean level prefer more taxes and redistribution, while those above the mean prefer smaller governments. Left-wing parties that represent poorer voters thus push for greater income transfers than conservative parties representing richer voters. In this model, the national tax rate is set by the location of the median voter on the income scale.

The Meltzer-Richard model is useful for understanding basic tradeoffs between revenues and expenditures given a hard budget constraint, but it has two limitations: 1) it doesn't speak to the exact content of redistributive programs, and 2) it fails to account for politically motivated *over*spending. Importantly, public policy does not simply mirror voter preferences, but is mediated by the electoral incentives of veto players in the political process. In fact, a vast body of empirical research shows that formal political institutions, such as presidentialism, federalism, and bicameralism, engender strategic incentives and constraints on redistribution, thus altering aggregate budget size and propensities to engage in deficit spending.

One accepted wisdom is that larger "district magnitudes"—the number of legislators per constituency—lead to less geographically-targeted redistribution. In multi-member districts (MMDs) that cover a larger, more populous area with diverse voter needs, it is more efficient for parties to provide public goods that benefit a broad cross-section of the electorate. Single-member districts (SMDs), on the other hand, tend to encompass a smaller geographical area, where it is more reasonable to cater to specific localized interests (Milesi-Feretti, Perotti, and Rostagno 2002). There is no inherent reason why local private goods are more expensive than national public goods, although one can imagine smaller economies of scale in the former. However, this distinction between single- and multi-member districts matters because it affects how legislative interests are aggregated. The key theoretical insight has to do with how voters perceive the benefits and costs of redistribution. If we assume a fiscal structure where taxes are collected nationally into one big pool but are spent locally in individual districts, then every district will demand more redistribution. Weingast, Shepsle, and Johnson (1981) describe this as the "Law of 1/N": every district gets the full "1" benefit of a fiscal project, but its costs are shared among "N" total districts. In other words, voters do not directly perceive the full tax cost of the redistributive benefits that their representative provides. If voters only pay 1/Nth the full tax costs of their district's project, then we should observe a common pool resource problem where the amount of overspending increases with the total number of districts. In two parliaments with the same total number of representatives, the one with SMDs necessarily has more individual constituencies than that with MMDs (e.g. 10 single-member districts = 10 total legislators = 2 five-member districts). Since single-member district systems have a larger "N", *ceteris paribus*, we should observe a greater propensity to run budget deficits.

The district magnitude of the electoral system generates important secondary effects on the *number of parties in parliament*, and by extension, the likelihood for coalition vs. single-party governments. As Duverger (1954) argued 50 years ago, SMDs tend to produce single-party governments, while MMDs produce coalition governments. Coalitions, with their fragile balances of power, are poorer at constraining spending, because there is no overarching, supra-party authority to penalize overspending politicians (Hallerberg and Von Hagen 1999; Persson, Roland, and Tabellini 2000). Bawn and Rosenbluth (2006) extend the common pool resource framework to understanding policy-making within coalitions. They argue that coalition parties have lower incentives to reduce government spending, because the brand reputation of a particular coalitional arrangement is less valuable to each party than their individual reputations. Each additional party in a coalition government should increase the size of the public sector to benefit their key interest groups (giving them "1" unit of benefit), because any blame for overspending will be shared by its "N" coalition partners.

I argue that these linkages between common pool resource (CPR) problems and budget deficits are based on three faulty or incomplete mechanisms. The first is a lack of consensus on whether CPR occurs at the level of individual *legislators* or *parties*, each of which predicts divergent outcomes. The second is the assumption that incentives for fiscal redistribution come from the electoral system. The third is that political parties do not vary in their ability to control CPR problems. Each of these issues challenge the applicability of existing theories to actual mechanisms of policy-making. Let me discuss these critiques in greater detail, as a way of delineating my own thesis on the determinants of government spending.

A) Estimation Problems

While the effects of electoral systems and coalitional governments on redistributive spending have become part of accepted wisdom, a closer look at their empirical implications suggests a potential incompatibility between the two factors—or at least that one variable is significantly subordinate to the other. If we take individual legislators as the basic political actor (re: Weingast et al. 1981), the Law of 1/N implies that single-member district systems, which tend to have more distinct constituencies (a larger "N"), are more likely to have CPR-induced overspending. However, if we adopt the Bawn and Rosenbluth (2006) approach that the core actors are individual parties, then the CPR problem increases in coalition governments that have more parties manipulating the fiscal lever. The problem when trying to integrate these viewpoints, however, is that multi-member districts, which the Law of 1/N implies is less prone to overspending, are more likely to produce multi-party competition and coalition governments, which Bawn and Rosenbluth say are more spendthrift. Restricting the data to OECD cases, about two-thirds of MMD systems result in coalition governments, while three-quarters of SMD systems result in single-party governments. The high correlation between electoral systems and coalitional frequency complicates any methodological analysis of the independent effect of either factor.

Not all arguments relating government expenditure to the electoral system or cabinet composition rely on the collective action components of these two institutions. A second strand in the literature focuses on the *nature* of the parties in government: namely, that the types of parties which succeed in PR systems have more redistributive preferences, resulting in greater aggregate spending. Tavits (2004) argues that voter turnout is higher – particularly among poorer voters – where more parties compete, and as such, the median voter is further to the left in PR systems than under majoritarian rules. Taking a slightly different approach, Iversen and Soskice (2006) posit that middle-income voters are more likely to ally with poorer voters in PR and with richer voters in plurality systems. The implication of both arguments is that redistributive, socialist parties will do better in proportional electoral systems, driving government spending higher.

While plausible, voter turnout and government composition hypotheses are difficult to confirm empirically. Most statistical tests analyze government spending in OECD cases, but the bulk of countries employing PR rules are in Europe, where labor unions, corporatism, and socialism have historically been stronger political forces than elsewhere. Studies of electoral rule choice have argued that PR is more likely to be adopted in countries with strong union movements (Boix 1999;

Lipset and Rokkan 1967). As Colomer (2005) writes, parties choose electoral systems, not the other way around. As such, estimating government spending as functions of electoral system type and leftist party strength produce an over-determined model, as the two factors are causally related. At the same time, electoral systems tend to be static over time, and few countries oscillate between coalition and single-party governments. As such, most of our knowledge is based on differences *between* countries, rather than variation over time within the same state.

B) Explaining Redistributive ***Incentives***

A separate approach to estimating electoral incentives is to look at institutional factors that do not correlate with government composition. Carey and Shugart (1995) divide the electoral system into finer component parts that affect incentives to cultivate the "personal vote". The personal vote refers to popularity that is specific to individual candidates, not to the party as whole. When the electoral value of the personal vote trumps that of party labels, the political benefit to individual legislators of redistributing to local constituency groups increases, raising the propensity for common pool resource problems. Carey and Shugart argue that personalistic support is more valuable when voters cast ballots for specific candidates, not parties, and those candidates have to compete with co-partisans in the same district (e.g. single transferable vote elections in Ireland). By contrast, where people vote for a fixed party list and those votes are pooled across jurisdictions (e.g. closed-list PR systems), then the electoral success of candidates is based on their ranking on the party list, not on their personal support in any given region. This incentivizes politicians to curry favor with party bosses to secure higher list positions, thereby reducing the value of geographically narrow redistribution.

The Carey and Shugart framework is insightful precisely because it goes beyond the traditional SMD vs. MMD dichotomy, allowing us to isolate coalitional vs. electoral system effects. At the same time, it is based on the simple premise that political actors will pursue strategies—broadly categorized as maximizing the personal vs. party vote—which best enhance their chances for reelection. An implicit assumption in this and other institutionalist arguments, however, is that parties are functionally identical, i.e. they are instrumental, unitary actors. Within the same electoral system, all politicians are expected to prioritize the personal vs. party vote in the same way.

While agreeing with the "personal vs. party vote" framework overall, I argue that the literature misattributes the origins of electoral incentives. While the electoral system sets broad parameters on how candidates are to be *elected*, they rarely specify how they are to be *nominated*. In first-past-the-post, SMD systems, for example, each party generally endorses one official candidate. Where there are no primary elections—contests that allow grassroots members to vote for the party nominee—a candidate's best chance of receiving an endorsement rests with being faithful to the party hierarchy and its policy platforms. By Carey and Shugart's formulation, parties under this system would be coded as "party-oriented": a candidate's electoral prospects depend on satisfying her party leader, not on developing a personal reputation with local constituents.

What this schema ignores, however, is that the electoral code is typically vague on how parties should determine which candidates get endorsed or how the party list should be ordered.[2] Take

[2] As a caveat, some countries have supplementary laws which require parties to be organized in accordance with broad principles. In Finland, the 1969 Act of Parties requires parties to select candidates democratically; as such,

the case of Great Britain, where elections are held under SMP. In both the Labour and Conservative Parties, the national party executive maintains a short-list of "approved candidates" who have been interviewed and vetted as being qualified for nomination. The *de facto* endorsement decision, however, is made at the constituency level, where the local party organization decides which candidates to recommend to the national executive. Their choice is rarely overturned by party leaders. For the Tories, the constituency branch reaches a decision through negotiations among local party bosses, and occasionally by a vote among party members. The Labour Party employed a similar approach until 1993, when a one-man-one-vote primary was instituted. In short, while the SMD system in the UK suggests centralized control over electoral endorsements, the real locus of power is at the constituency level. For prospective candidates to stand as Labour or Tory candidates, they must win over local party members, making the personal vote as relevant as the party vote. In other words, *party-specific* endorsement processes, not the electoral system, determines propensities for locally-targeted redistribution.

*C) Explaining **Constraints** on Redistribution*

My argument that the value of the personal vs. party vote is determined at the party-level is primarily an empirical improvement on existing studies, which attribute redistributive incentives to formal political institutions. My second thesis, however, is that these legislative preferences can be curbed by *strong party leaders*, a factor that is generally unaccounted for in large-N cross-national studies.[3]

Cox and McCubbins (1993), writing on legislative politics in the United States, argue that political parties suffer from internal conflicts over appropriate levels of redistribution. On the one hand, the short-term reelection of incumbents depends on maximizing the personal vote via fiscal transfers to their districts, typically in the form of pork-barrel public works projects. On the other hand, the long-term success of the *party as a whole* depends on maximizing the brand appeal of the collective group, which can help the party attract independent votes and win new seats. To do so, parties must limit overspending that results in large budget deficits and higher taxes, which voters (are assumed to) dislike. To balance these goals, parties endow their leaders with carrots and sticks, such as control of campaign funds or committee assignments, to permit some level of pork-barreling but also cap the size of the common pool resource problem.[4] The Cox and

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grassroots members are given the power to vote for parliamentary nominations through the district organization of each party. The Basic Law in Germany also stipulates that parties must be organized according to democratic principles, which is generally interpreted to mean that parties must give regional party organizations the final say in selecting candidates. These are, however, exceptions to the rule: countries rarely specify what constitutes a "political party", much less how they must behave or be structured internally.

[3] Instead, the literature has focused on checks and balances created by the national constitution. Where multiple veto players—actors who can stop any legislation from passing—have contrasting redistributive preferences, then the resulting policy will be some compromise that veers away from radical changes in expenditure (Tsebelis 2002). Notably, the constitutional separation of budgetary power between actors with different electoral incentives, such as a directly elected president (Cheibub 2006; Persson, Roland, and Tabellini 2000) or a second legislative chamber (Bradbury and Crain 2001), can reduce government spending. Of course, existing studies that focus on formal institutional constraints face similar limitations to those that look to the electoral system to divine redistributive preferences: it can explain cross-national differences in overspending, but not intertemporal variation within the same country.

[4] Kitschelt (2000) and Aldrich (1995) extend this framework to social choice problems over preference cycling. They argue that party hierarchy is crucial to resolving policy disputes over public goods, such as social welfare,

McCubbins model echoes research by Robert Michels (1915/1962), who famously argued that parties were governed by the "iron law of oligarchy": while parties were crucial institutions of democracy, parties themselves tended to be ruled in a top-down, non-democratic fashion.

However, the Cox-McCubbins thesis cannot be easily exported to non-US systems, because there is significant variation—both within and across countries—in the party leader's selectorate. A party leader's tenure is predicated on the electoral success of the party: when the party's aggregate seat share declines, the leader is typically the first one to go (Andrews and Jackman 2008). Individual MPs, on the other hand, care foremost about protecting their own incumbencies—and only secondarily with the fate of the party as a whole (Luebbert 1986). This contrast between collective vs. individual success creates an intra-party tug-of-war whose outcome depends on the autonomy of party leaders.

For party leaders to effectively curtail excessive spending by backbenchers, their political survival must be independent of the whims of their MPs. In the Netherlands, for example, the heads of major parties—typically the first name listed on party lists in elections—are chosen by either a one-man-one-vote referendum or the national party congress. Both scenarios strip MPs of the power to pick the parliamentary leader unilaterally, giving the leader more freedom to confront collective action problems without risking his own survival. In general, where party leaders are independent of rank-and-file MPs, overspending should be less of a problem even if candidates, themselves, have incentives to pursue the personal vote.

Where parties select their leaders by an MP vote, however, those leaders cannot always wield dictatorial powers over backbenchers. The British Labour Party chose its parliamentary leader in a House of Commons caucus vote until 1980, as did the Tories until 1997. Margaret Thatcher famously resigned when challenged for the Tory leadership in 1990, due to strong internal criticism over her opposition to a single European currency and the imposition of a local poll tax. If party leaders risk being replaced whenever they incur the wrath of too many backbenchers, they will be less effective in controlling their caucus.

Of course, party leaders may not *want* to crack-down on pork-barrel spending. Cox and McCubbins (1993) argue that American party leaders are granted powers to quell common pool problems because election results depend on both personal and party reputations. To some extent, this is a function of the primary nomination system employed in the United States. Personal characteristics can make a significant difference in who wins the presidential primary, but party affiliation plays a greater role in the general election, making it imperative to cap overspending lest the party's reputation be harmed. The implication is that we cannot wholly discount the influence of the overall electoral system, especially in how it governs parties' redistributive strategies as they compete against one another.

However, party leaders also matter in shaping the long-term collective survival of their caucus. Leaders who are selected by a broad selectorate must cater to a wider range of socioeconomic interests, and as such, are less likely to prioritize local interests over national ones. Comparing presidential vs. parliamentary systems, Cheibub (2006) finds that presidents are more likely to limit budget deficits, because their role in macroeconomic decision-making is more visible than that of individual legislators, to whom credit or blame is harder to assess. Party leaders have comparable

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pensions, and foreign relations.

incentives: when leaders are selected by a large cross-section of the electorate, they will try to curb government overspending lest they be blamed for poor economic performance.

D) Synthesis

My main argument in this paper is that the propensity for government overspending is not a systemic property of the political system, but rather varies with the specific organizational structure of individual parties. This approach attacks two problems. First, it overcomes estimation problems in existing large-N statistical studies, whose focus on formal political institutions accounts for broad cross-national variation but not diachronic shifts within the same country. Second, this study attempts to reconcile and improve on existing theories linking government deficits to common pool resource problems. Studies that focus on legislators (Weingast et al. 1981) vs. parties (Bawn and Rosenbluth 2006) leave us with conflicting predictions about the size of fiscal spending. By examining the internal organization of political parties, however, we can better explain variation in the redistributive preferences of individual legislators and how they can be constrained by the autonomy of party leaders.

More specifically, I posit that incentives to cultivate the personal vs. party vote are heavily influenced by whether a governing party determines candidate endorsement at the national or local level. The more locally-oriented the endorsement process, the more valuable the personal vote. Second, the realization of these preferences depends on the autonomy of the party leader, which is determined by the leader's selectorate. Party leaders who are elected by a wide segment of the party, such as in a one-man-one-vote primary or by the party congress, can penalize spendthrift MPs without fear of retribution. Leaders who are chosen by an MP vote or through factional negotiations, however, need to keep backbenchers satisfied to stay in power, thus diminishing their incentive to crack down on overspending even if it harms the party's collective reputation.

Figure 1 summarizes the many points discussed above and lays out my conceptualization of intra-party organization. The outcome of interest—level of government overspending—is a function of 1) how much individual politicians prioritize the personal vote, and 2) the extent to which those incentives are constrained by the autonomy of party leaders.

[FIGURE 1 ABOUT HERE]

III. Measuring Candidate Nomination and Leadership Selection

Differences in the internal cohesion of political parties have been noted by numerous scholars in the past, and are by no means a new revelation of this paper. For the most part, however, discussions of candidate nomination and leadership selection procedures are organized in edited volumes with detailed country chapters, and to my knowledge, have not been applied to cross-national statistical analyses.[5]

[5] Some prominent edited volumes on internal party organization include Katz and Mair (1992), Dalton and Wattenberg (2000), Mair et al (2004), and Poguntke and Webb (2005). Gallagher and Marsh (1988) includes country chapters on candidate nomination procedures, while Davis (1998) focuses on leader selection. Lundell

The most prevalent method for estimating party cohesion is behavioral: roll call data is used to measure legislative voting consistency, and cohesion is assumed to be higher when MPs systematically vote along party lines (Clinton, Jackman, and Rivers 2004; Londregan 2000; Poole and Rosenthal 2000). Roll call analysis is problematic for cross-national comparisons, however, because individual votes are not always recorded in all parliamentary systems. In Japan, for example, many floor votes are conducted by a head count of those who stand vs. sit in support of a bill, and parliamentary transcripts do not report final votes or even party breakdowns. There is also the problem of observational equivalence: Japanese MPs generally vote along party lines, and while this may signal strong party whips, it actually represents strong consensual institutions within parties that generate broad consensus before a bill is submitted (Krauss and Pekkanen 2011). Equating voting behavior with sincere preferences is always dangerous, since actions are inherently the product of individual preferences *and* strategic behavior vis-à-vis other actors.

In assembling a dataset of party organization, I focus on internal party *processes*, rather than observed behavior. The primary hurdle to studying variance in party organization is the lack of systematic data on party statutes and bylaws across countries over time. While the process is not as difficult in two-party systems such as the US, the same cannot be said for multi-party systems, particularly when parties change names, amalgamate, break apart, or disappear altogether over time.

My data covers 17 advanced industrialized democracies between 1960 and 2000. In addition to the standard Western European democracies of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Spain, Sweden, and the United Kingdom, I have also collected data on political parties in Australia, Canada, Japan, and the United States. The total number of parties included is 120, and while this does not cover the entire universe of political parties in each of these countries, they do incorporate all major parties that have been in government. I rely heavily on information provided by Katz and Mair (1992), as well as personal communications with representatives from various political parties and other country-specific sources (see fn. 5).

A) Candidate Selection

Candidate selection is a vital tool with which party leaders can control backbenchers, since it gives leaders the option of threatening de-selection to MPs who violate party dicta. Empirically, there are three separate constituencies that—in varying amounts in different cases—exert influence over electoral endorsements. The first group is the aforementioned party leaders, defined here as the national executive of the party. The second group is local party bosses, either at the constituency or regional (state, province, *Land*, prefecture, etc.) level. The final group is grassroots, card-carrying party members. *De jure*, most political parties require national leaders to approve all candidate endorsements, even when local jurisdictions are given the right to nominate. *De facto*, the national executive rarely intervenes, since ignoring the decisions of the local party is a surefire way of alienating dedicated activist. Indeed, to the extent that there is informational asymmetry

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(2004) and Bille (2001) separately examine candidate selection in a broad cross-section of countries, but only provides a snapshot view of particular time periods. Le Duc (2001) compares the democratization of leadership selection in the US, Britain, and Canada, while Courtney (1995) explores leadership conventions in Canada in great detail.

between national and local branches about voter preferences and candidate quality, the party overall may do better when local authorities are given greater input.

I code candidate selection processes on a five point scale in ascending levels of centralization, where "1" signifies local choice, where candidates are beholden to their constituency, and "5" denotes extreme centralization, where party leaders exert the most influence. The categorization is as follows:

> 1 = **Primary**: candidate chosen by a vote of registered party members; this can include selection from a short-list of vetted candidates maintained by the regional or national party executive. Examples include Liberal Democrats in the UK, PCF in France, and CDU (1995 onwards) in Germany.
>
> 2 = **Local Party**: selection by local party bosses in constituency or regional organizations; includes selection from a national short-list; includes cases where the national organization must approve formally, but rarely intercedes. Examples include the SAP in Sweden, the CDU (until 1994) in Germany, and Labour in Ireland.
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> 3 = **Limited Veto**: national executive can veto nominations by the constituency organization, but the local party can overturn with a second vote; signifies local-national negotiations in candidate selection. Examples include all major parties in Australia and the LDP in Japan.
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> 4 = **National Override**: similar to "3", but the decision by the national executive is final and cannot be overturned by local branches. Examples include the Socialists in France (1985 onwards) and PSOE in Spain.
>
> 5 = **Full Delegation**: closed-door selection by inner party sanctum; National Executive delegated full authority. Examples include the Front National in France and the Communists in Japan.

There is some fluidity in the categorization of party statutes, since not all parties have clear rules on how to adjudicate conflicts between party subgroups. For example, both Labour and Conservative Parties in the UK allow the national executive to veto local candidate choices, but party bosses almost never intervene, even when they disagree with the local party (distinction between "2" and "3"). In other countries, each local party branch can choose between hosting a membership vote or using a delegates' conference to select candidates (distinction between "1" and "2"). For the most part, I have tried to integrate formal party statutes with assessments made by country experts to decide on the coding.

Table 1 describes the frequency of different candidate selection methods by decade, where each case is one party-year. A few points deserve greater notice. First, a plurality of cases (41.5%) falls into Category 2, where the local constituency organization dominates the nomination process. Overall, there is a movement towards "democratic" candidate selection processes, Michel's "Iron Law of Oligarchy" notwithstanding. The number of party-years falling into Categories 1 and 2 (Primary + Local Party) accounts for approximately 63.5% of the total.

[TABLE 1 ABOUT HERE]

The least represented category is "5", where the national executive is delegated full authority to make all endorsement choices. That full delegation is rare makes intuitive sense, since parties can stimulate voter interest by giving grassroots members a greater say in party decision-making. Parties under Category 5 are often small and tend to be dominated by "charismatic" leaders who founded the party. They may lack sufficient grassroots members to have an effective constituency organization and/or have a hard time recruiting new candidates and must rely on the national executive to handpick nominees. Examples include Communist Parties in Belgium, Italy, and the Netherlands, "radical right" parties such as the Front National (France), and clerical parties such as the Komeito in Japan.

Table 2 describes the same data by electoral system, using average candidate selection code by country as the unit of analysis. Given the accepted wisdom that all parties within a particular electoral system share similar candidate selection processes, a breakdown of this process by country helps illustrate actual levels of cross-national variance. The data is separated into the main archetypes that are purported to produce distinct electoral pressures: single-member vs. multi-member districts. As Table 2 indicates, there is significant variety in candidate selection codes within each districting framework, confirming that nomination procedures are not direct functions of the electoral system. On average, SMD systems have more centralized candidate nomination processes than MMDs (2.6 vs. 2.0, respectively), and a two-sample t-test indicates that this difference is statistically significant. However, there are many SMD countries whose average candidate code is lower than that of the MMD mean, and vice versa.

[TABLE 2 ABOUT HERE]

B) Leader Selection

In many respects, measuring leadership selection is more difficult than measuring candidate nomination processes, because it is not always easy to identify *who* the party leader is. Most political parties have two separate organizational bodies: the party-on-the-ground and the party-in-parliament. The parliamentary party is comprised of MPs in the national legislature. The party-on-the-ground encompasses grassroots members, professional staffers who work for the party, and activists who manage the day-to-day operations of the party. In some cases, the same figure is the leader of both groups: the LDP President in Japan is the head of the entire party. In Denmark, on the other hand, the party-on-the-ground boss is elected separately from the parliamentary president, with the former chosen by the party congress and the latter by an MP vote, although the same person is frequently selected for both.

In coding leadership selection procedures, I have focused primarily on the head of the parliamentary party, except when country specialists overwhelmingly state that the chair of the party-on-the-ground dominates. In presidential systems such as the US, France, and Finland, the party leader is defined as the President (or presidential candidate).[6] Like candidate nomination, leadership selection is operationalized on a five-point scale in ascending levels of centralization,

[6] For example, the head of the Republican Party in the US in 2006 would be George W. Bush, rather than Ken Mehlman, the chair of the Republican National Committee.

where "1" implies greatest control by grassroots party members and "5" implies full delegation to MP preferences.

> 1 = **One-man-one-vote (OMOV):** leaders are selected in a vote by all party members; includes cases where candidate choices are restricted to a short-list specified by the party executive. Examples: British Conservatives since 1998; D66 in the Netherlands; Socialists in France.
>
> 2 = **Electoral College**: leaders are selected by a delegates' vote in the national party congress; delegates are split between representatives for grassroots members, ancillary associations (youth groups, unions), MPs, and/or distinct geographical regions. Examples: British Labour since 1981; SAP in Sweden; DNA in Norway; OVP in Austria.
>
> 3 = **Party Executive**: selected by the party executive committee, which must receive formal approval by the party congress; if the executive committee is dominated by MPs, then coded as "4". Examples: SPO in Austria; PCF in France; CDA and KVP in the Netherlands.
>
> 4 = **MP Vote**: vote by parliamentary caucus; if primaries or party conventions are dominated by MPs, also coded here. Examples: British Conservatives (pre-1998) and Labour (pre-1981); all major Australian parties; Fianna Fail and Fine Gael in Ireland.
>
> 5 = **Inner Sanctum**: closed-door selection by an informal group of party notables; typically involves negotiations among faction bosses, but also includes unilateral selection by the founding leader. Examples: LDP in Japan (some years).

Studies have noted a growing tendency towards more democratic procedures in leadership selection (LeDuc 2001). Farrell (2002) attributes this to the increasing media focus on party leaders in election news coverage, which makes selecting a telegenic leader through a popular referendum more important than finding an effective legislative negotiator. McElwain and Giencke (2009) show that electoral performance matters: parties that lose consecutive elections are more likely to decentralize their leader selection process in order to reenergize their base and mobilize voters.

Table 3, which tabulates the frequency of each leadership selection code by party-year, supports these insights. The proportion of parties with a one-man-one-vote principle has increased in every decade, from less than 1% in the 1960s to 17.6% in the 1990s. This shift is not due only to the emergence of new parties that use OMOV, but rather a switch in leadership selection formats by *existing* parties. Most Belgian parties, for example, have switched from choosing their party leaders in national congresses (code = 2) to an open ballot among party members (code = 1). The British Tories switched to a modified OMOV format in 1998, whereby MPs first vote to narrow the number of candidates down to two, after which grassroots members vote to determine the victor. The British Labour Party, on the other hand, uses an electoral college format, where MPs, trade union delegates, and grassroots members each get a third of the votes. The correlation between the number of elections that a party has competed in and its leader selection code is -0.11, indicating a gradual tendency towards decentralization for even established parties.

[TABLE 3 ABOUT HERE]

Table 4 shows average leadership selection codes per country, divided by electoral system. In theory, we can expect MP control to be stronger in SMD systems than MMD ones, because conservative parties—which historically have a top-down structure—tend to be more successful in majoritarian electoral systems (Iversen and Soskice 2006).[7] Empirically, however, multi-member district systems appear to have slightly higher levels of MP influence in leadership selection, although the difference between the two means is not statistically significant at conventional levels.

[TABLE 4 ABOUT HERE]

Some specific cases should be noted. The lowest level of parliamentarian influence is in the US, where both parties have selected presidential candidates in party conventions since 1968. France also has directly elected presidents, but not all parties choose their party nominees in an organized fashion. Any candidate can run for President of France with signatures from at least 500 mayors, and major parties have had two or more candidates stand for election, although under the two-round majoritarian framework, parties normally settle on one unified candidate after the first ballot. This has changed in recent years, as both the Socialists and Gaullists now use a one-man-one-vote primary to settle on one presidential candidate before the contest begins.

In MMD systems, Norway has seen the least variance over time, but there is a bifurcation in selection procedures which reflects each party's division of authority between the party chair (controlling the party-on-the-ground) and parliamentary leader (controlling MPs). Where the party-on-the-ground dominates, the party chair is selected by a national congress vote; this group includes the Progress Party (far-right), Labour Party, and the Socialist Left. Where the parliamentary party wields more power, however, the party head is the parliamentary leader, who is selected by an MP vote. The latter group includes the Conservatives, the "Left" Party, the Christian Democrats, and the Centre Party.

IV. Statistical Analysis

To measure the effects of party cohesion on government spending, I run a series of statistical tests that incorporate party characteristics, institutional and government composition variables touted by the literature, and economic controls that have non-political effects on government spending. I describe these variables, the model structure, and statistical findings below.

A) Operationalization of Variables

There are various plausible ways to operationalize levels of redistributive spending. Many studies

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7 The balance of power between the party-on-the-ground and the parliamentary party has deep-rooted historical origins, with the main delineation being between socialist vs. conservative parties (Lipset and Rokkan 1967). Right-wing parties typically began as elite-oriented, cadre organizations: parliamentarians dominated all policy and electoral processes, and the party behaved as a loose coalition of corporate and agrarian interests which operated as campaign organizations for local notables. Left-wing parties were extensions of labor movements, whose political salience grew once universal suffrage was adopted (Katz and Mair 1994; Duverger 1954). As a result, socialist parties tended to have greater penetration into society and a significantly broader membership base. Using the same dataset in this paper, McElwain and Giencke (2009) find that the correlation between ideology and party cohesion weaken over the postwar period.

link the "personal vote" incentives underlying redistribution to geographically targeted "pork-barreling", but different studies use different measures, varying from public consumption (Bradbury and Crain 2001) to government transfer payments (Milesi-Feretti, Perotti, and Rostagno 2002) to overall size of government (Persson and Tabellini 1999). This lack of consensus is due to definitional concerns: while the concept of "pork" implies politically-motivated, excessive spending beyond economically optimal levels, it is hard to pin down what the "economically optimal level" actually is.[8]

The key prediction of this paper, however, lies with *excessive spending* that is generated by the inability of political parties to control common pool resource problems. Following Bawn and Rosenbluth (2006) and Cheibub (2006), I use annual levels of government deficit as a percentage of GDP in Year $t+1$, or *Deficit*, as the dependent variable. I estimate deficits in the following year because any given budget is designed explicitly for government expenditures in the next period. As such, changes in economic conditions, party organization, or government composition in the current year should only affect deficit spending in the next. I include current period deficits (*Deficit_lag*) to control for autocorrelations in overspending.

While government deficits can have economically valid counter-cyclical purposes during market downturns, we should be able to isolate *political* incentives by controlling for macroeconomic indicators that account for "proper" deficits. I use three socio-economic controls in particular. *GDP Growth* measures the percentage change in GDP from the previous year to the current ($t-1$ to t). Where deficit spending serves some positive Keynesian role, we should observe lower levels of growth in the preceding year. *Interest Rate* is the 10-year benchmark bond yield, and is included to control for the economic price of deficit spending: higher interest rates should decrease *Deficit*. Finally, *Pop65* measures the percentage of the population that is over 65 years of age. Since pension and health care expenditures, which correlate with the elderly population, take up a large share of government budgets, discretionary redistribution is more likely to put the budget into higher deficits when *Pop65* is also high.[9] All of these variables are on a continuous scale from 0 to 100.

Federalism is a dichotomous variable, where 0 = not or weakly federal, and 1 = strongly federal. "Strong federalism" describes political systems where local governments have substantial autonomy over both regulatory and fiscal policy-making. Weingast (1995) contends that strong federalism creates "market-preserving" effects: economic distortion due to interest group pressure is smaller when the national parliament has minimal purview over economic regulation. At the same time, common pool resource problems are less likely to manifest if fiscal expenditures and revenues are decided at the same political level, since voters internalize the full costs of overspending (Diaz-Cayeros et al. 2011, Rodden 2003). If voters have to pay "1" unit of taxes for every "1" unit in government expenditures, deficits should be smaller.[10]

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8 An important caveat to note here is that incentives to cultivate the personal vote are not necessarily equivalent to pork-barreling or geographically targeted redistribution. Irish politicians, for example, compete for votes through "surgeries" or personalized constituency service, where they help individual voters with bureaucratic red tape, receiving better health care, and getting students into university . These are more targeted patronage services than the distribution of public works projects, which tend to affect a larger segment of voters. For a more extensive discussion, see Kitschelt (2000) and Cain, Ferejohn, and Fiorina (1984).

9 All variables are taken from the Comparative Political Dataset , unless specified otherwise.

10 Using a three-part coding of Federalism (2 = "Strong Federal"; 1 = "Weak Federal"; 0 = "Not Federal) does not change the results substantively. Notably, "weak federal" and "not federal" are statistically indistinguishable,

The most important variables for the purposes of this paper concern the electoral system, government composition, and party organization. There is a variety of ways to operationalize each, and to the extent possible, I pick out those most relevant to estimating redistributive preferences. To measure the personal vote incentives purported to derive from the electoral system, I use Farrell and McAllister's (2006) modified version of the Carey and Shugart (1995) coding scheme. Carey and Shugart break the electoral process into four parts: whether voters can alter the party ballot, whether votes are pooled across parties and jurisdictions, whether voters pick between parties or candidates, and the number of seats per district. Farrell and McAllister create a composite index (*Personalism*) that sums and weights these values on a ten-point scale, where a higher value signifies more personalistic electoral incentives.[11]

Government composition is measured by three variables, relating to the ideological tilt and legislative organization of cabinets. *Left-Leaning Government* is a continuous variable ranging from 0 to 100 that measures the proportion of cabinet positions that left-wing parties control. As per Tavits's (2004) contention that Socialist governments are more redistributive, higher values of *Left-Leaning Cabinet* may be correlated with higher *Deficit*. *Coalition* is a dichotomous term, where 1 = coalition governments and 0 = single-party governments. This tests Bawn and Rosenbluth's thesis (2006) that coalition governments suffer from greater common pool problems than single-party governments.[12] Finally, *Minority* measures whether the governing coalition controls less than 50% of parliamentary seats. Minority cabinets should experience higher deficit spending, since the government survives only if opposition parties allow them to do so. As such, they lack the power to control CPR problems not only by parties within government, but also by *all* parties in the legislature, producing stronger incentives to logroll all spending requests.

Party organization is coded in a manner consistent with the five-point scale discussed in Section IV. The propensity to engage in redistribution does not stem from the absolute levels of centralization in candidate nomination and leadership selection per se, but rather the relative imbalance between the two. Figure 2 depicts this hypothesis graphically. A party leader who is selected by MPs (Leader Code = 4) is less able to control candidates who cater to local interests (e.g. Candidate Code = 2), but the weakness of the leader matters less when candidates prioritize the party vote (e.g. Candidate Code = 4). When candidate nomination is more centralized than leadership selection, on the other hand, overspending will be less. When both sides are equally centralized, we should observe intermediate levels of deficit spending. More concretely, my key hypothesis is as follows:

> *Hypothesis: the greater the centralization of leadership selection relative to candidate nomination, the greater the level of government deficits.*

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while "strong federal" is statistically significant and negative.

11 The Carey and Shugart scheme has been coded in a number of different ways. In a later paper, Shugart adjusts the four-part coding scheme into three variables. Other studies posit that Carey and Shugart rank and/or code electoral systems incorrectly; prominent critiques are by Seddon et al. (2003) and the Farrell-McAllister system. I ultimately rely on the Farrell-McAllister coding, since it does a better job of identifying differences among PR and mixed-member electoral systems.

12 I have tried replacing *Coalition* with the *number* of parties in government, since the latter is a more direct test of Bawn and Rosenbluth's argument regarding common pool resource problems among coalition partners. In almost every regression, the number of parties is statistically insignificant at conventional levels. This holds true even when interacting it with *Coalition*. Accordingly, I have chosen to use the more simplified variable *Coalition* in this study.

[FIGURE 2 ABOUT HERE]

I operationalize party cohesion in two ways. First, I use the *average* difference in leadership selection and candidate nomination scores of political parties in the cabinet.[13] This variable, which I term *Government Party Diffusion*, estimates the relative control that party leaders wield over rank-and-file MPs. More formally, *Government Party Diffusion* = Mean($L_{g,t}$ - $C_{g,t}$) where $L_{g,t}$ and $C_{g,t}$ are the leader selection and candidate nomination scores for each government party *g* in year *t*.[14] Second, I measure the difference in selection and nomination scores for the party of the executive, which I term *Executive Party Diffusion*. These two variables are correlated at 0.94, and so I include them in separate models to avoid multicollinearity. The point of using these different measures is to show the robustness of *Party Diffusion* generally, irrespective of one's theoretical view of the exact locus of power in cabinets. At higher values of *Party Diffusion*, leaders are more dependent on MPs to stay in power, and MPs have stronger incentives to cultivate the personal vote. As such, increasing *Party Diffusion* should result in higher levels of *Deficit*. The correlation between leader selection and candidate nomination is 0.39, which is neither too high nor too low. Approximately 40% of country-years have an *Executive Party Diffusion* score of 0, where leader and candidate selection are on par with each other. Another 40% have scores above 0, indicating that leader selection is more centralized (i.e. MPs have more influence) than candidate nomination (i.e. local party organizations have more influence).

Importantly, party diffusion varies within countries over time, following alternations in power between cohesive and diffused parties or changes in the internal rules of governing parties. These swings allow us to capture both between- and within-country variance that eludes studies that focus solely on institutional variables. Figure 3 displays diachronic changes in government party diffusion for a subset of notable countries.

[FIGURE 3 ABOUT HERE]

To illustrate how the component parts of the party diffusion measure affect government spending, I run additional regressions with *Leader Selection* ($L_{g,t}$) and *Candidate Nomination* ($C_{g,t}$) as separate variables. Higher values for *Leader Selection* imply less autonomous party leaders, and as such, should produce greater government deficits. Higher values for *Candidate Nomination*, on the other hand, indicate stronger leader control over rank-and-file MPs, which should produce smaller government deficits.

For the purposes of this paper, the statistical analysis restricts the time period of the data to 1960-1990. While I have partial party data from the 1990s onwards, the proliferation of new parties in the last decade has made it difficult to gather accurate leadership selection and candidate

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[13] Where government composition changed hands within a given year, I code the last cabinet of that year. Cabinet data is taken from Woldendorp, Keman, and Budge .

[14] There are many, many plausible ways to code the mean centralization of government parties. For example, we can use seat share-weighted levels of diffusion, whereby each party's diffusion score is multiplied by its share of parliamentary seats. The choice depends in part on one's view of how cabinets make decisions. If one assumes that every party is equally vital to making a coalition work (i.e. defection by any party, big or small, can sink the government), then taking the mean value as I have done is reasonable. If one assumes that bargaining power is a function of relative size (or even ideological position), then some weighted score is warranted. I use the most simplified form in this iteration of the paper, but comments are welcome!

nomination procedures for all parties in government.

B) Statistical Results

I estimate levels of government deficit using ordinary least squares regressions with panel-corrected standard errors, including a lagged dependent variable and controlling for serial AR1 correlation. The panel and period variables are "country" and "year", respectively. Table 5 displays the results from five separate models: 1) without party diffusion; 2) with *Government Party Diffusion*; 3) with *Government Leader Selection* and *Candidate Nomination*; 4) with *Executive Party Diffusion*; 5) with *Executive Leader Selection* and *Candidate Nomination*. Only country-years where all government parties have been coded are included in the regressions.

[TABLE 5 ABOUT HERE]

While all of the models yield similar results, the main regression is Model 2, which includes *Government Party Diffusion*. The interpretation of the regression coefficients below are based on Model 2, unless specified otherwise. Keep in mind that all continuous variables, including *Deficit*, are on a 1-100 scale.

The economic and political control variables generally behave in predicted fashions, giving us confidence in the overall model specification. The one surprisingly result is the positive and significant coefficient for *GDP growth*: contrary to Keynesian expectations, economic expansion today seems to increase deficits next year. The other factors are in line with expectations. Higher *interest rates* reduce deficits, while the size of the *elderly population* raises it. *Federal* appears to serve the market-preserving role predicted by Weingast (1995), but it is not statistically significant at conventional levels: deficits in a strong federalist country are approximately 3% lower than in a centralized system.

Variables capturing the composition of governments yield indeterminate results. *Coalition* governments increase deficits by 0.5%, roughly confirming Bawn and Rosenbluth's (2006) own findings.[15] As for the other variables, *Left-Leaning Cabinet* is positive, with the difference between a fully right- versus left-wing government being approximately 0.5% in deficit spending. *Minority* governments also increase deficits, although the variable fails to reach conventional levels of significant.

The most interesting results obtain from analyzing the various indicators which capture the incentives to cultivate the personal vote. The electoral system's level of *Personalism* (range of 1-10) is positive and statistically significant, demonstrating that there are specific "level effects" that affect the redistributive incentives of *all* parties within a particular country. The difference between systems at the 25th percentile (*Personalism* = 2.9, e.g. ordered-list PR systems such as Sweden) and the 75th percentile (*Personalism* = 7.1, e.g. open-list systems such as Denmark) is 0.45% in deficit spending.

[15] If we replace *Coalition* with *Number of Government Parties* (range 1-5) in Model 2, the latter variable has a coefficient of 0.16 and is significant at the $p<0.1$ level. Every government naturally has at least one government party, so the difference between a single-party and three-party government (the median coalition type) would increase deficits by about 0.3%

Given the salience of the electoral system, does the structure of political parties matter? Models 2-5 all confirm that they do. *Government* and *Executive Party Diffusion* are statistically significant at the 0.05 level, with a one unit increase in diffusion raising government deficits by about 0.2%. The disaggregated variables—*Leader Selection* and *Candidate Nomination*—have signs in the predicted direction (positive and negative, respectively), but their statistical significance is not consistent. More specifically, leader selection is not independently significant while candidate nomination is, suggesting that much of the variation in overspending may be explained by party-by-party differences in incentives to redistribute, not constraints imposed by independent party leaders.

From a substantive standpoint, how much does the level of *Party Diffusion* alter government spending? The highest level of *Party Diffusion* obtains when party leaders are selected in closed-door negotiations among MPs or factions, and candidates are selected in constituency party primaries (*Party Diffusion* = 5-1 = 4). The lowest value is when party leaders are chosen in a one-man-one-vote primary, while candidates are nominated exclusively by national party bosses (*Party Diffusion* = 1-5 = -4). At these extremes, government deficits are predicted to be 1.4% higher (Model 2) in the most diffuse party than in the most cohesive—approximately $200 billion in terms of 2009 US GDP. While these cases are uncommon (the median *Party Diffusion* score is 0), 11.1% of cases fall below -2, while 16.8% are above 2.

To place this in a more specific institutional context, take the case of Japan under LDP single-party control. While candidate nomination processes have always entailed negotiations between national and local party bosses (Candidate nomination = 3), in recent years, the LDP has begun to open up its leadership selection process. Party presidents have historically been chosen through factional negotiations or an MP vote (Leader selection = 5), but since Jun'ichiro Koizumi's selection in 2001, the party has enshrined an electoral college format, where prefectural branches of the party each get 3 votes while each MP gets 1 vote (Leader selection = 2). The Democratic Party of Japan (DPJ), in government since 2009, also uses an electoral college framework, although it uses an MP vote in case of sudden leader resignations (Leader selection = 4).

Even if the LDP's candidate nomination process remains unchanged, the change in leadership selection method from factional negotiations to an electoral college would reduce the LDP's *Party Diffusion* score from +2 to -1. According to the coefficients from Model 2, the predicted government deficit of Japan would drop by 0.5%. This margin is roughly equivalent to increasing long-term interest rates by 3% or slowing GDP growth by 3.5%.

V. Conclusion

When explaining the propensity of political parties to engage in redistributive spending, existing accounts have focused on institutional factors that affect all actors similarly, such as the electoral system, or strategic factors that affect inter-party negotiations, such as coalitional vs. single-party cabinets. In addition to methodological problems which make it difficult to disentangle the relative influence of these variables, I have argued that the literature underestimates the impact of variance in the *internal organization of political parties*. Candidate nomination procedures, which most studies assume is a property of the electoral system, actually vary significantly between parties in the same country. I also demonstrate that the ability of party leaders to control common pool resource problems—assumed to be constant across parties—also varies within countries and over time.

Based on an original dataset of candidate nomination and leadership selection rules, I find that variance in the power relationship between party leaders and rank-and-file MPs accounts for a greater proportion of cross-national and temporal differences in government deficits than do the electoral system or cabinet composition. In cohesive parties, where leaders exert great control over candidate nominations but MPs cannot select or recall those leaders, the party is more successful at curbing deficit spending. In diffused parties where MPs have a strong say in picking party leaders and those MPs owe their electoral success to satisfying local constituencies, however, common pooling is significant and government deficits are higher.

In addition to offering a new theory and empirical test of pork-barrel spending in advanced industrial democracies, this new dataset of party cohesion allows us to marry empirical insights from nuanced, country-specific projects to more abstract, large-N research. For example, we can test whether increasing the input of grassroots members in candidate nominations and leadership selection boosts the popularity of parties. Similarly, we can integrate data from the Comparative Manifesto Project and investigate whether reducing the influence of party activists gives leaders greater flexibility to craft more centrist policy platforms. In the long-run, this project can help improve our confidence in theories of government behavior or disprove many assertions altogether, furthering our understanding of the relationship between political institutions and government policies.

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Figure 1: Relationship between Party Organization and Government Spending

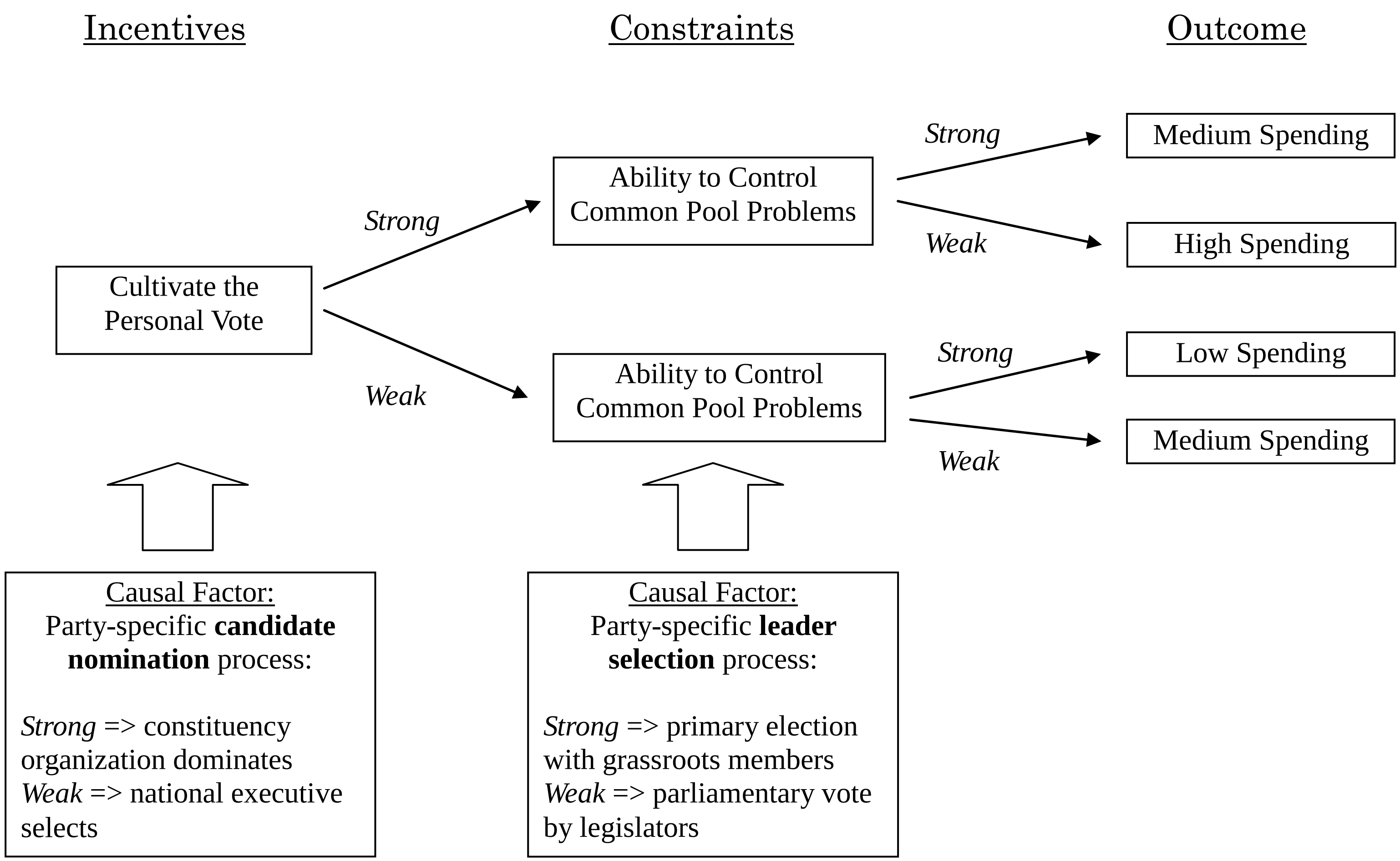

Table 1: Distribution (%) of Candidate Selection Methods by Decade*					
Candidate Code	*1960s*	*1970s*	*1980s*	*1990s*	N = 2714
1: Primary	17.8	22.1	20.7	29.4	22.0
2: Local Party	51.1	44.3	42.0	23.1	41.5
3: Limited Veto	13.7	10.6	9.9	14.3	11.6
4: National Override	9.1	13.7	17.9	21.9	15.4
5: Full Delegation	8.8	9.2	9.5	11.2	9.5
* Each case denotes one party-year					

Table 2
Average Candidate Selection Code by Country and Electoral System Type

Single-Member Districts			*Multi-Member Districts*		
Country	Average Candidate Code	Min/Max	Country	Average Candidate Code	Min/Max
Australia	3	3, 3.5	Austria	3	1.7, 4
Canada	1.2	1, 2.5	Belgium	3	2.6, 3.4
France	3.3	2.8, 4	Denmark	1.5	1.4, 2
UK	1.7	1.3, 2	Finland	1	1, 1
USA	1	1, 1	France (1985-86)	4	4, 4
			Germany	1.9	1, 2
			Ireland	3	2.4, 4
			Italy	3.4	2.6, 5
			Japan	3.7	3, 4.2
			Netherlands	2.5	1, 4
			Norway	2	2, 2
			Spain	4.1	4, 4.3
			Sweden	2	2, 2
Subtotal:	2.61	1, 5		2.04	1, 4

* National averages are calculated by taking the mean of yearly averages in candidate selection
** France used a PR electoral system for one national election in 1986

Table 3: Distribution (%) of Leadership Selection Methods by Decade*					
Selection Code	*1960s*	*1970s*	*1980s*	*1990s***	N=2714
1: OMOV	0.4	6.4	7.6	17.6	7.6
2: Electoral college	68.4	67.2	65.5	59.5	65.4
3: Party executive	10.7	5.7	4.3	3.0	5.9
4: MP vote	17.8	16.1	15.6	16.2	16.3
5: Inner sanctum	2.3	3.8	4.0	2.4	3.2
* Each case denotes one party-year					

Table 4:
Average Leadership Selection Code by Country and Electoral System Type

Single-Member Districts			*Multi-Member Districts*		
Country	Average Candidate Code	Min/Max	Country	Average Country Code	Min/Max
Australia	4	4, 4	Austria	2.3	2, 3
Canada	2.25	1, 3	Belgium	2.1	1, 2.75
France	1.6	1.5, 1.6	Finland	2.1	2, 2.2
UK	3.4	1.3, 4.5	Germany	2.5	1, 3.5
USA	1.4	1, 3	Ireland	3	1, 4
			Italy	4.4	2.75, 5
			Japan	3.6	2, 4.3
			Netherlands	2.1	1, 3
			Norway	3.1	3.1, 3.1
			Spain	2.1	2, 3
			Sweden	2.3	2, 2.6
Subtotal:	2.58	1, 4.5		2.72	1, 5

* National averages are calculated by taking the mean of yearly averages in candidate selection

Figure 2:
Party Power Differentials and Government Spending

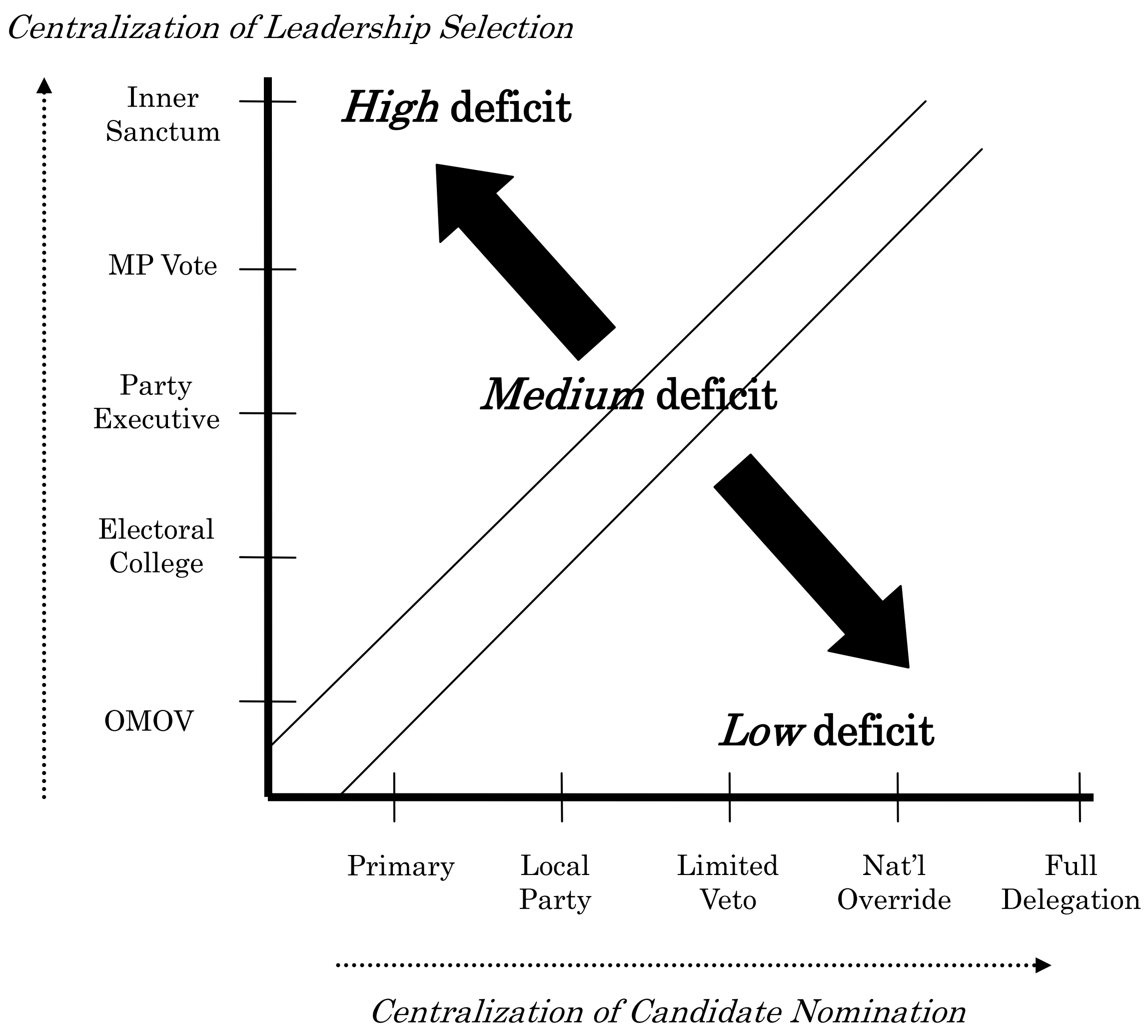

FIGURE 3:
Temporal Variation in Party Diffusion Scores

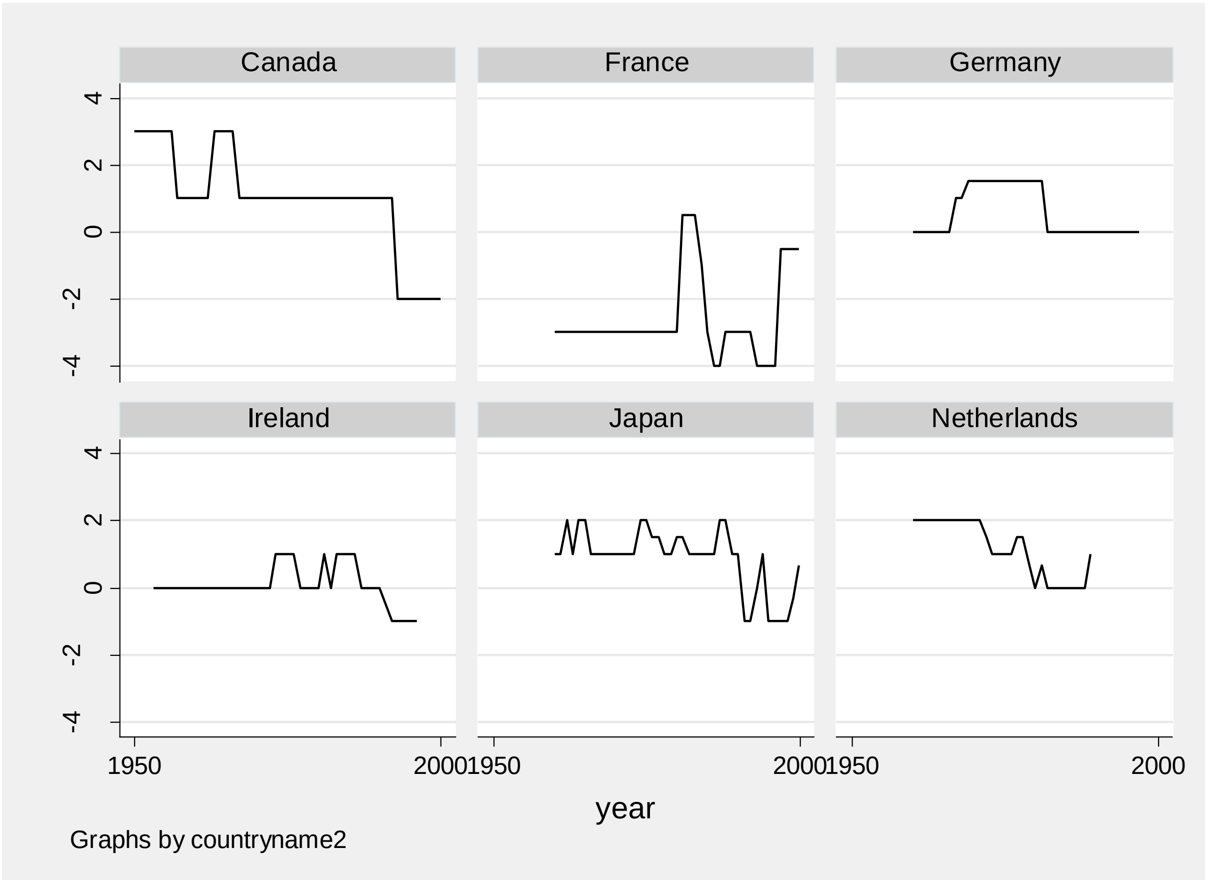

Table 5: Statistical Analysis of Government Deficits (1960-90)

DV: Government Deficit as % of GDP(t+1)
Model: Linear regression, panels corrected standard errors with common AR1 correlation
Standard Errors in Parentheses

	Model 1	Model 2	Model 3	Model 4	Model 5
Constant	-1.716*	-2.199*	-1.048	-2.631**	-1.844
	(-0.792)	(-0.899)	(-1.391)	(-0.915)	(-1.371)
Deficit_lag	0.718**	0.623**	0.603**	0.624**	0.612**
	(-0.043)	(-0.051)	(-0.055)	(-0.051)	(-0.054)
GDP Growth	0.128**	0.144**	0.144**	0.151**	0.151**
	(-0.034)	(-0.036)	(-0.036)	(-0.036)	(-0.036)
Interest Rate	-0.089**	-0.149**	-0.156**	-0.143**	-0.146**
	(-0.033)	(-0.044)	(-0.046)	(-0.044)	(-0.046)
Pop65	0.116**	0.178**	0.158**	0.203**	0.187**
	(-0.044)	(-0.042)	(-0.051)	(-0.041)	(-0.049)
Federal	-0.034	-0.134	-0.73	-0.074	-0.467
	(-0.158)	(-0.164)	(-0.483)	(-0.168)	(-0.463)
Personalism Index	0.076*	0.105**	0.116**	0.114**	0.121**
	(-0.039)	(-0.039)	(-0.038)	(-0.042)	(-0.041)
Minority	0.111	0.265	0.178	0.232	0.166
	(-0.205)	(-0.228)	(-0.223)	(-0.227)	(-0.228)
Coalition	0.199	0.547**	0.293	0.519**	0.361
	(-0.143)	(-0.182)	(-0.206)	(-0.18)	(-0.198)
Left-Leaning Cabinet	0.004	0.005*	0.004	0.005*	0.004
	(-0.002)	(-0.002)	(-0.002)	(-0.002)	(-0.002)
Gov't Party Diffusion		0.167*			
		(-0.067)			
Leader Selection			0.01		
			(-0.106)		
Candidate Nomination			-0.258*		
			(-0.107)		
Executive Party Diffusion				0.170*	
				(-0.067)	
Leader Selection					0.055
					(-0.103)
Candidate nomination					-0.226*
					(-0.107)
N	339	295	295	287	287
R^2	0.6605	0.6386	0.6374	0.6433	0.6427

* p<0.05; ** p<0.01; ***p<0.001

APPENDIX

Summary Statistics (Table 5)

Variable	*Min*	*Mean*	*Std. Dev.*	*Max*
$Deficit_{t+1}$	-8.04	.04	2.76	8.37
GDP Growth	-3.2	3.2	2.42	12.8
Interest Rate	3.88	10.05	3.00	21.25
Pop65	6.72	12.31	2.51	17.79
Federalism	0	0.18	0.39	1
Personalism Index	1.4	5.1	2.65	10
Minority	0	0.24	0.43	1
Coalition	0	0.38	0.49	1
Left-Leaning Cabinet	0	34.68	40.95	100
Government Party Diffusion	-3	0.30	1.12	2
- Leader Selection	1	2.59	1.07	5
- Candidate Nomination	1	2.29	1.11	5
Executive Party Diffusion	-2	0.35	1.09	2
- Leader Selection	1	2.62	1.05	5
- Candidate Nomination	1	2.28	1.11	5

** Time Frame: 1960-1990