How Political Parties Shape Electoral Competition

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Abstract

This paper provides a model of party formation that can explain the contrast observable in the US between highly competitive federal elections and state elections that are often dominated by one party. The puzzling aspect of this pattern is that the barriers to entry that seem to exist at the state level do not apply to the federal level. The explanation that the model provides rests on the career concerns of politicians: state politicians would like to advance their career to the federal level, but only have the opportunity of doing so as a member of a federally successful party. If politicians value such career opportunities sufficiently strongly, entry of additional parties at the state level does not occur. There then exists an equilibrium with two parties, one centre-left and one centre-right, where each party dominates some states. When career concerns are weak, on the other hand, the number of parties in equilibrium will be larger with a tendency towards parties with a narrower ideological profile. In addition to explaining the patterns observable in election results, the model also makes empirical predictions regarding the sorting of politicians into parties across different regions.

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