

Electoral Rules and Agricultural Protection: A missing link?

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Abstract

This paper analyzes the role of electoral rules and bargaining within legislature of industrialized parliamentary systems in determining the political success of agriculture in attracting government transfers based on a probabilistic voting environment. Assuming voter expect a pro-agrarian policy rural districts are pivotal in determining the coalition obtaining a majority, whereas urban districts are pivotal within the majority itself. In bargaining at the legislature, this generates a conflict between the prime minister, who will tend to favor rural districts, and its parliamentary majority, that will be dominated by urban concerns. As district size grows and the electoral system converges to a pure proportional system, both of these biases are attenuated. Overall, an inverse u-shaped relationship between district size and agricultural subsidies results. Assuming, however, voter beliefs tend towards a liberal agricultural policy an u-shaped relationship results. Using a dynamic panel estimation based on time-series cross-country data for 23 parliamentary democracies since 1962 our theory could be confirmed empirically. However, based on our theory we conclude that even controlling for potential endogeneity of electoral rules estimated parameters can at best be interpreted as conditional causal effects.

Keywords: comparative political economy, agricultural protection, electoral rules, endogeneity of political institutions, TSCS-data
