PARTY CUES IN ELECTIONS UNDER MULTILEVEL GOVERNANCE: THEORY AND EVIDENCE FROM US STATES

Benny Geys  
Norwegian Business School BI  
and Vrije Universiteit Brussel (VUB)  

Jan Vermeir  
Centre of Expertise Economic Modelling  
& Studies, GDF Suez

Abstract
In federal countries, voters’ ability to evaluate the performance of their leaders might be reduced when different levels of government shape policy outcomes. This can blur political accountability. In this article, we analyse how party cues (i.e., politicians’ party membership acting as a cue towards their characteristics) affect voters’ incomplete information in a federal setting. We theoretically show that party cues allow indirect inference regarding politicians using observed policy outcomes, and can alleviate the accountability problem. Empirical evidence from US presidential election results across all 50 US states over the period 1972-2008 supports this proposition. However, party cues also have a downside in that they may reduce politicians’ effort, particularly when politicians at different levels of government are from different parties. (JEL: D72, H30, H77)

Acknowledgments: We are grateful to James Alt, Marie-Laure Breuillé, Nelly Exbrayat, Jon Fiva, Achim Goerres, Lucy Goodhart, Joshua Holm, Johannes Münster, Susana Peralta, Jörn-Steffen Pischke, Stéphane Riou, Mark Schelker, Jim Snyder, Albert Solé-Ollé, Craig Volden, Jurgen Willems, and participants at the 2nd EPSA Meeting (Berlin, Germany), “The End of Fiscal Federalism” Workshop (Berlin, Germany) and a research seminar at GATE-LSE (St-Etienne, France) for excellent suggestions. We also greatly appreciated supportive criticism and insightful comments from five anonymous referees and the editor (Dirk Bergemann), and access to parts of the data from Leo Kahane and Jim Snyder. Benny Geys acknowledges financial support from FWO-Vlaanderen (Odysseus grant G.0022.12). Opinions expressed are those of the authors and are not attributable to GDF Suez. The usual caveat applies.

E-mail: Benny.Geys@bi.no (Geys); janhvermeir@hotmail.com (Vermeir)