Strategic and Non-policy Voting:

A Coalitional Analysis of Israeli Electoral Reform

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Abstract

I examine why a majority of Israel’s legislators voted for direct election of the prime minister, reforming the electoral system that vested them with power. The analysis incorporates coalitional politics, strategic voting, and voter preferences over non-policy issues such as candidate charisma. The model generates novel hypotheses that are tested against empirical evidence. It explains five empirical puzzles that are not fully addressed by extant explanations: why Labour supported the reform, why Likud opposed it, why small left-wing parties supported the reform, small right-wing parties were split, and religious parties opposed it, why the Likud leadership, which opposed reform, lifted party discipline in the final reading of the bill, and why electoral reform passed at the particular time that it did.
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On March 18, 1992, Israel’s twelfth Knesset legislated the direct election of the Prime Minister, fundamentally altering Israel’s electoral system. Such large-scale electoral reform is rare in democracies.¹ This is because electoral reform requires that those who have been vested with power by a particular system vote for a new system whose consequences are uncertain.

Efforts to explain the political causes of Israeli electoral reform leave critical questions unanswered. A theory of electoral reform must explain both the interests of the political actors involved as well as why reform occurred at a particular time; it must specify the changes in the actors’ interests or in the political system that led to reform. In the particular case of Israel’s adoption of direct election of the prime minister, five empirical puzzles must be addressed. The first two are why the Labour party supported the reform and why Likud opposed it. The third puzzle involves the interests of the smaller political parties, in particular, why small left-wing parties supported the reform, small right-wing parties were split, and religious parties opposed it. The fourth puzzle is why the Likud leadership, which opposed the reform, lifted party discipline in the final reading of the bill. Finally, an explanation is required for the timing of the reform.

To gain theoretical leverage over these puzzles, I propose an analysis that incorporates coalitional politics, strategic voting within a spatial policy environment, and voter preferences, for at least some voters, over non-policy issues such as candidate personality or charisma. Such a model captures some of the richness of voting and campaign decisions. Candidates are not simply bundles of policy positions and voters are not simply driven by policy considerations.
Still, these elements are important in electoral choices and provide a basis for strategic behavior. This explanation addresses all five empirical puzzles in a way that a purely policy-based analysis, in which voters attach no value to non-policy characteristics of candidates, cannot.

The paper proceeds as follows. I outline my theoretical model in general terms. I continue with a history of Israeli electoral reform, which establishes the framework for three explanations of the 1992 case that have been suggested in the literature. I argue that these explanations are unsatisfactory, as each neglects one or more of the puzzles discussed above. I then apply my general model to Israeli politics and argue that it successfully addresses each of the five puzzles. The analysis generates novel hypotheses that are tested against empirical evidence. I conclude with a discussion of the model’s explanatory power and its possible application to other cases.

**The General Argument**

Suppose there is an electoral system based on proportional representation/list voting with voters who have single-peaked preferences and are distributed on a unidimensional continuum such that some party’s list of candidates is favored. Assume that the distribution of voters is not perfectly symmetric and, without loss of generality, that it is skewed to the right. I label the party of the median voter as the right-centrist party. If voters choose the party list they vote for strictly in terms of their spatial distance from the parties arrayed on the issue continuum, then the right-centrist party either will win on its own or will form a coalition with other spatially proximate parties. Non-centrist voters might behave strategically, voting for the centrist party they prefer more to increase the odds that this party will lead the government, maximizing their preferred
party’s chances of inclusion in the governing coalition. Voters have no incentive to vote for the centrist party farther from them. Without a change in the distribution or incentives of voters, the left-centrist party will never win sufficient support to lead a government. These strategic voting incentives are shown in Table one.

Table 1: Voter strategies and party vote totals with simple proportional representation

<table>
<thead>
<tr>
<th>Party</th>
<th>Voter Strategy</th>
<th>Party Vote Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right Wing</td>
<td>a percentage, ( p ), vote right wing ((1-p)) percent vote right centrist</td>
<td>( p ) percent of right-wing voters</td>
</tr>
<tr>
<td>Right Centrist</td>
<td>right centrist</td>
<td>all right centrist + ((1-p)) percent of right wing</td>
</tr>
<tr>
<td>Left Centrist</td>
<td>left centrist</td>
<td>all left centrist + ((1-q)) percent of left wing</td>
</tr>
<tr>
<td>Left Wing</td>
<td>( q ) percent vote left wing ((1-q)) percent vote left centrist</td>
<td>( q ) percent of left-wing voters</td>
</tr>
</tbody>
</table>

Suppose the electoral system is modified so one seat is directly elected by the voters and the winner of this seat determines which party forms the governing coalition. All other seats are still filled by list voting. With one seat contested in a national district by specific candidates, we might expect the same right of center bias as in the broader, list election. Under strictly policy voting, all voters to the left are expected to vote for the left-centrist party’s candidate and all to the right are expected to vote for the right-centrist candidate. Therefore, unless the distribution of voters is altered or their incentives are changed, the right-centrist party will continue to win.

The introduction of the directly elected seat eliminates the incentive for strategic voting in the parliamentary list election. The selection of the party to lead the government is now determined by the single, directly-elected seat and not by the distribution of seats within the
legislature. Therefore, non-centrist voters can vote for their favorite party, increasing its seat share in the national legislature, while influencing the selection of the national government through the vote for the single seat. They make the legislature more representative of their interests and still enhance their preferred party’s prospects of being in the national government. These strategies are summarized in Table two. This implies a hypothesis that contradicts a common explanation for Israel’s electoral reform: by removing the incentive to vote strategically, the introduction of direct election of the prime minister will increase the legislative representation of non-centrist parties. I return to this hypothesis later and show that it is borne out by the evidence.

If the directly elected seat must be won by a majority, so that a runoff is possible, strategic voting analysis yields another prediction. Voters support the large centrist party closest to them in the direct election. Voting for a small party candidate in the direct election is a waste. Non-centrist prime-ministerial candidates hurt their parties by drawing votes away from the centrist candidate most likely to coalesce with their party. Thus, non-centrist candidates are not expected to run in the direct election. If they do, they will drop out early and their support will shift to the centrist candidate on their side of the political spectrum. A second round should rarely be required; if one is, the strategic dynamics are unaltered.
Table 2: Voter strategies and party vote totals with proportionally distributed seats, one directly elected seat, and only policy based voting

<table>
<thead>
<tr>
<th>Party</th>
<th>Voter Strategy</th>
<th>Party Vote Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Proportional</td>
<td>Directly</td>
</tr>
<tr>
<td></td>
<td>Seats</td>
<td>Elected Seat</td>
</tr>
<tr>
<td>Right Wing</td>
<td>vote right wing</td>
<td>Vote center right</td>
</tr>
<tr>
<td>Center Right</td>
<td>vote center right</td>
<td>Vote center right</td>
</tr>
<tr>
<td>Center Left</td>
<td>vote center left</td>
<td>Vote Center left</td>
</tr>
<tr>
<td>Left Wing</td>
<td>vote left wing</td>
<td>Vote Center left</td>
</tr>
</tbody>
</table>

The introduction of the direct election creates another potential change in voter incentives. The first change alters the composition of the legislature, but does not alter the advantage of the right-centrist party. In a list election, voters who favor particular candidates have no effective way to express that preference. In the direct election, however, voters who have non-policy preferences over candidates have a ready opportunity to express them.

Non-policy preferences might, for instance, be over charisma, successful use of the media, or status as a national hero. For some subset of the voters such personal characteristics may swing their votes despite policy disagreements. Less informed voters may be particularly likely to vote for non-policy reasons. The distinction between policy and non-policy considerations is not discrete. Charisma, for example, may help a candidate promote his/her policy positions. Nonetheless, non-policy considerations do impact the decision-making of at least some voters.
In some cases, voters with non-policy preferences may weigh those interests more heavily than their policy preferences and vote for a candidate farther from them on the policy dimension. These strategies are summarized in Table three. Even if the probability of having a non-policy advantage is randomly distributed between the two parties, the change to direct election increases the left-centrist party’s probability of leading the government relative to the all-list election. In the all-list election, where there were no non-policy voters, the left-centrist party, in this stylized example, had no chance of winning. One directly elected seat introduces the possibility of non-policy voting. The left-centrist candidate may sometimes have the non-policy advantage. And, when this occurs s/he will have a positive probability of leading the government.

This theoretical result is strengthened by considering voter turnout. Citizens who weight policy preferences heavily are those who are politically knowledgeable or have specific policy interests. Such voters are most likely to vote under the old proportional representation system. By introducing non-policy voting, direct election will attract less informed voters. This will benefit the left-centrist party because its platform is less popular among informed policy-based voters than the right centrist party’s platform.
Table 3: Voter strategies and party vote totals with proportionally distributed seats, one directly elected seat, and policy and non-policy based voting

<table>
<thead>
<tr>
<th>Party</th>
<th>Voter Strategy</th>
<th>Party Vote Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PROPORTIONAL SEATS</td>
<td>DIRECTLY ELECTED SEAT</td>
</tr>
<tr>
<td></td>
<td>Policy voters</td>
<td>Non-policy voters</td>
</tr>
<tr>
<td>Right Wing</td>
<td>right wing</td>
<td>Center right</td>
</tr>
<tr>
<td></td>
<td>all right wing</td>
<td>non-policy candidate</td>
</tr>
<tr>
<td>Center Right</td>
<td>center right</td>
<td>Center right</td>
</tr>
<tr>
<td></td>
<td>all center right</td>
<td>non-policy candidate</td>
</tr>
<tr>
<td>Center Left</td>
<td>center left</td>
<td>Center left</td>
</tr>
<tr>
<td></td>
<td>all center left</td>
<td>non-policy candidate</td>
</tr>
<tr>
<td>Left Wing</td>
<td>left wing</td>
<td>Center left</td>
</tr>
<tr>
<td></td>
<td>all left wing</td>
<td>non-policy candidate</td>
</tr>
</tbody>
</table>

In real elections, voters choose in a more complex way than is reflected in standard median voter interpretations. People vote based on party identification, the charisma or personal attributes of a candidate, and for a host of other reasons. The model I propose examines the implications of non-policy voting within a rational-actor framework and shows how political parties might maneuver strategically to take advantage of non-policy voting.

The History of Israeli Electoral Reform

The debate over electoral reform in Israel dates to the beginning of the state. At its formation, Israel adopted a proportional representation system. The entire country constituted a single district in which the citizens voted for party lists for representation in the unicameral parliament,
the Knesset. The strikingly inclusive system required only one percent of the vote to secure a seat in the 120 seat Knesset. The prime minister was the leader of the party that formed a majority coalition.

The Israeli electoral system underwent small changes between 1948 and 1992. In 1973 Israel switched from the largest remainder formula for assigning Knesset seats to the d’Hondt formula, which favors large parties. In 1992, the threshold for obtaining a first seat in the Knesset was raised to 1.5 percent. However, several attempts at large scale reform, prior to 1992, failed.

In 1988 a national unity government was formed. A bipartisan committee on electoral reform was convened but its proposal never reached the Knesset’s plenum. In 1990, Labour left the coalition in a dispute over the peace process. The Knesset passed a vote of no-confidence and the government fell.

Although Labour led the vote of no-confidence, it failed to form a coalition. Likud formed a new government in June of 1990 without Labour. However, a major political crisis developed between the vote of no-confidence and the formation of this new coalition. During this period, both Labour and Likud negotiated with the small parties in an attempt to form a coalition.

The extent of political deal-making shocked the public. Likud and Labour leaders promised ministries and funding to lure small parties into their respective camps. MKs defected from their parties to increase their political market value. Corruption seemed the norm.

The political mayhem following the fall of the national unity government caused the Israeli public to question the electoral system. Indeed, members of the Israeli political elite suggested that corrupt behavior was an endogenous feature of the system. Yitzhak Rabin, second
in command of Labour, referred to promises of personal benefits made to MKs to attract them to Labour’s coalition as “the dirty trick.” It was after this crisis that the movement toward electoral reform got off the ground.

Shortly after the vote of no-confidence, four electoral reform bills were proposed by individual MKs from four parties. The various bills proposed dividing Israel into districts, introducing a constructive vote of no-confidence, or directly electing the Prime Minister. The small parties opposed districting. Labour supported direct election, whereas Likud supported the constructive vote of no-confidence. The direct election bill was the first to pass a reading in the Knesset and came to occupy the central place in the debate over electoral reform.

The Labour party and small left-wing parties supported direct election, Likud and the religious parties opposed it, and the small right-wing parties were divided. On the final day of the twelfth Knesset, Likud lifted party discipline, allowing Likud MKs to vote their conscience. An amended version of the direct election legislation passed. The primary amendments to the bill reduced the requirement for a no-confidence vote from a super-majority of seventy to an absolute majority of sixty-one votes, required a majority of the Knesset to approve the cabinet, and postponed implementation of direct election from the upcoming thirteenth Knesset elections until the election of the fourteenth Knesset in 1996.

Beginning with the fourteenth Knesset, the prime minister was to be elected by a direct referendum of the citizens. At the same time, the Knesset would stand for election in the manner it always had, proportional representation. In order to win the prime ministry, a candidate must win a majority of the votes cast. If no candidate does so, then a run-off election is held between the two top vote-getters. After the prime minister is selected, s/he has 45 days to form a
government which must be approved by a majority of the Knesset. The government can be disbanded by a joint decision of the prime minister and the president or by a vote-of-no-confidence by the Knesset. In either case both the prime minister and Knesset stand for new elections.

Analysis of the Extant Explanations

Three explanations of Israeli electoral reform are offered in the literature: the reform was enacted to curb small party power;\textsuperscript{11} it was a response to public demand for governmental change in conjunction with a public commitment to instrumental voting;\textsuperscript{12} or it was a function of the short-term interests of elite political players.\textsuperscript{13} I examine each of these explanations and find each lacking. I then offer an analysis focusing on coalitional politics, strategic voting, and non-policy voting and demonstrate how it addresses each of the five puzzles elucidated in the introduction.

Curbing the Power of Small Parties

The small extremist parties in Israel wielded tremendous power under the old electoral rules. The inclusiveness of proportional representation with a one percent threshold, in conjunction with the fractured nature of Israeli political society, insured that many parties were represented in the Knesset. Because neither large party ever captured a majority of Knesset seats, coalition formation was necessary.

Under the old system, one party was invited by the president to form a coalition. If that party failed, the other large party had the opportunity to form a government. Therefore, both large parties bargained with the small, pivotal parties from the time seats were allocated. The small parties could extract ministerial portfolios and policy promises in exchange for supporting
a coalition. The religious parties wielded such power that, according to Sprinzak and Diamond, “anti-Zionist rabbis in their eighties and nineties--were made the ultimate judges of Israel’s national interest.” According to Hazan, public desire to curb the power of these small parties was the primary argument for direct election.

Direct election did little to curb the power of small parties. Under the new system only the party that wins the prime ministry has the right to form a government. Hence, the free-for-all nature of bargaining in the Knesset may be diminished. However, the government still must be approved by a majority of the Knesset. Thus, as Doron and Kay argue, the new system “would require, as it does in the current system, a formation of winning coalitions in the Knesset and in its committees. Inter-party bargaining (some call it “political extortion”) would not be avoided.” The new electoral system does not eliminate political payoffs to small parties to garner their support.

The threshold for inclusion in the Knesset was raised, making it slightly more difficult for small parties to gain a legislative foothold. However, the reform also should have reduced strategic voting in the Knesset election if my general argument, explicated above, is correct. If the removal of the incentive to vote strategically outweighs the increased threshold for representation in the Knesset, then the net effect of the reform is to enhance rather than diminish the strength of the small parties.

I have hypothesized that direct election changes strategic voting in the list election, making defection from small parties less attractive to the voters who favor them. Thus, the new system is expected to increase the number of seats won by small parties. In the first six elections since the emergence of Israel’s system with two dominant parties in 1973, the two major parties
won an average of eighty-five seats out of 120, with a low of seventy-five (1977) and a high of ninety-five (1981). In the 1992 election, the last election before the reform went into effect, the two major parties won eighty-four seats. In the 1996 elections, the first under the reform, the two leading parties won only sixty-six seats and in 1999 they won only forty-five seats; nineteen and forty fewer seats, respectively, than the pre-reform average. This is evidence both for my argument and against the claim that the smaller parties were harmed by the electoral reform. Apparently, factors other than the desire to curb the power of the extremist parties caused the reform.

**Instrumental Voting and Public Opinion**

Hermann argues that the primary force behind electoral reform was a shift in how Israelis view themselves politically. Instrumental voting, Hermann argues, replaced party loyalty as the new norm. Israelis now reward or punish Mks based on policy results.

Because of instrumental voting politicians could not ignore the public will. The coalition crisis of 1990 raised a public furor over the governance system, making electoral reform sufficiently salient to motivate instrumental voting. According to Hermann, the confluence of these two factors forced MKs to support electoral reform.

Because of the short time span involved and the lack of survey evidence, it is difficult to assess whether the rise in instrumental voting actually occurred. Hermann cites one Gallup poll in which “15 percent [of respondents] said that they would not vote for a party that did not include the express commitment to a governance reform in its platform.” She also offers anecdotal evidence from television interviews, as well as the argument that
the fact that the major winners in the 1992 election had advocated reform, whereas the losers had ignored or brushed it aside, seems to strongly suggest that electoral reform was a central factor in determining the election results.\footnote{21}

This is a difficult argument to sustain. The fact that the winners of the 1992 election were also the supporters of electoral reform and the losers its opponents offers us \emph{no evidence} that the two are causally linked, let alone does it \emph{“strongly suggest”} that electoral reform was a central factor \cite{emphasis mine}. One cannot establish a causal relationship using just one case. The evidence for the rise of instrumental voting, a Gallup poll and television interviews, is not sufficient empirical basis to accept Hermann’s contention, nor should it be rejected outright. The heart of a critique of the instrumental voting argument, then, must rely on the logic undergirding the analysis.

Suppose instrumental voting were the new norm and that electoral reform was a significant determinant of instrumental voting, as Hermann argues. One would then expect that all political parties, presumably aware of both instrumental voting and the increased salience, would support such legislation. To argue that Labour supported the electoral reform because it was popular and they feared voter reprisal begs the question of why \emph{Likud} opposed it. If any party that opposed electoral reform faced mass defection by voters, then surely all self-interested parties, eager to win, would support reform. Yet, \emph{Likud} actively opposed the direct election legislation. This logical inconsistency, in conjunction with the lack of evidence, suggests that instrumental voting and high salience are insufficient to explain the politics of electoral reform.
**Interests of Political Elites**

Doron and Kay argue that the primary cause of the electoral reform was the short-term interests of the parties’ political elites. At the time of the reform, Shimon Peres led the Labour party, but Yitzhak Rabin was re-emerging as the popular choice for leadership. In addition, Labour switched the method by which its party list was selected from the central committee to a party-wide primary. This decision was made to “bypass Peres’ domination of the Center by appealing to a larger body of voters,” who would presumably support the more popular Rabin. There was not a comparable leadership issue within the Likud, which was led by Yitzhak Shamir.

As an individual candidate, Rabin was very popular. A poll taken at the end of 1991 found that Rabin, in a head to head contest, would defeat every member of the Likud party, including Shamir. Doron and Kay argue that Labour supported the reform because it would help them win the next election by focusing on Rabin. Likud opposed the reform because Shamir would be hurt by an election that focused on individual leaders rather than policy.

The political elites argument also explains why Likud lifted party discipline for the final vote over electoral reform. Party discipline was relaxed only after an amendment was added delaying implementation of the new system until the fourteenth Knesset, after Shamir would already have retired.

Doron and Kay’s model, through its examination of intra-party politics, also addresses why the change occurred when it did. Shimon Peres is not a charismatic leader and did not stand to benefit from direct election. The coalitional crisis of 1990 gave Rabin the opportunity to challenge Peres’ power. Rabin seized this opportunity, labeling Peres’ behavior as “the dirty
trick.” The coalitional crisis also sparked public interest in legislative accountability to the electorate, which Rabin exploited by lobbying for primaries.

Once Rabin had a chance to become its leader, direct election of the Prime Minister became attractive to Labour. Without Rabin as leader, direct election would not help Labour because Peres lacked Rabin’s charisma. The electoral reform, then, occurred when it did for several reasons. Electoral reform required the coalitional crisis to set it in motion by putting reform on the national agenda and giving Rabin the opportunity to assume the leadership of Labour. Furthermore, prior to the potential ascendancy of Rabin, the reform was not in Labour’s interest because it was not in Peres’s interest. The coalition crisis provided a basis to separate Labour’s interests from Peres’s, giving Labour a reason to try to ride the coattails of Rabin.

The interests of political elites explanation addresses four of the five puzzles. However, Doron and Kay’s theory fails to account for the third puzzle: the motivations of the small parties. The political elites argument is also entirely contingent on short-term calculations that benefit particular politicians. Israeli politicians’ motivations may have been short sighted and linked to the interests of their party leaders. However, because electoral reform was a systemic change that will affect Israel’s entire political future, it would be preferable to find an explanation that is consistent with the elites’ perspective, but that does not rely on this restrictive assumption of shortsightedness.23 I develop such an explanation by examining how coalitional politics and strategic voting were affected by electoral reform.

A Coalitional Politics and Strategic Voting Analysis

Since neither of the two major parties has ever won a majority of the Knesset, the formation of
coalitions with small parties is a critical element of Israeli politics. Therefore, to understand the political causes of electoral reform, we must understand how it affected coalitional politics.

Israeli parties (at the time of the reform) can be categorized in five groups, of which three involve small parties: the extreme left, the extreme right and the religious parties. The extreme left includes Meretz and the Arab parties, the extreme right is the National Religious Party, Tehiya, and Moledet, the religious parties are Yahadut Hatorah (made up of Agudat Israel and Degel HaTorah) and Shas. If coalitional considerations are at the core of electoral reform, then when evaluating the new legislation, Labour and Likud must have primarily been concerned with its effect on the behavior of these small parties and their voters.

In order to examine the dynamics of coalitional behavior in the old and new electoral systems I offer several simplifying assumptions to characterize the complex Israeli political system. I have assumed that the political map can be divided into five sections: the extreme left, the left (Labour), the right (Likud), the extreme right and the religious. I further assume that the parties are constrained regarding possible coalition partners for ideological reasons. That is, they choose coalition partners on the basis of policy compatibility and spatially defined preferences. I assume that the extreme left will not coalesce with either the right or the extreme right; the left will not coalesce with the extreme right; the right will not coalesce with the extreme left; the extreme right will not coalesce with the left or the extreme left; and the religious parties will coalesce with anyone, but prefer the right.24

The extreme right’s territorial expansionism is anathema to the left’s and extreme left’s understanding of how to achieve peace. And the eagerness of the extreme left to give up land and move settlers is unacceptable to the right. The religious parties are primarily concerned with
obtaining funds and policies for their particular communities and in controlling religious affairs.
Consequently the religious parties will form a government with either side provided they are promised sufficient concessions on the issues of particular importance to the religious community. Because some extreme-left parties, such as Meretz, are viewed as anti-religious, Labour’s willingness to include such parties in their governments make Labour a less attractive coalition partner for the religious than Likud. Likud has traditionally been sympathetic to the concerns of the religious groups and is not inclined to include anti-religious parties in its governments. Table four summarizes the possible coalitions.

<table>
<thead>
<tr>
<th>Voting Bloc</th>
<th>Extreme Left</th>
<th>Left</th>
<th>Right</th>
<th>Extreme Right</th>
<th>Religious</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extreme Left</td>
<td>--</td>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>Left</td>
<td>yes</td>
<td>--</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>Right</td>
<td>no</td>
<td>no</td>
<td>--</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Extreme Right</td>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>--</td>
<td>yes</td>
</tr>
<tr>
<td>Religious</td>
<td>yes, not preferred</td>
<td>yes, not preferred</td>
<td>yes, preferred</td>
<td>yes, preferred</td>
<td>--</td>
</tr>
</tbody>
</table>

Under the old system, one party was invited to form the government. If it failed the other large party had an opportunity. Because neither party had the sole power to form a government, both major parties negotiated with the small parties. Thus, the distribution of seats was the key factor in Israeli coalitional politics.
Cox suggests that because seat distribution in Israeli politics was so vital, it may have resulted in strategic voting from members of the small parties. Because neither the left nor the right expected to have a majority each party needed to negotiate with religious parties. It was important to Likud and to Labour to emerge as the largest party so as to be chosen as the formateur and thus be given the first chance to make an offer to the religious parties. This strategic environment may have led voters who preferred small left- or right-wing parties to vote for the larger, more centrist, party that leaned to their side of the political spectrum. They would do so to increase the odds that their side of the political spectrum would have the first chance to form a coalition and that their most preferred party would be part of this coalition. This theoretical possibility is supported by the empirical work of Felsenthal and Brichta, which establishes that approximately 12% of the Israeli electorate voted strategically.

Can the new electoral system’s effect on strategic voting, and consequently on seat distribution and coalition formation, explain the politics of the electoral reform? I begin by examining the incentives to vote strategically under the old and new systems. Then I evaluate which parties are expected to benefit from the new system.

People vote strategically to increase the odds that their ideal party will be part of the governing coalition. They do so recognizing that their strategic defection implies that their preferred party will receive marginally fewer seats. Supporters of non-centrist parties may increase the odds that their preferred party will be in the government by voting for the centrist party most inclined to form a coalition with their preferred party. The added votes for the chosen centrist party make it more likely that that centrist party will be the first invited to form a coalition. Those voters who most prefer Labour or Likud have no incentive to vote
strategically. It is the voters who prefer small parties that may have an incentive to vote strategically.

Since 1977, when Likud won control of the Knesset for the first time, Likud and Labour have controlled approximately the same amount of the electorate. Under the old system, this even split gave the extreme left and right voters incentives to split their votes. An example will illustrate the point. A Meretz voter had two reasonable choices in selecting who to vote for under the old system. If s/he voted for Meretz s/he increased the marginal number of seats that Meretz received. However, if s/he voted for Labour, s/he increased the odds that Labour would be the party asked to form the coalition. And, if Labour formed the coalition, Meretz was sure to be a part of it, and thereby gain portfolios, whereas if Likud formed the coalition, Meretz was certain to be excluded. According to the literature on parliamentary systems, the number of portfolios that Meretz would gain if it were in a coalition would be approximately proportionate to the number of seats that Meretz held in the Knesset. Voters for Meretz faced a trade-off between seat share and likelihood of being in a coalition. It is precisely this type of trade-off that Austen-Smith and Banks identified in their theoretical work when they found that “a party’s influence in the legislature is not monotonic in its vote share.” A combination of vote share and likelihood of being in a coalition characterize a party’s potential influence. Similar logic holds true for the voters of the other extreme-left parties and for voters on the extreme-right, who face the same trade-off with respect to Likud. Thus, one would expect that under the old system, among the voters who supported the extreme left or extreme right, there was strategic vote splitting. Some voted for their “true-preference” (that is the extremist parties) and some voted “strategically” for the centrist party closest to their political position.
The trade-off that the voters in the extremist parties face is a result of their parties inability to form a coalition with the centrist party on the other side of the political spectrum. This is not true for the religious parties. Although the religious parties prefer \textit{Likud} to Labour, they will enter into a coalition with either side. The primary interest of the religious parties is to garner political goods for their communities. Therefore, they were concerned with maximizing seats and thereby portfolios within whichever government they joined. The religious voters had no incentive to split their votes. Strategic voting dictated that they vote exclusively for the religious parties.

With the change to the direct election of the prime minister, the dynamics of strategic voting were fundamentally altered. The formateur is now determined by who wins the prime-ministry. Extremist voters can vote for a centrist candidate for prime minister and their preferred party for Knesset. Indeed, the extremist voters no longer gain any benefit from splitting their votes within the Knesset elections because the number of Knesset seats has no bearing on who forms the government. Hence, under the direct election system, one expects that virtually all extreme-left voters will vote for the Labour candidate for prime minister and for their extreme-left parties for Knesset. Extreme rightist will vote for \textit{Likud} for prime minister and for the extreme-right parties for Knesset. As we saw earlier, this hypothesis, derived from my model, is borne out empirically. The Knesset representation of extremist parties has increased significantly since the reform. Because only a centrist candidate from a large party has a serious chance at winning the prime ministry, one expects that the religious parties will also choose to vote for one of the two centrist candidates for prime minister and vote for religious parties in the Knesset race. The religious voters tend to favor \textit{Likud} over Labour, but this is by no means absolute.
Consequently, in the prime ministerial election, some percentage of the religious voters will vote for the Likud candidate and some smaller percentage will vote Labour. Table five summarizes the voting strategies of all voters in both systems.

Table 5: Voting strategies in old and new electoral systems

<table>
<thead>
<tr>
<th>Voting Bloc</th>
<th>Old System</th>
<th>New System</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PRIME MINISTER</td>
<td>KNESSSET</td>
</tr>
<tr>
<td>Extreme Left</td>
<td>π(EL) vote extreme left; (1-π)(EL) vote left</td>
<td>all EL vote left</td>
</tr>
<tr>
<td>Left</td>
<td>all LB vote left</td>
<td>all LB vote left</td>
</tr>
<tr>
<td>Right</td>
<td>all RT vote right</td>
<td>all RT vote right</td>
</tr>
<tr>
<td>Extreme Right</td>
<td>θ(ER) vote extreme right; (1-θ)(ER) vote right</td>
<td>all ER vote right</td>
</tr>
<tr>
<td>Religious</td>
<td>all RL vote religious</td>
<td>α(RL) vote right; (1-α)(RL) vote left</td>
</tr>
</tbody>
</table>

KEY:
EL = the total number of extreme left voters
LB = the total number of left voters
RT = the total number of right voters
ER = the total number of extreme right voters
π ∈ (0,1) = the proportion of EL who vote extreme left
θ ∈ (0,1) = the proportion of ER who vote extreme right
α ∈ (.5,1) = the proportion of RL who vote right

Given these strategic factors, I can now analyze the likely vote totals for each party and their resultant coalitional possibilities using the notation as defined in Table five. Under the old
system, the left received votes totaling $LB+(1-\pi)(EL)$; the right received votes totaling $RT+(1-\theta)(ER)$; the extreme left received $(\pi)(EL)$ votes; the extreme right $(\theta)(ER)$ votes; and the religious parties (RL) votes. It was usually the case that neither the combination of all left and extreme left votes ($(LB+(1-\pi)(EL)] + [(\pi)(EL)]$) nor all right-wing plus extreme right-wing votes ($(RT+(1-\theta)(ER)] + [(\theta)(ER)]$) translated into a majority in the Knesset. If one of them did, then that group was likely to form the coalition. If not, a deal had to be struck with the religious parties. The right was favored in this deal making because of the predilection of the religious parties for Likud. However, particularly if Labour received more votes than Likud ($(LB+(1-\pi)(EL)] > [RT+(1-\theta)(ER)]$) so that Labour got first chance to form a coalition, Labour had a chance at leading the government by making concessions to the religious.

Under the new system, the left receives all Labour votes for prime minister, as well as all extreme left votes and a minority share of religious votes (that is, $LB+EL+(1-\alpha)(RL)$), while the right receives all Likud votes, all extreme right votes and a majority of religious votes (that is, $RT+ER+(\alpha)(RL)$). At the time of the electoral reform, the number of voters (excluding religious) on the left and right were fairly even. For example, in 1988 the percentage of voters who voted for left or extreme left parties (LB+EL) was approximately 45%, and for right and extreme right parties (RT+ER) was approximately 42%. Thus, the share of religious votes that each side receives is key. Likud has an advantage because the religious prefer Likud. Thus, given the distribution of votes, under the new system Likud seems almost certain of winning the prime ministry, whereas under the old system they depended on coalition formation with the religious parties.

The new system seemed to benefit Likud. Under the old system, Likud did not receive the
votes of the religious parties towards its vote total. Instead it had to rely on the religious parties’ predilection for forming a coalition with the right once they reached the Knesset. Under that system the Likud always faced the risk that Labour would be offered the opportunity to form the coalition first and would offer sufficient enticements to lure the religious to a left-wing coalition. With direct election of the prime minister the religious express their preference for Likud during the election of the prime minister. The new system thereby denies Labour the opportunity to tempt the religious parties away from Likud during the coalition formation stage. From this perspective the new system seems to make it more likely that Likud will head a coalition. This is a troubling finding for the purely policy-based coalitional explanation because Likud opposed the new legislation and Labour supported it.

A purely policy-based coalitional argument is not adequate to explain the reform. Retaining the above strategic analysis, I integrate policy considerations with the recognition that some voters choose on the basis of non-policy considerations, such as personality differences across the candidates. With the inclusion of this non-policy dimension, I am able to identify a coalitional explanation of electoral reform in Israel and its five associated puzzles.

A New Explanation: Coalitional Politics, Strategic Voting, and Non-Policy Voting

Earlier I pointed out survey evidence that demonstrated that Rabin could win a direct election against any Likud candidate. This observation indicates that there were enough voters who chose on non-policy based grounds to swing the election away from the outcome anticipated in a strategic policy-voting setting. Of course, that does not mean that the total number of such voters needed to be large. Since the vote totals for the major parties were close, a small proportion of
non-policy oriented voters could dramatically affect the outcome.

Recall that the vote total of a Labour candidate running for prime minister is expected to equal \( LB + EL + (1-\alpha)(RL) \) and a \textit{Likud} candidate’s vote total is expected to be \( RT + ER + (\alpha)(RL) \), where \( RT + ER + (\alpha)(RL) > LB + EL + (1-\alpha)(RL) \) because \( RT + ER \approx LB + EL \) and \( (\alpha)(RL) > (1-\alpha)(RL) \). This implies that a \textit{Likud} candidate should generally win prime-ministerial elections in the new system, provided that neither candidate has a strong advantage on non-policy based voting criteria. The new system will usually elect a \textit{Likud} prime minister if we assume that \textit{Likud} candidates are not systematically disadvantaged on non-policy factors. Labour can only win when its prime ministerial candidate has a sufficiently large advantage on the non-policy dimension. Rabin was so popular that he could beat any \textit{Likud} challenger. This indicates that the above inequality \textit{must not have been true for Rabin}. This is possible if a small number of \textit{Likud} voters vote for Labour for prime minister because of non-policy considerations or a sufficient additional number of the religious party voters choose Labour over \textit{Likud}. This argument, based on my more general model discussed earlier, provides the foundation for a coalitional explanation of why Labour supported the electoral reform.

Under the old system, Labour ran on a party platform. Once it reached the Knesset, Labour had to convince the religious voters to join it by offering political payoffs to overcome its less popular platform. This may have been almost impossible because whatever payoffs Labour could offer, presumably \textit{Likud} could offer the same in addition to its policy platform which was closer to the policy preferences of the religious voters.\textsuperscript{33} Remember, under the old system, voters chose lists, not individual candidates.

Under the new system, Labour does not need to sell its platform to the same extent. It can
now sell an individual leader because the prime-ministerial candidate is raised above the anonymity of parliamentary list voting. The prerogative to form the government hinges on votes for individual candidates rather than on the performance of the competing lists. Because Labour’s platform is preferred by a minority of the population, Labour was greatly disadvantaged under the old system. Under the new system, Labour stands to benefit from the focus on an individual leader. When the focus is on the leader, at least sometimes Labour will prevail, even if usually they will not. When the platform is the focus then Labour essentially ought never to prevail. With a charismatic candidate, Labour has a chance to win some cross-over votes from Likud and/or additional religious votes in the prime ministerial election. Labour needed only a small number of “personality” or non-policy voters to shift the outcome in its favor at the prime ministerial level.

Under the old system, Labour rarely expected to be in power because its platform did not appeal to the pivotal religious parties. Under the new system, at least sometimes Labour might run a charismatic leader who could pull enough voters from the Likud or the religious parties to win the prime ministry. Labour did not need to believe that it was always advantaged on the non-policy dimension in order to expect to benefit from the electoral reform. Indeed, even if Labour believed that Likud usually would have leaders with the non-policy advantage, Labour was still better off with the reform. As outlined in the general argument at the outset, any positive probability that Labour would sometimes enjoy a non-policy advantage increases their chances of electing the prime minister. Having won the prime ministry, Labour could form a governing coalition with the religious parties and the extreme left. Two closely related factors played into Labour’s decision to support the new legislation: the long-term benefit Labour would derive from
shifting the focus away from its unpopular platform to individual leaders; and the short-term benefit it reaped by having a popular leader, Yitzhak Rabin, who could capitalize on this shift immediately. Under the old system Labour almost never expected to be in power. Under the new system it has the hope of a charismatic leader emerging to give it victory.

This coalitional/strategic voting model also explains the preferences of the small parties. The extreme-left parties supported electoral reform, the extreme-right split their votes, and the religious opposed the reform. For the extreme-right and extreme-left the reform had two effects. By eliminating the incentive for extreme-party voters to vote strategically for centrist parties, the reform increased the expected vote-share of the extremist parties. This shift was beneficial both to the extreme-left and the extreme-right. However, the reform also increased the likelihood of a Labour led, left-wing coalition. This change benefitted the extreme-left, by increasing its chance of membership in a coalition, and hurt the extreme-right. Thus, the extreme-left supported the electoral reform whereas the extreme-right was more-or-less indifferent. Unlike the extremist parties, the religious parties did not expect to gain seat-share from the electoral reform because they did not suffer from strategic defection under the old system. The religious were hurt by an increased chance of a Labour led government because the religious prefer Likud. Thus, the religious opposed the electoral reform.

Conclusion

Coalitional politics and strategic voting are vital to understanding the underlying politics of electoral reform. The coalitional argument I set forth, based on policy voting and personality voting, explains all five puzzles with which I began. Labour supported the electoral reform
because, given its relatively unpopular policy position, the reform increased Labour’s likelihood of leading a coalition in the long term by shifting the focus from party platform, list voting, to voting for an individual leader. This shift also benefitted Rabin in the short term. Likud opposed the reform because it decreased Likud’s likelihood of leading a coalition and because it hurt Shamir in the short term. The extreme-left wing parties supported the reform because it increased their expected seat-share and made a left-wing coalition more likely; the extreme-right wing parties were indifferent because reform increased their expected seat-share but made a right-wing coalition less likely; the religious opposed the reform because they did not expect to gain seats and it made their preferred right-wing coalition less likely. Likud’s leadership eventually lifted party discipline because Shamir secured the amendment that ensured that the reform would not go into effect until after his political career was over. The reform could not occur prior to the coalitional crisis of 1990 because this crisis was instrumental in setting in motion the debate over radical reform and because it gave Rabin the opportunity to win control of the Labour party. Without this potential ascendance of Rabin, the reform would have failed because it was not in the short-term interest of Shimon Peres, who lacked the personal charisma to exploit the direct election.

The model proposed here offers an alternative view of the key factors behind electoral reform. It fits the Israeli case well, and is the only existing explanation which addresses all five puzzles elucidated at the outset of this paper. This analysis also leads to the hypothesis that the small extremist parties would be beneficiaries, with respect to seat-share, of the reform. This novel hypothesis is contrary to the general expectation in the literature. Consistent with the hypothesis, the share of seats held by small parties in the Knesset went up substantially as
compared to all previous elections since the emergence of two major parties in Israel. My explanation is derived from standard assumptions about strategic policy voting augmented by the assumption that some small number of voters may choose on a non-policy basis. Though these conditions are demonstrated to be consistent with the evolution of the electoral system in Israel, they have the potential to be applied to any political system.

In the 1990’s Italy, New Zealand, and Japan all enacted electoral reforms. Although they began with different systems, each of these countries changed to a mixed member system in which some candidates are elected in a national list-election and others in local majoritarian elections.\(^{36}\) The type of analysis in this paper could be instructive in understanding these reforms. For instance, strategic vote splitting would be affected by the addition of local level elections. With local elections, supporters of a small, locally popular party might vote for their most preferred party locally and a centrist party nationally. Whereas, in the old Italian national proportional representation system, which did not have local representation, the supporters of such a party would strategically split their votes, as in the analysis of extreme left- and extreme right-wing voters in Israel under its old system. Such reform would, thus, strengthen small local parties and thereby fragment the political system. This prediction is contrary to the stated goal of Italy’s reform, to curb political fragmentation, but consistent with the eventual results.\(^{37}\) This paper also demonstrates that analyses of local majoritarian elections, in which only one seat is contested, must consider the effects of non-policy voting. Although the specifics of these other reforms remain outside the scope of my study, it is evident that the insights of an analysis based on coalitional politics, strategic voting, and non-policy voting have light to shed on electoral reforms in general.
Notes

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8. David Libai (Labour), Uriel Lin (Likud), Amnon Rubenstein (Shinui) and Yoash Szidon
(Tsomet).

9. An interesting question is why direct election became the central proposal. Diskin and Diskin suggest that the other proposals failed because they were less radical. This question is outside the scope of this study.

10. For a summary see http://israel.org/gov/directpm.html


17. The vote totals, by election, for the two leading parties combined are: 1973: 90; 1977: 75; 1981: 95; 1984: 85; 1988: 79; 1992: 84; 1996: 66; 1999: 45 . Note that in 1988 and 1992 I have included Likud, Tsomet and Labour in the totals because Tsomet merged with Likud. If Tsomet’s seats are not counted, the totals for the two major parties in 1988 and 1992 are 77 and 76 respectively, still significantly above their 1996 and 1999 totals.


19. Ibid., p. 280.
20. Ibid., p. 276.


24. I exclude national unity governments from my analysis because, while they have occurred in Israel, they tend to form at times of national crisis and be unstable. See William H. Riker, The Theory of Political Coalitions (New Haven: Yale University Press, 1962).


27. If an extremist party is on the threshold for obtaining a seat and its closest large party is far from its next seat, a few centrist voters might strategically vote for the extremist party. This situation will lead only to marginal amounts of strategic voting (at most one more seat for an extremist party without changing the seat-share of the centrist party) and so it is ignored in my model.

28. I use the terms Likud and Labour to refer to all center-right and center-left parties, respectively.

29. Eric C. Browne, and Mark N. Franklin, “Aspects of coalition payoffs in European


31. This occurred in the landslide for the left in 1992. For more on this, see note 33.

32. Recall that $\alpha > .5$.

33. In the 1992 elections the left won a majority of seats in the Knesset, which seems to contradict my model of the Israeli polity. This election occurred after the electoral reform, and one can argue that the effects of the reform were already being felt. The campaign was run not as a contest of lists but as an election between Shamir and Rabin, even though there was not direct election. Thus, it is not surprising that the left, led by the popular Rabin, was able to win the election. Although the formal rules were not in place, the reform had already changed the way Israeli elections were run. See Doron and Kay, p. 313.

34. Of the small party leftist MKs 9 voted for, 2 against and 2 not-present; on the right 3 voted for, 3 voted against and 4 not-present; in the religious 9 voted against and 4 not-present. *Divrei Ha-Knesset* [Knesset Proceedings], The 12th Knesset, *Moshav 4*, March 16-18, (Jerusalem: The Knesset, 1992) pp. 3862-3863.

35. Doron and Kay argue that the *Likud* MKs who supported reform were political up-and-comers, such as Benjamin Netanyahu, who saw an opportunity to further their careers.