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Abstract

We study how political parties select political leaders. Using regression discontinuity design and data from Finnish local elections, we find that parties use vote ranks to decide upon promotions. Moreover, we show that this primary effect is higher when competition either between or within parties is lower. We document differences in promotion patterns between parties, the primary effect being stronger in right-wing parties. This result is in line with previous research arguing that right-wing parties prefer more inclusive nomination procedures. Finally, our descriptive analysis suggests that parties weight previous political experience and candidates' policy positions in their promotion decisions more than voters value these characteristics.

1. Introduction

How do political parties select the people who get promoted to leading political positions? The answer is not that obvious and political scientists have been referring to political promotions as the "black box" or "secret garden" of politics (e.g. Gallagher and Marsh 1988, Field and Siavelis 2008, Hazan and Rahat 2010, Folke et al., 2015a). Promotions are often considered to be an internal matter, and parties may even be reluctant to reveal any details to outsiders.

Many countries around the world, for example Austria, Brazil, Finland, Indonesia, Japan, Latvia and Sweden, use electoral systems with open or semi-open lists in which a voter can, and sometimes even has to, express her preference for a particular candidate amongst many fielded by a party. Therefore, outcomes of such elections necessarily reflect voter preferences for individual candidates at least to some extent. Our main question is whether voter preferences are also accounted for in the within-party negotiations for political promotions. Understanding the links between election outcomes and political nominations is crucial in understanding accountability, how well voter preferences are reflected in actual policies and how electoral institutions interact with the selection of political leadership.

In a recent paper, Folke et al. (2015a) argue that electoral success should matter when it comes to political promotions. They show empirically that winners of the preferential vote in Swedish local semi-open list elections are more likely to become local party leaders or, if they belong to the largest party, hold more important positions in the local government than the runners-up, even if winners and runners-up have almost the same amount of votes. They label this effect as the "primary effect" with the idea that the local elections serve the role of primary elections in the following intra-party negotiations. Moreover, they provide additional evidence from Brazil where the winners of open-list elections turn out to become candidates in mayoral elections more often.[1]

Our paper provides an important addition to literature on comparative politics and design of electoral systems by exploring the primary effect on political promotions in Finland

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[1] The role of vote rank is also analyzed by Anagol and Fujiwara (2016), who study so-called runner-up effect in Brazilian, Indian and Canadian elections. They find that second-place candidates in elections have substantially higher probability of winning subsequent elections than close third-place candidates. Pope (2009) and Hartzmark (2015) study the role of rank-based norms in more general settings.

where open-list elections are in use. We focus on promotions to the position of the chairman of municipal board which is the most important political position in the Finnish local governments.[2] To obtain causal estimates of the primary effect, we use regression discontinuity design (see e.g. Lee and Lemieux 2010), or RDD. Same identification is also used by Folke et al. (2015a).[3] The main findings in Folke et al. (2015a) are largely corroborated with our baseline results. We do not find any primary effect in municipalities where there are absolute majorities, but in other municipalities, winners of the election are around 20 percentage points more likely to get promoted. Overall, ranking first approximately doubles the chances of political promotion. This effect is very close to what Folke et al. (2015a) find in Sweden. This is interesting for at least two reasons. On the one hand, preferential votes might have different roles in semi-open and open-list systems. Semi-open list elections allow voters cast a personal vote if they want to, and if they do, they probably have some reason for it. In open-list elections voters cast a personal vote merely because they always have to. Therefore, a preferential vote could be a stronger signal on voter preferences in semi-open than open-list elections, and thus, have a larger effect on the political promotions. On the other hand, it has even been argued that semi-open list system is merely a closed-list system in disguise (e.g. Farrell 2001, Mueller 2005 and Andeweg 2005). Hence, one might not expect that the preference votes play any role in the Swedish system. Our findings combined with those of Folke et al. (2015a) suggest that this is not the case.

While the effects of various electoral systems on political behavior have long interested political scientists (e.g. Duverger 1954, Grofman and Lijphart 1986 and Sartori 1994), the idea of Folke et al. (2015a) is novel in the literature and certainly deserves more attention. It is interesting to evaluate if parties take individual candidates' vote rank – in isolation of the vote share – into account in political nominations also in other countries than Sweden and Brazil. While the Brazilian open-list evidence in Folke et al. (2015a) is limited only to

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[2] This corresponds to the main outcome that Folke et al. (2015a) analyze in their paper. The main outcome in Folke et al. (2015a) is holding the top position on the party ballot in the next elections. In their data, 9 times out 10, the board chairman position goes to top placed candidate of the largest party. We look directly at the board chairman position, because in the Finnish open-list system the positions on the party ballot are not relevant.

[3] E.g. Eggers et al. (2015) provide extensive lists with some of the previous work employing RDD, and de la Cuesta and Imai (2016) and Skovron and Titiunik (2015) provide surveys on the most recent developments in RDD in the setting of close elections.

nominations to candidacy in mayoral elections, we study exactly the same type of promotion in Finland as Folke et al. (2015a) study in Sweden. Political promotions and nominations to candidacy in elections might be very different outcomes by their nature. Moreover, Sweden and Finland are more alike than Sweden and Brazil in other respects as well, suggesting that comparison between semi-open and open-list elections is cleaner here.

We take three steps further from the previous work. First, we provide an alternative analysis of the role of political competition. Folke et al. (2015a) argue that the primary effect should be larger when the political environment is more competitive. Empirically, they find some support for the theoretical framework, but they do not make a clear division between external competition between political parties and internal competition within them. We aim to clarify this distinction by using direct measures of political competition and find that both internal and external political competition actually decrease the primary effect. These findings are in line with the argument made by Hirano and Snyder (2014) who reason that primaries are introduced to promote individual electoral competition within dominant parties in localities where political competition is weak. Our second new insight is that we study differences in the primary effect across the political spectrum. Previous work on candidate and leadership selection in political parties has suggested that left-wing parties may prefer more centralized selection processes (e.g. Duverger 1954, Janda and King 1985 and Lisi et al., 2015). We argue that this might be reflected in the primary effect as well. In line with this reasoning, we show that the primary effect is larger for the right-wing parties than for the left-wing parties.

Finally, the open-list system also provides us a novel opportunity to compare voters' and parties' preferences for politicians. We find such comparison useful for shedding more light on political promotions. Even descriptive empirical evidence of this nature seems to be almost non-existent in the previous literature. Our descriptive results imply that parties take also into account politicians' other qualifications and not only their popularity as measured by votes or vote ranks. For instance, we document that board chairmen tend to have more previous political experience than other elected politicians and even other election winners. They are also more competent than other candidates or elected politicians to the extent we can measure it by income and education, for example, but less competent than the most popular candidates. Parties also seem to prefer policy position cohesion more than the voters.

Studying these determinants of political promotions is not only important from political scientists' and voters' perspective. Leaders may matter for economic outcomes (e.g. Jones and Olken 2005 and Besley et al., 2011), or there might be monetary benefits from political

power (e.g. Folke et al., 2015b; see also Kotakorpi et al., 2015 for economic returns to political office in Finland).

2. Local Politics in Finland

Currently, there are 313 municipalities in Finland, and they have a very important role in the Finnish system. See, for instance, Moisio et al. (2010) for an extensive overview of Finnish municipalities. On average, the local governments spend about five thousand euros per capita annually and about 20% of the workforce is employed by the municipalities. The majority of this expenditure is used to take care of statutory responsibilities which include social and health care, primary education, childcare, town planning, civil engineering (e.g., roads and waste and water management) etc. To cover their expenditures, Finnish municipalities are allowed to collect income taxes and out-of-pocket payments from users of municipal services. In addition, municipalities receive a share of corporate taxes and fiscal grants from the central government.

Decision-making in Finnish municipalities is led by local councils which are responsible for the operation and economy of the municipality. Decisions are taken by a simple majority of the council members. The council appoints a municipal executive board to prepare decision-making and it can also set up committees to deal with different functions, for example, social and health services, education or urban planning. Both the municipal boards and the committees usually have a preparatory role, and the final decisions are made in councils. Mayors are civils servants hired by the council and have only an executive role but no decision-making power.

Municipal councils are elected in municipal elections that are organized every fourth year, on the fourth Sunday of October. The council's term starts at the beginning of the next calendar year and ends at the end of the next election year. Finland has open-list electoral system in which voters cast their vote directly to a single candidate. Voter cannot vote only for a party, but her vote is also counted as a vote for the party list that the candidate belongs to.[4] Hence, a vote affects the number of seats a party list can obtain and also ranks the

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[4] Each candidate is assigned a candidate number which the voter has to write on the ballot. Official lists of candidates, their numbers and occupations, ordered by party affiliation, are shown to voters e.g. in the voting booth and often in local newspapers. Order of the parties is decided by lottery and candidates are ranked alphabetically within the lists.

candidate within that party list.[5] Seats in the municipal council are allocated using the d'Hondt method, and the total number of seats, varying between 13 and 85, depends on the size of the population.

After the local elections are held, the parties bargain with each other about how to divide the seats in municipal board and committees. Moreover, the parties need to agree on how to share chairman positions in the local council, municipal board and committees. The position of municipal board chairman, comparable to a mayor in many other countries, is considered to be the most important position in local politics. In a survey conducted in 1996, 74% of local politicians who responded said that chairmanship of municipal board is the most desired position. Moreover, over two thirds of the respondents said that board chairman has more political power than council chairman (Sinisalmi 1999).[6] In most cases, the largest party gets to nominate the board chairman and the remaining positions are shared between parties that hold seats in the local council. Of course, the most valuable positions are usually given to the members of the largest coalition (Sinisalmi 1999). According to our data, if some party holds an absolute majority, it tends to get all most important chairman positions. If there is no absolute majority in the municipality, the board chair goes most often to the largest party whereas the council chair is most often from the second largest party.

The municipal elections held between 2000 and 2012 were dominated by three large parties from the political left, center and right: the Social Democratic Party, the Center Party and the National Coalition Party, respectively. Other parties that hold seats in municipal councils include the Left Alliance, the Green Party, the True Finns, the Swedish People's Party and the Christian Democrats. Many municipalities also have local, often independent or one-agenda political groups that are not registered parties but hold seats in local councils.

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[5] The personal qualities of candidates have a great impact on Finnish voters. In a survey (KAKS 2008), voters were asked whether they base their voting decision on candidates or parties. Around half of the repliers said that they base their decision on party affiliation whereas around 40% responded that their decision is based purely on the candidates' personalities.

[6] Finnish local politicians are paid for each meeting they attend. According to survey conducted by Kuntaliitto (see Pekola-Sjöblom 2014), the board chairmen also get slightly higher salary (on average, 2,500 € per year and 100 € per meeting in 2013) than council chairmen (on average, 2,006 € per year and 101 € per meeting). In some of the largest municipalities, the board chairman is a paid full-time job.

Absolute majorities are a rather common phenomenon in Finnish municipalities. At the present, one party holds more than half of the seats in roughly every third local council. This party is almost always either the Center Party or the Swedish People's Party.

3. Data

This paper combines municipal election data from the Finnish Ministry of Justice and data on politicians' positions in the local government collected by the Association of Finnish Local and Regional Authorities (Kuntaliitto 2013). These data are available for four elections between 2000 and 2012 and the respective electoral terms, with the exception that the committee chairmen are observed only for the last term.[7] The data are further merged with data on municipal employee status from KEVA, income data from the Finnish Tax Administration and socio-economic characteristics from Statistics Finland which are used when checking for covariate balance.

Three further notions regarding the data should be made. First, we leave out two municipalities in 2004, as there are mistakes in their election results. Second, the chairmen are observed at the beginning of each electoral term, and there could be some unobserved changes during the four-year term. For example, parties could agree that chairman's term is shorter than four years and another person takes his place at some point. Third, chairmen of the municipal boards need not be elected politicians. We identify 42 such board chairmen in our data. As they did not participate in the elections, we cannot include them in our empirical analysis.

In the main parts of our empirical analysis, we use only data on candidates who are either winners or runners-up within their party lists. In a few cases of draws in the vote counts at the top, there are more than one winner or runner-up. We drop such lists out of the sample. We concentrate on the party lists that get to nominate the board chairman, as other cases have

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[7] The data from the Association of Finnish Local and Regional Authorities does not include candidate numbers for all years and sometimes there are typing errors or other mistakes in the candidates' names. The merging was partly carried out using fuzzy string matching algorithms after which the results were checked manually. This could leave a possibility of errors. However, the amount of possible errors is likely to be very small, because for the part of data where we know the perfect match due to observing the candidate numbers, also the matching algorithm was able to produce the perfect match.

no variation of interest in the outcome variable. We are interest only in the within-party decisions on who to promote rather than on the between-party allocation of chair positions, and thus, the population of interest is only the lists that get the chair position. After these restrictions are made, there are 2704 candidates in our sample, half of whom are winners and half runners-up.

Table A1 in Appendix A provides a rough comparison between the winners and runners-up. We notice immediately that the most popular candidates are more likely to obtain important positions in local government than runners-up, but at the same time, they are different in other dimensions as well. For example, they are more successful in the elections measured by the number of votes and vote share, and also more likely to be incumbents, have university education, have higher earnings and have higher socio-economic status. These differences indicate that winners could be more competent than runners-up and hence more likely to get promoted to top positions also for other reasons than their electoral performance.

We report also deviations in policy positions regarding public sector size or redistribution. These measures have been computed as candidates' policy positions' Euclidian distances from their party-group median using selected questions from voting aid application by the Finnish public broadcasting company, Yle. Voting aid applications are interactive questionnaires the purpose of which is to assist voters in choosing a candidate with similar policy preferences to theirs. Our definition of the indices relies on Savolainen (2015) who identifies voting aid application questions that are related to public sector size and redistribution. See Savolainen (2015) for a detailed description of voting aid applications in Finnish local elections in general and the questions that are used to compute our measures.

Because the focus of the study is on how parties choose to fill the most important position of the board chair, we also report the allocation of that position by party and party rank in Table A2. A key observation from the table is that when a party gets an absolute majority in the municipality, it gets the board chair in 98% of cases, whereas in the case of no absolute majority, the largest party gets the board chair only in 66% of cases. In the first case, also the second largest and sometimes even the third largest party are able to obtain the board chair. These patters indicate that coalition formation and between-party political competition and bargaining in the leadership selection process are likely to be important in determining which party gets the desired position.

4. Theoretical Background

Decision-makers may base their decisions on rank-based norms or rules in various contexts. Some examples documenting such phenomenon include Pope (2009), who shows that hospitals that improve their rank attract more patients in the future, and Hartzmark (2015), who studies rank effects in investors' asset trading behavior. Recent work by Anagol and Fujiwara (2016) and Folke et al. (2015a) has shown that ranks have relevance also in electoral settings: vote ranks in electoral systems with preferential voting can be reflected in future electoral success or advancements in political career. Relevant to our study, Folke et al. (2015a) argue that first-ranking candidates should be more likely to be promoted to political power. We summarize their main arguments in three points:

(i) If votes (or vote ranks) matter when parties decide about nominations and promotions, politicians might have stronger incentives to put more effort in individual campaigning. This is undoubtedly desirable from the parties' perspective as well. Responsiveness could also be preferred by voters (see e.g. Hopkin 2001, Rahat 2008 and Maravall 2008), not least because they care about policy in which leadership could be important.

In Finnish municipalities, an ultimate case where being chairman matters is a tied vote. Then, the chairman's vote breaks the tie. Moreover, the chairmen of municipal boards are often involved in hiring process of new public officials with whom they often are in close cooperation with. Public officials are considered to have notable power in Finnish municipalities (see e.g. KAKS 2008). The chairmen can act as political leaders who exploit their high position to achieve partisan goals. Besides the municipal board meetings, they also have the right to participate council and committee meetings. They can also act as democratic leaders who try to promote common goals that have been agreed upon by the majority. In both cases, chairmen could have a considerable impact on the policy decisions.

(ii) Folke et al. (2015a) draw an analogy with primary elections, in which party members or voters choose the party's candidate. If voters prefer more transparent nomination procedures (e.g. Harmel and Janda 1994 and Carey and Polga-Hecimovich 2006), the party might be able to attract more votes if they matter beyond the election result.

There is clearly voter demand for transparent nomination procedures in Finnish local politics. For instance, a survey conducted by Kunnallisalan Kehittämissäätiö found that around two out of three voters said that parties should declare their candidates for important political positions (KAKS 2008).

(iii) If any decision rule exists, votes (or vote ranks) would be a simple and objective rule to be followed when promotions and nominations are in question.

There are also other potential explanations. For instance, parties might adapt such a promotion rule to eliminate middle-rank activists or internal conflicts within the party to achieve a stronger cohesion (e.g. Katz and Mair 1995). Hortala-Vallve and Mueller (2015) theorize that parties introduce primaries when the party heterogeneity is too great and parties are in danger of splitting into smaller political groups. Furthermore, local newspapers usually write about the election winners and speculate about nominations. Voters tend to be unsatisfied if the most popular politicians are not given any important positions, which can also be seen in the media. This might pressure the local party groups to give their most popular candidates important positions in the local government.

5. Regression Discontinuity Design

Simply regressing the outcome, becoming the chairman of a municipal board, on a candidate's vote rank within his party list only tells us something about the correlation between these variables. One central concern is there could be omitted characteristics of politicians that bias the estimates to an unknown degree and direction. For instance, more able politicians might attract more votes and rank high in the election results, but they could also be more likely to receive top positions due to their skills. These characteristics might be observable to the voter but not to the econometrician. In order to overcome the concerning endogeneity issues in estimating the impact of vote rank on political promotions, we will employ regression discontinuity design (RDD) approach.

In the regression discontinuity design, we rely on the assumption that conditional on flexibly controlling for some forcing variable, close elections can be considered to be as good as random. We compare close winners with close runners-up, who are likely to be similar in their characteristics, by estimating regression functions of the form

$$Y_{it} = \alpha + \beta \mathbf{1}\{v_{it} > 0\} + f(v_{it}) + \varepsilon_{it},$$

where Y_{it} is the outcome of interest. v_{it} is the forcing variable measuring the distance from the threshold between ranking first or second. $\mathbf{1}\{v_{it} > 0\}$ is an indicator function for ranking first and β is the coefficient of interest. If $f(v_{it})$ is approximately correctly specified within a bandwidth, there is no precise manipulation of the forcing variable (i.e., the density is smooth

at the threshold) and covariates evolve smoothly at the boundary, then β will be the causal estimate of the primary effect. In other words, under these assumptions, $\mathbf{1}\{v_{it} > 0\}$ is not correlated with the error term ε_{it}.

As advised in recent work (e.g. Gelman and Imbens 2014), we will execute the design using local polynomial specifications. There is no consensus on which polynomial degree to use. Our implementation follows closely Hyytinen et al. (2015) who evaluate regression discontinuity design in the Finnish close election setting by comparing RDD results with the results from actual randomizations which happen when two (or more) candidates tie for the last seat. We use local linear and quadratic polynomials which are estimated separately for both sides of the cutoff. The optimal bandwidth used in the regressions is chosen following Imbens and Kalyanaraman (2012). We will explore the robustness to alternative bandwidths, too. Finally, we conduct also RDD with bias correction and robust inference as suggested by Calonico et al. (2014). We fix the main and pilot bandwidths to be the same. Calonico et al. (2016) argue that this is an optimal choice. All local regressions use a triangular kernel.

There are various ways of calculating and scaling the forcing variable and it is not obvious which should be preferred. For the sake of consistency and comparison, we follow Folke et al. (2015a) and use the relative winning margin as the forcing variable. It is defined as the vote distance of winner (runner-up) from runner-up (winner) divided by the total number of their votes. This means that the threshold for becoming the winner is set at zero.

It is not obvious that we will be able to capture any primary effect using RDD that identifies a local effect at the threshold where both the winner and runner-up are almost equally popular. That is, they have (almost) the same amount of votes, but the other politician is just ranked higher. Employing RDD as the empirical strategy necessarily implies that we can only identify the direct effect of vote ranks. The primary effect estimated in this way, if present, requires that rank has relevance up and above the vote count. The theories presented in Section 4 do not make a clear distinction between votes and vote ranks. Vote ranks could be more important, for example, if they are more salient indicators of success in elections or voters attach some special value to winning. Previous research has argued that political parties in party-centered environments have incentives to place popular persons, such as candidates with good local reputation high on their electoral lists to maximize their performance in elections (e.g. Shugart et al. 2005). Folke et al. (2015a) argue that the same logic should hold also for promotions to top positions. Unfortunately, the RDD setting does not allow studying the role of popularity per se. Future research should aim to find alternative strategies to evaluate this aspect.

6. Primary Effect on Political Nominations

This section reports and discusses our regression discontinuity design results. We report a rigorous set of validity and robustness checks in Appendix B. These checks support the validity of the empirical design and the robustness of the results that we find.

6.1 Main Effects

Let us begin the empirical analysis by looking at the standard RDD graphics for chairman position in the municipal board. To give an overall picture of the data, we first plot global polynomials to (almost) the whole range of the data. Second, we show local linear and quadratic plots and binned averages within the optimal Imbens and Kalyanaraman (2012) bandwidths.[8] Based on the regression fits in Figure 1, it appears that the primary effect is present also in the Finnish open-list system (Panel A), but only when no party holds absolute majority (Panels B and C).

The regression results reported in Table 1 largely verify what we learned from the graphics. Column (1) reports the OLS estimates which do not have a causal interpretation, and in columns (2)-(6), we show various RDD results. While the estimates in Panel A are robust across different specifications (i.e., different bandwidths and polynomials), they lack statistical significance. This turns out to be due to the fact that the primary effect is virtually zero in municipalities where the council has a party with absolute majority (Panel B). Once we restrict our attention to councils without absolute majorities (Panel C), we find that the first-ranking candidates are about 20 percentage points more likely to become board chairmen than the runners-up. Given that among close runners-up the probability of being promoted is around 20 %, ranking first almost doubles the chance of political promotion.

Why municipalities with and without absolute majorities differ from each other may be related to political competition and bargaining between parties. Municipalities with absolute majorities have potentially less political competition which could result in smaller primary effects, as we discuss in the following sub-section. However, our subsequent empirical

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[8] We use two different data-driven methods to choose the bins (see Calonico et al. 2015), depending on the type of the figure. The figures showing global polynomials use evenly-spaced bins that mimic the variance in the data, as this approach gives a richer picture of the data. For the sake of clarity, local polynomial plots use an IMSE-optimal evenly-spaced method which results in a smaller amount of bins. In subsequent figures, we will concentrate on the latter type of graphics.

findings on the role of competition point to the opposite direction. Therefore, it seems unlikely that political competition would explain why there is no primary effect in this case. It is reasonable to assume that when a party with absolute majority appoints the board chairman, it may do so without hearing what other parties have to say. Inter-party bargaining in the case of no absolute majorities could shape also political promotions and push the parties towards nominating their most popular candidates.

Folke et al. (2015a) find that in Sweden, 30% of close runners-up become chairmen of municipal boards while the respective share is 60% for close winners. While the baseline probabilities are larger than what we find in Finnish local councils, the overall effect is very similar in both cases. The similarity of the effect is striking in two ways. First, some political scientists have claimed that semi-open list systems are, in fact, merely closed lists in disguise because voters tend to cast their votes on the candidates placed on top of the list (e.g. Farrell 2001, Mueller 2005 and Andeweg 2005). However, we find very similar primary effect in the Finnish political context where open lists are in use. Second, preferential votes might have a different role in semi-open list elections (in which a voter votes for a party in the first place but have also the possibility to give a preferential vote for some candidate on that list) and open list elections (in which the vote is cast to a candidate with some party attachment). Voters who cast a preferential vote might do so with some kind of purpose in a semi-open list system, whereas they do so only because they have to in an open list system. Therefore, casting a personal vote could be a stronger signal in Sweden than in Finland when it comes to political promotions. Our results suggest that this is not the case, either.
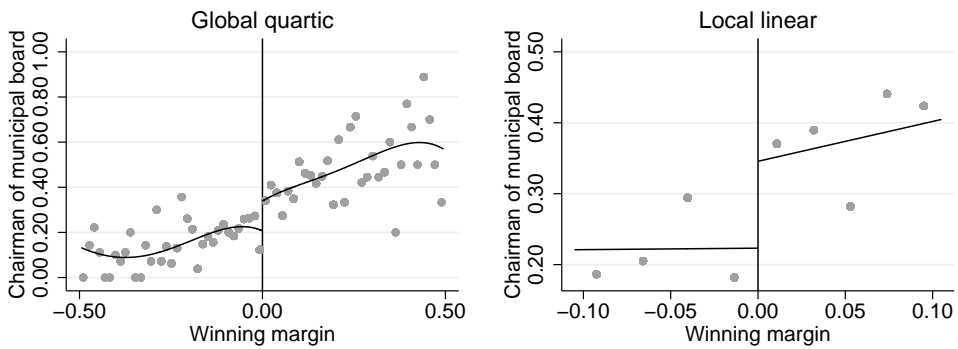
Panel A: Full sample
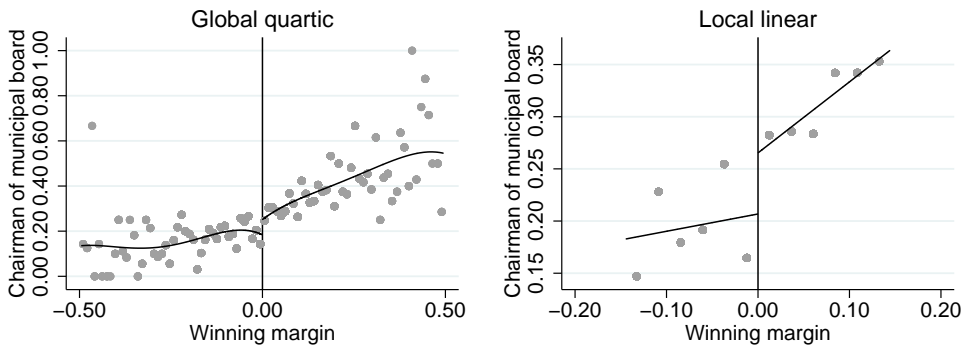
Panel B: Absolute majority in municipality
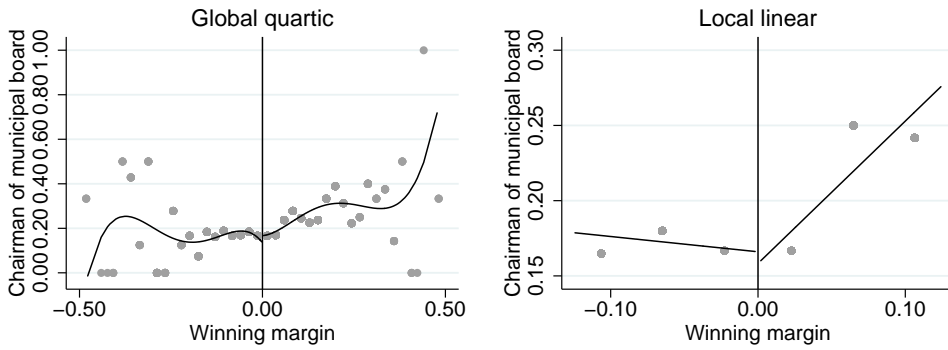
Panel C: No absolute majority in municipality

Notes: Figure shows global quartic and local linear fits and binned averages. Local linear polynomials are fitted within the optimal Imbens and Kalyanaraman (2012) bandwidths.

Figure 1. RDD graph on becoming the chairman of municipal board.

Table 1. Estimates of the primary effect.

	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Full sample						
Primary effect	0.187***	0.105*	0.069	0.117	0.089	0.097
	[0.020]	[0.061]	[0.045]	[0.084]	[0.059]	[0.062]
N	2704	942	1610	1152	1878	1610
R^2	0.04	0.01	0.01	0.01	0.02	
Bandwidth		0.07	0.14	0.09	0.19	0.14
Panel B: Absolute majority in municipality						
	(7)	(8)	(9)	(10)	(11)	(12)
Primary effect	0.074**	-0.023	-0.021	-0.038	-0.037	-0.040
	[0.030]	[0.085]	[0.060]	[0.135]	[0.094]	[0.080]
N	1030	346	646	334	632	646
R^2	0.01	0.00	0.01	0.00	0.01	
Bandwidth		0.06	0.13	0.06	0.12	0.13
Panel C: No absolute majority in municipality						
	(13)	(14)	(15)	(16)	(17)	(18)
Primary effect	0.257***	0.216*	0.171**	0.239**	0.155*	0.241**
	[0.027]	[0.113]	[0.081]	[0.118]	[0.084]	[0.103]
N	1674	402	708	738	1200	708
R^2	0.08	0.04	0.03	0.03	0.04	
Bandwidth		0.05	0.11	0.11	0.23	0.11
Specification	OLS	Local linear		Local quadratic		Local linear (bias-corrected)
Bandwidth		0.5 * IK(1)	IK(1)	0.5 * IK(2)	IK(2)	IK(1)

Notes: The outcome is being chairman of municipal board. Sample includes winners and runners-up from the party nominating the board chair. Standard errors shown in brackets. For standard approaches, we report robust standard errors clustered at municipality level, and for bias-corrected estimates, we report robust standard errors. Optimal bandwidths are chosen following Imbens and Kalyanaraman (2012). IK(1) refers to the bandwidth optimized for the linear specification and IK(2) for the quadratic specification. *, ** and *** denote statistical significance at 10 %, 5 % and 1 % levels, respectively.

6.2 Effects by Competition and Competence

Folke et al. (2015a) argue that the primary effect may be context-specific. First, we will explore potential role of political competition. Previous research has shown that higher external competition among political parties makes the party behavior more efficient and the quality of politicians higher (see e.g. Galasso and Nannicini 2011, De Paola and Scoppa 2011 and Aragón 2013). Folke et al. (2015a) argue along these lines that when the political environment is more competitive, the parties need to follow the voters' preferences more closely in terms of political nominations. Additionally, political scientists have linked higher competition with party cohesion, claiming that when parties are electorally safe, they tend to give their representatives way to disunity (e.g. Sartori 1976). This is another potential channel through which competition potentially affects the primary effects. If the political environment

is more competitive, parties might want to enhance the political unity by introducing transparent nomination procedures.

Folke et al. (2015a) do not make clear division between internal and external competition, but they argue that their empirical results are mainly in line with the theoretical outline. We employ direct measures of external and internal competition: party seat share Herfindahl index and vote margin within party for the last seat it receives, respectively. As we do not find any effects in the case of absolute majorities in our main analysis, we will concentrate on municipalities without such majorities and split the sample in two by the median values of the competition measures. Another rationale for excluding the absolute majorities is that the nature of especially inter-party competition is very different in such municipalities, which might confound our results. Moreover, there is not much variation in the between-party dimension amongst the absolute majority group. We stress that we cannot give a causal interpretation to the results as we are conditioning the regressions on potentially endogenous factors.

Figure 2 and Table 2 reveal that both the level of external (Panel A) and internal competition affects the primary effect negatively (Panel B). The estimated effect is larger and also statistically significant when competition is lower. This is perhaps surprising, given the theoretical arguments discussed above. However, the findings align with the argument made by Hirano and Snyder (2014) who argue that primaries are introduced in the U.S. to promote individual electoral competition within dominant parties in localities where political competition is weak. Hence, it may be that parties in Finnish local politics adapt a nomination rule based on the vote ranks in order to induce more competition within and even between parties. Note also that our measure of internal competition measures overall competition within the party rather than competition on the top position. This exactly the kind of measure we want for testing the Hirano and Snyder (2014) argument.

Another potential explanation is that we cannot properly distinguish between the level of competition and size of the municipalities. Typically, elections in smaller municipalities are characterized by lower degree of competition than elections in cities. When we split the sample by the median size of municipalities, we obtain very similar estimates as in Table 2 (not reported) – the primary effect is larger in smaller municipalities. It might be that the tasks are more demanding in larger municipalities, and hence parties want to promote the most experienced, not necessarily the most popular, candidates to chairmanship. Moreover, the pressure to promote the most popular politicians to political power is likely to be larger in

smaller communities in which voters more often have some type of direct connection to the local politicians.

Panel A: External competition

Panel B: Internal competition
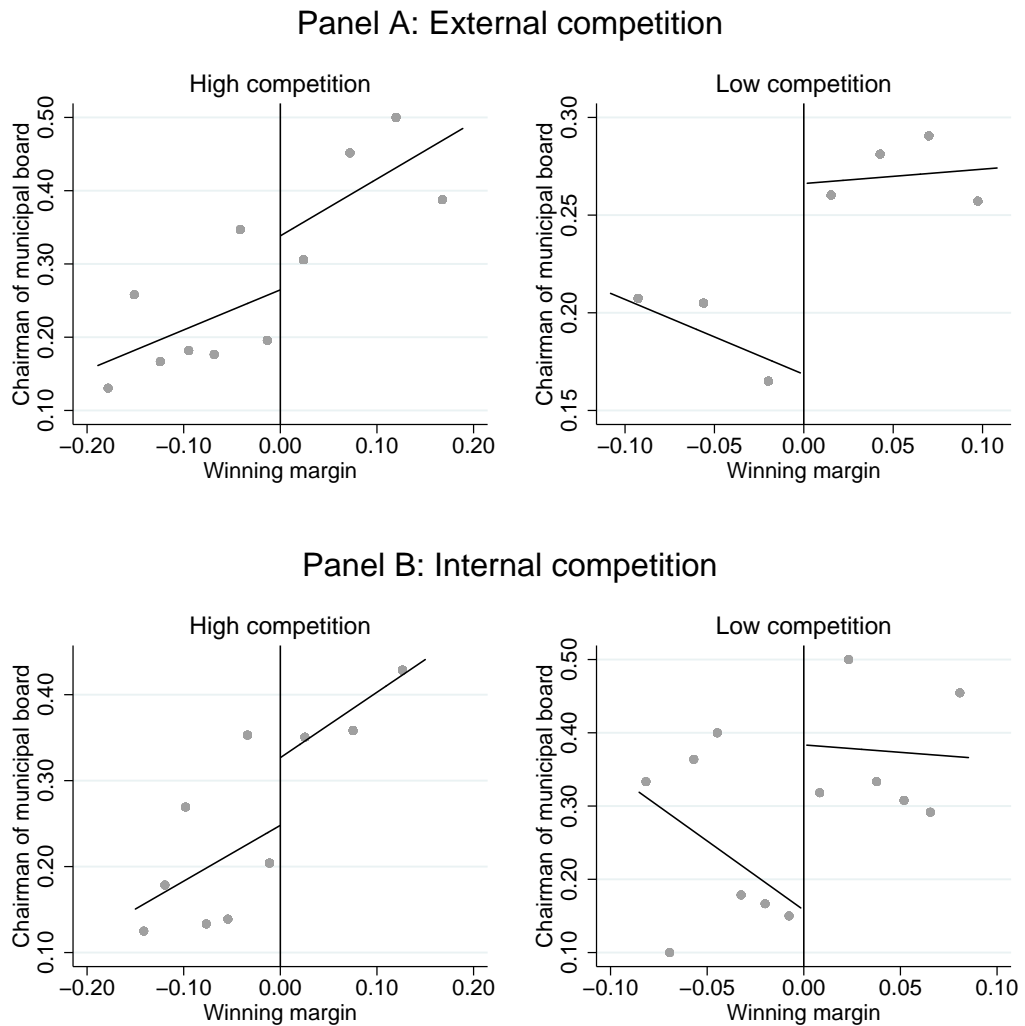
Notes: Figure shows local fit and binned averages. Local polynomials are fitted within the respective optimal Imbens and Kalyanaraman (2012) bandwidths.
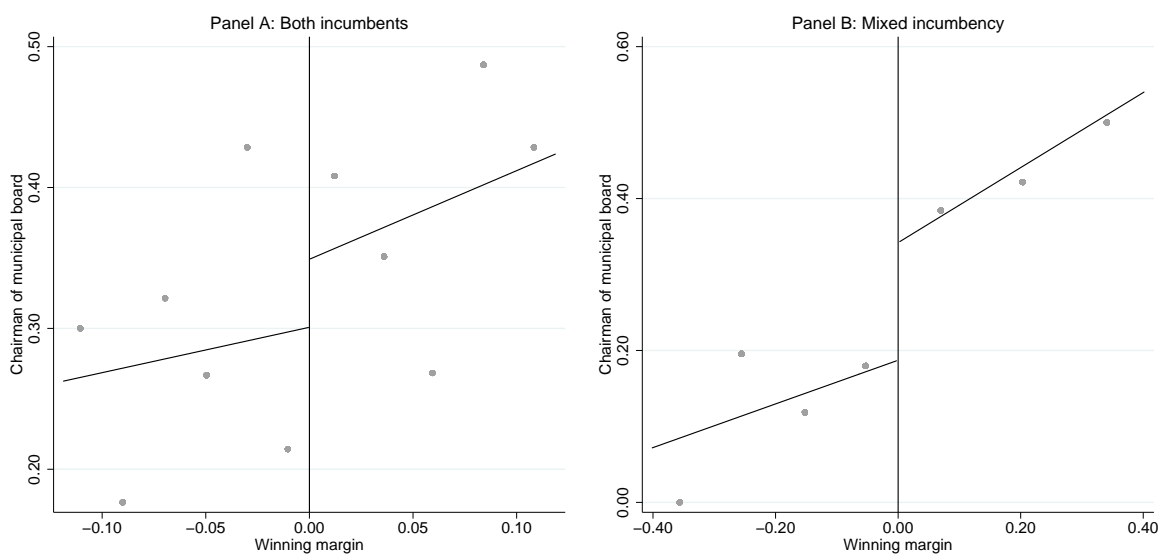
Figure 2. RDD graph, primary effect by competition.

Table 2. Primary effect by competition.

Panel A: External competition						
High external competition	(1)	(2)	(3)	(4)	(5)	(6)
Primary effect	0.249***	0.122	0.097	0.137	0.090	0.055
	[0.038]	[0.127]	[0.099]	[0.153]	[0.117]	[0.124]
N	836	264	454	360	580	468
R^2	0.07	0.02	0.03	0.02	0.03	
Bandwidth		0.08	0.15	0.11	0.23	0.15
Low external competition	(7)	(8)	(9)	(10)	(11)	(12)
Primary effect	0.265***	0.207	0.297**	0.331*	0.286**	0.313**
	[0.037]	[0.187]	[0.130]	[0.193]	[0.137]	[0.132]
N	838	166	314	328	552	342
R^2	0.08	0.08	0.04	0.04	0.04	
Bandwidth		0.04	0.09	0.09	0.19	0.09
Panel B: Internal competition						
High internal competition	(13)	(14)	(15)	(16)	(17)	(18)
Primary effect	0.249***	0.122	0.097	0.137	0.090	0.111
	[0.038]	[0.127]	[0.099]	[0.153]	[0.117]	[0.119]
N	836	264	454	360	580	454
R^2	0.07	0.02	0.03	0.02	0.03	
Bandwidth		0.08	0.15	0.11	0.23	0.15
Low internal competition	(19)	(20)	(21)	(22)	(23)	(24)
Primary effect	0.265***	0.207	0.297**	0.331*	0.286**	0.314*
	[0.037]	[0.187]	[0.130]	[0.193]	[0.137]	[0.180]
N	838	166	314	328	552	314
R^2	0.08	0.08	0.04	0.04	0.04	
Bandwidth		0.04	0.09	0.09	0.19	0.09
Specification	OLS	Local linear		Local quadratic		Local linear (bias-corrected)
Bandwidth		0.5 * IK(1)	IK(1)	0.5 * IK(2)	IK(2)	IK(1)

Notes: The outcome is chairman of municipal board. Sample includes winners and runners-up from all parties that nominate the board chairman, excluding municipalities with absolute majority. For standard approaches, we report robust standard errors clustered at municipality level, and for bias-corrected estimates, we report robust standard errors. Optimal bandwidths are chosen following Imbens and Kalyanaraman (2012). IK(1) refers to the bandwidth optimized for the linear specification and IK(2) for the quadratic specification. *, ** and *** denote statistical significance at 10 %, 5 % and 1 % levels, respectively.

Next, we turn to the role of candidate competence. Folke et al. (2015a) note that learning models suggest that additional information is valuable for the political parties especially when they are comparing candidates with similar observable characteristics. Therefore, we should expect to see higher primary effect when the winner and the runner-up are similar in their characteristics. We analyze the primary effect when the winner and the runner-up are both incumbents or just one of them is incumbent in Figure 3 and Table 3.[9] Our results do not justify the claim, as it is hard to distinguish the estimates from each other under the two alternative scenarios.

Notes: See notes in Figure 2.

Figure 3. RDD graph, primary effect by competence.

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[9] Folke et al. (2015a) test this prediction using a more complex measure for candidate quality defined as in Besley et al. (2014). We believe that incumbency status serves as a sufficient measure. For instance, Eggers et al. (2015) argue that incumbency status captures also many other quality characteristics of the candidates.

Table 3. Primary effect by competence.

Both incumbents	(1)	(2)	(3)	(4)	(5)	(6)
Primary effect	0.225***	0.214	0.084	0.243	0.073	0.248*
	[0.039]	[0.160]	[0.114]	[0.172]	[0.122]	[0.136]
N	958	258	442	450	714	442
R^2	0.06	0.02	0.01	0.02	0.03	
Bandwidth		0.06	0.12	0.12	0.24	0.12
Mixed incumbency status	(7)	(8)	(9)	(10)	(11)	(12)
Primary effect	0.289***	0.195**	0.185**	0.059	0.187	0.208**
	[0.040]	[0.087]	[0.073]	[0.208]	[0.136]	[0.084]
N	622	408	566	230	376	566
R^2	0.10	0.06	0.07	0.08	0.06	
Bandwidth		0.21	0.41	0.09	0.18	0.41
Specification	OLS	Local linear		Local quadratic		Local linear (bias-corrected)
Bandwidth		0.5 * IK(1)	IK(1)	0.5 * IK(2)	IK(2)	IK(1)
Notes: See notes in Table 2.						

6.3 Effects by Party Ideology

Previous research has documented potential differences in candidate selection methods across the political spectrum. Such differences can be found in forms of, for example, gender quotas for candidates (e.g. Caul 2001), or different appointment and voting systems (e.g. Rahat and Hazan 2001). Among earlier works, Duverger (1954) and Janda and King (1985), for instance, have argued that left-wing parties are more likely to choose centralized candidate selection processes than right-wing parties, although the origins of such differences are not entirely clear. However, some authors (see e.g. Shomer 2014) find weaker support for party differences in candidate selection. Nevertheless, if any ideological differences exist, they may extend even beyond candidate selection, also to leadership selection. Lisi et al. (2015) use cross-country data for over more than half a century to show that parties with different ideologies differ in terms of leadership selection methods. For instance, left-wing parties more often make their leadership choices within party organs than center and right-wing parties, while center and right-wing parties give the power to voters, party members and conference delegates more often than the left-wing parties. If the right-wing parties prefer more inclusive nomination procedures also in the case of Finnish local politics, then we should expect to find a higher primary effect for them than for the left-wing parties.

To analyze whether this is the case, we group the political parties in two blocs, (center-) right-wing and left-wing parties, and estimate the primary effect for these subsamples. The division between left and right is not strikingly clear in Finnish politics, especially at the local

level, but we can provide at least a crude division based on the bourgeois versus socialist origins of the parties. Parties we assign to the right-wing bloc are the Center Party, National Coalition Party, True Finns, Swedish Party and Christian Democratic Party, and parties in the left-wing bloc are the Social Democratic Party and Left Alliance. Again, we concentrate on municipalities where there is no absolute majority in power. This is natural due to facilitating comparison with the results in the previous sections, and due to reasons discussed there, but also because almost all of the absolute majority parties would be classified as right-wing.

The RDD plots in Figure 4 as well as the estimates in Table 4 suggest that, indeed, there are differences between parties. For the right-wing parties (Panel A), we estimate a statistically significant primary effect of 20-30 %, while the estimates for left-wing parties (Panel B) are smaller, less robust and not statistically significant. One caveat, however, is that we have only a very limited number of observations in the case of left-wing parties, and our findings could be merely due to the small sample size. Moreover, we cannot reject the hypothesis that the effects are statistically significantly different for the two blocs. Nonetheless, the pattern seems quite clear.

One potential explanation for differences across parties could be that some of the parties could be more policy-oriented, and thus, more likely to choose the leaders whose political standing is closer to the party ideology, whereas other parties might behave opportunistically and thus be more prone to listen to the voter preferences. In order to evaluate whether this explains our findings, we examine whether board chairmen's policy positions deviate less from the party median than the party list winner's positions. While it appears in Table 5 that board chairmen are closer to the party median than party list winners, we cannot make any clear distinction between left- and right-wing blocs. This may also be due to small number of observations for the left-wing politicians. In Appendix C, we also show that both the board chairmen and party list winners are much closer to party median than other elected or all other candidates, but again the pattern is similar across the left-right dimension.

In order to get some idea of what could be behind our results, we interviewed informally five local politicians. Discussions with them suggest that the differences could partially arise from different party cultures or links with other interest groups in the society. For instance, the left-wing parties may tend to listen to what the Labor Unions have to say about political promotions, and their views may not always reflect the views of voting population. Future research should explore this avenue more closely and with more rigorous interview protocol.

Panel A: Right–wing parties

Panel B: Left–wing parties
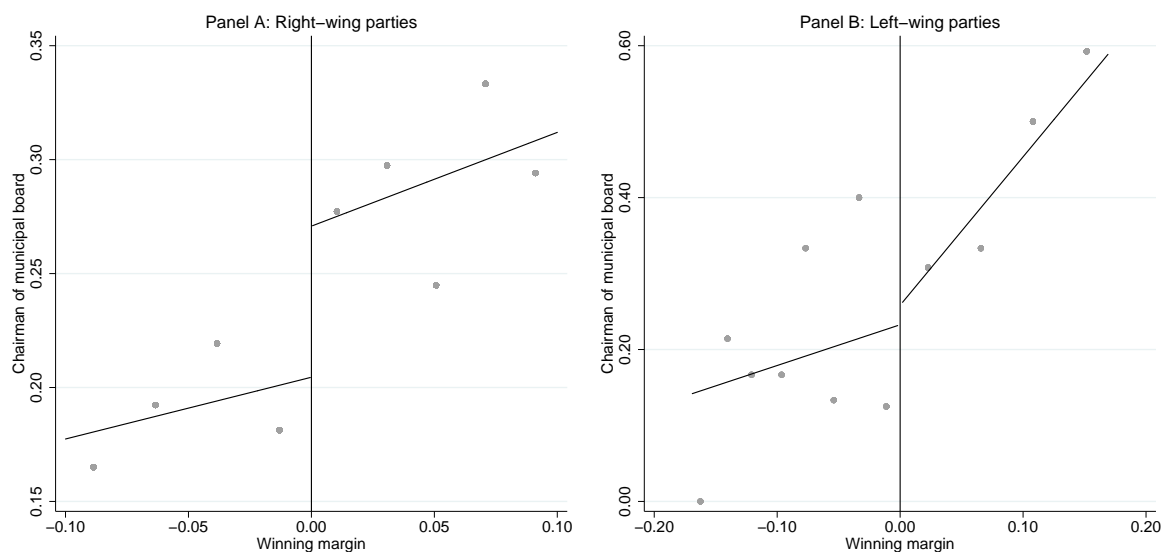
Notes: See notes in Figure 2.

Figure 4. RDD graph, primary effect by ideology.

Table 4. Primary effect by party ideology.

	Panel A: Right-wing parties					
	(1)	(2)	(3)	(4)	(5)	(6)
Primary effect	0.240***	0.274*	0.223**	0.252	0.280**	0.307**
	[0.031]	[0.148]	[0.101]	[0.198]	[0.129]	[0.135]
N	1268	320	564	436	742	564
R^2	0.07	0.05	0.03	0.04	0.04	
Bandwidth	-	0.06	0.11	0.08	0.16	0.11
	Panel B: Left-wing parties					
	(7)	(8)	(9)	(10)	(11)	(12)
Primary effect	0.333***	0.121	0.049	0.200	0.115	0.112
	[0.052]	[0.139]	[0.128]	[0.163]	[0.151]	[0.131]
N	390	124	222	136	234	222
R^2	0.13	0.03	0.05	0.06	0.07	
Bandwidth	-	0.09	0.17	0.10	0.20	0.17
Specification	OLS	Local linear		Local quadratic		Local linear (bias-corrected)
Bandwidth		0.5 * IK(1)	IK(1)	0.5 * IK(2)	IK(2)	IK(1)
Notes: See notes in Table 2.						

Table 5. Deviations from median policy positions by party blocs.

	Panel A: Right-wing parties		
	Board chairmen	Party list winners	
Variable	Mean	Mean	Difference
Deviation in policy position, public sector size	2.27	2.60	-0.33***
Deviation in policy position, redistribution	2.18	2.33	-0.15*
N	194	271	
	Panel B: Left-wing parties		
	Board chairmen	Party list winners	
Variable	Mean	Mean	Difference
Deviation in policy position, public sector size	2.40	2.73	-0.33
Deviation in policy position, redistribution	2.26	2.23	0.04
N	26	31	

Notes: Sample includes politicians from the parties that nominate the board chairman, excluding municipalities with absolute majorities. Difference in means is tested using t test adjusted for clustering at the municipality level. *, ** and *** denote statistical significance at 10 %, 5 % and 1 % levels, respectively.

7. Preferences for Political Leaders

While we do find evidence of the primary effect in Finland, the fact that in many subsamples the effect is not present at all suggests that vote ranks are at best complementary to other leader selection criteria. Since parties do not always pick the politicians most preferred by the voters, parties and voters may have different tastes for political leaders' qualifications. The comparison between board chairs and party list winners provides us with a window in to analyzing this. Moreover, comparing board chairmen with other politicians can tell us more about differences in the levels of competence. We stress that unlike the causal analysis on the primary effect, this exercise is merely descriptive in its nature.

In Table 6, we show means of various characteristics for four different groups: board chairmen, party list winners, all elected candidates and all candidates. To facilitate better comparison, the latter three groups exclude the board chairs and only include the party lists that got to nominate the board chair. In Appendix C, we report comparisons that do not make the latter sample restriction. Moreover, we compare the differences in means between the board chairmen and each of the other groups.

Several interesting observations arise from these comparisons. First, board chairmen are on average more experienced based on incumbency status, previous leadership experience and age than candidates in any other group. Second, board chairs earn more, are less often unemployed and have higher education than the other elected or all candidates. This suggests

some positive selection into power based also on their level of competence. Third, the board chairs are less educated and earn less than the list winners, implying that voters would have preferred competence even more than the parties. Fourth, the share of women among the chairs is much lower than among the election winners hinting towards some possible gender bias in promotions.[10] Finally, the Finnish parties nominate cohesive party leaders whose policy opinions are closer to party average that those of the other elected politicians, all candidates or the list winners.

Summa summarum, it seems that parties prefer experience and cohesiveness more than voters whereas voters have slightly larger preference for other metrics, especially competence. Nonetheless, the findings hint that the Finnish parties perform fairly well in promoting more competent politicians to important positions in the local government.

Our findings are corroborated with regression results in Appendix Tables C3, C4 and C5 where we regress a dummy for becoming board chairman on rank dummies and a set of other covariates. We use three different samples that correspond the data used in the comparisons in Table 6. Consistent with the idea of vote ranks mattering for political promotions, a higher rank and more votes increase politicians' likelihood of getting promoted. Moreover, political experience measured by incumbency status and previous leadership positions make political promotion more likely. The coefficient of female dummy is negative which hints towards possible gender bias in promotions. Being a member of the national parliament is negatively associated with being promoted to board chairman. Finally, the Finnish parties promote party leaders' whose policy opinions are closer to the party median.

This descriptive analysis relates to a recent paper by Dal Bó et al. (2015) who study how Swedish local politicians, including political leaders, compare to the population they represent. They find that Swedish local politicians are on average significantly smarter and better leaders than the population they represent, measured by test scores obtained in military cognitive and leadership tests. Similarly, leading politicians appear to be more competent than other politicians. The main difference between Finland and Sweden is that in the former voters have more say on who gets elected and in the latter parties' role is more pronounced. Despite these differences, both political systems seem to be are able to achieve positive selection of elected politician and party leaders on competence.

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[10] See also Folke and Rickne (2016) who analyze the glass ceiling in politics.

Table 6. Board chairmen versus other politicians.

Variable	Board chairmen Mean	Party list winners Mean	Party list winners Difference	Elected candidates Mean	Elected candidates Difference	All candidates Mean	All candidates Difference
Chairman of municipal board (t-1)	0.35	0.05	0.29***	0.02	0.33***	0.01	0.34***
Chairman of local council (t-1)	0.08	0.14	-0.06***	0.03	0.05***	0.01	0.07***
Incumbent (t)	0.87	0.67	0.20***	0.56	0.32***	0.26	0.62***
Incumbent (t-1)	0.69	0.48	0.21***	0.35	0.35***	0.17	0.52***
Member of parliament	0.01	0.12	-0.11***	0.01	0.00	0.00	0.01***
Age	51.73	47.59	4.14***	47.63	4.10***	46.60	5.14***
Wage income during the election year	31856	33311	-1454	26373	5483***	24167	7689***
Female	0.21	0.33	-0.12***	0.36	-0.15***	0.40	-0.19***
University education	0.21	0.25	-0.04	0.18	0.03	0.16	0.05*
Unemployed	0.01	0.01	0.00	0.02	-0.01	0.04	-0.03***
Student	0.00	0.01	-0.01*	0.02	-0.01***	0.03	-0.03***
Entrepreneur	0.31	0.26	0.05**	0.28	0.04	0.20	0.11***
High professional	0.25	0.31	-0.06**	0.23	0.02	0.21	0.05
Municipal employee	0.12	0.22	-0.09***	0.21	-0.09***	0.22	-0.10***
Deviation in policy position, public sector size	2.28	2.48	-0.20*	2.59	-0.31***	2.71	-0.43***
Deviation in policy position, redistribution	2.19	2.13	0.07	2.34	-0.15**	2.42	-0.23***
N	1436	936		16750		46324	

Notes: Sample includes only politicians from the parties that nominate the board chairman. Income during the election year is expressed in euros. Income and dummy for being municipal employee are not observed for the 2012 elections. Deviations in policy position are observed only in 2012 for a subset of candidates. Statistical significance of the differences in means is tested using t test adjusted for clustering at the municipality level. *, ** and *** denote statistical significance at 10 %, 5 % and 1 % levels, respectively.

8. Conclusions

This paper explores the determinants of political promotions in Finland. First, we find evidence of the primary effect in Finland where completely open-list elections are in use. This effect is heterogeneous in the degree of political competition, the primary effect being larger when the political environment is less competitive. We also present new evidence that party identity matters. In our case, the primary effect is present mainly within the right-wing parties. Our results indicate that this is likely not due to differences in the level of policy-orientation. Rather than that, interviews with local politicians tentatively suggest that parties' connections to other interest groups, such as the Labour Unions, may explain why parties differ in how they conduct the party nominations. We also report that parties seem to prefer

experience and cohesiveness more than voters, whereas voters have slightly larger preference for other metrics, in particular, competence.

While the effects of various electoral systems have long attracted the interest of political scientists (e.g. Duverger 1954, Grofman and Lijphart 1986, Sartori 1994), the idea of Folke et al. (2015a) is entirely novel in the political science literature. Hence, it deserves more attention. It is particularly interesting to study similar promotions as Folke et al. (2015a) study in the Swedish semi-open list elections in a relatively similar environment with different electoral system. The results for Finland and Sweden are very similar both qualitatively and quantitatively.

The results of this paper are arguably important from the voters' perspective, as it appears that the votes matter also beyond the electoral outcomes under certain conditions. Moreover, leading politicians' competency and qualifications may matter for real policy outcomes. While evaluating the link between selection of political leaders and policy outcomes is beyond the scope of this paper, it is nonetheless important to understand how the leaders are selected. So far many political scientists have referred to political promotions as a "black box" or "secret garden", which indeed indicates that more research on leader selection in politics ought to be conducted.

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Primary Effect in Open-List Elections

Appendices

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This appendix contains additional tables and figures to accompany paper "Primary Effect in Open-List Elections". Appendix A reports descriptive statistics. Robustness and validity tests are organized in Appendix B. Appendix C shows additional comparisons of politicians.

Appendix A: Descriptive Statistics

Table A1. Descriptive statistics on winners and runners-up.

Variable	Winners			Runners-up			
	N	Mean	Std. Dev.	N	Mean	Std. Dev.	Difference
Chairman of municipal board	1352	0.36	0.48	1352	0.18	0.38	0.19***
Number of votes	1352	252	536	1352	165	288	87**
Vote share (within municipality)	1352	5.12	2.29	1352	3.73	1.60	1.39***
Vote share (within party)	1352	12.74	5.76	1352	9.08	3.31	3.66***
Chairman of municipal board (t-1)	963	0.14	0.35	963	0.05	0.22	0.09***
Chairman of local council (t-1)	963	0.11	0.32	963	0.06	0.23	0.06***
Incumbent (t)	1352	0.74	0.44	1352	0.71	0.45	0.03
Incumbent (t-1)	1352	0.51	0.50	1352	0.41	0.49	0.10***
Member of parliament	1352	0.09	0.28	1352	0.03	0.16	0.06***
Age	1352	48.70	10.24	1352	48.80	10.72	-0.09
Wage income during election year	1063	33897	27247	1062	30228	21895	3669**
Female	1352	0.31	0.46	1352	0.33	0.47	-0.02
University education	1172	0.26	0.44	1150	0.22	0.41	0.04*
Unemployed	1351	0.01	0.12	1352	0.01	0.09	0.01*
Student	1351	0.01	0.10	1352	0.01	0.08	0.01
Entrepreneur	1351	0.27	0.44	1352	0.29	0.45	-0.01
High professional	1351	0.31	0.46	1352	0.28	0.45	0.03
Municipal employee	1063	0.20	0.40	1063	0.20	0.40	0.00
Deviation in policy position, public sector size	210	2.33	0.99	185	2.54	0.97	-0.21**
Deviation in policy position, redistribution	210	2.17	0.91	185	2.25	0.85	-0.07
National Coalition Party	1352	0.19	0.39	1352	0.19	0.39	
Social Democratic Party	1352	0.14	0.34	1352	0.14	0.34	
Center Party	1352	0.59	0.49	1352	0.59	0.49	
True Finns	1352	0.01	0.07	1352	0.01	0.07	
Left Alliance	1352	0.01	0.11	1352	0.01	0.11	
Swedish Party	1352	0.06	0.24	1352	0.06	0.24	
Christian Democrats	1352	0.00	0.05	1352	0.00	0.05	
Green Party	1352	0.00	0.00	1352	0.00	0.00	
Rest	1352	0.01	0.09	1352	0.01	0.09	

Notes: Sample includes winners and runners-up from parties that nominat the board chairman in the 2000, 2004, 2008 and 2012 Finnish municipal elections. Only party lists with one elected winner and one electer runner-up are included. Income during the election year is expressed in euros and is not observed for the 2012 elections. Deviations in policy positions are observed only for a subset of candidates in 2012 elections. Differences in means are tested using a t test adjusted for clustering at the municipality level. *, ** and *** denote statistical significance at 10%, 5% and 1% levels, respectively.

Table A2. Share of chairmen of board by party and party rank.

Party/Rank	Any	1st	2nd	3rd	4th	5th	6th	7th	Row N
Panel A: Absolute majority in municipality									
Any	1.000	0.984	0.016	0.000	0.000	0.000	0.000	0.000	558
Center Party	0.860	0.874	0.000	-	-	-	-	-	480
Social Democratic Party	0.011	0.004	0.444	-	-	-	-	-	6
National Coalition Party	0.011	0.002	0.556	-	-	-	-	-	6
Left Alliance	0.000	0.000	0.000	-	-	-	-	-	0
Green Party	0.000	0.000	0.000	-	-	-	-	-	0
True Finns	0.000	0.000	0.000	-	-	-	-	-	0
Swedish Party	0.111	0.113	0.000	-	-	-	-	-	62
Christian Democrats	0.000	0.000	0.000	-	-	-	-	-	0
Other	0.007	0.007	0.000	-	-	-	-	-	4
Column N	558	549	9	0	0	0	0	0	-
Panel B: No absolute majority in municipality									
Any	1.000	0.669	0.268	0.051	0.009	0.002	0.000	0.001	878
Center Party	0.421	0.559	0.166	0.067	0.000	0.000	-	0.00	370
Social Democratic Party	0.207	0.187	0.260	0.244	0.000	0.000	-	0.00	182
National Coalition Party	0.294	0.194	0.494	0.578	0.250	0.000	-	0.00	258
Left Alliance	0.021	0.010	0.043	0.044	0.000	0.000	-	0.00	18
Green Party	0.000	0.000	0.000	0.000	0.000	0.000	-	0.00	0
True Finns	0.009	0.000	0.017	0.022	0.375	0.000	-	0.00	8
Swedish Party	0.032	0.044	0.000	0.022	0.125	0.000	-	0.00	28
Christian Democrats	0.007	0.000	0.001	0.000	0.007	0.018	-	1.00	6
Other	0.009	0.005	0.013	0.022	0.000	0.500	-	0.00	8
Column N	878	587	235	45	8	2	0	1	-

Notes: Table includes only municipalities in which the chairman of municipal board is an elected politician. There are 42 cases in which a non-elected politician has been appointed. Only party lists with one elected winner and one elected runner-up are included.

Appendix B: Robustness and Validity Checks

This Appendix discusses the validity and robustness of our results. First, we show that the results obtained using both local linear and quadratic polynomials are robust to bandwidth selection in Figures B1-B5. These graphs do not give reason to doubt either the non-significant results or the significant results we find. For the very smallest bandwidths, some estimates tend to converge towards zero but they also tend to have very wide confidence intervals and low number of observations. Hence, we do not believe that this is particularly concerning.

Second, we verify that the covariates do not jump at the cut-off. Municipality and party level covariates are balanced by construction, as the forcing variable are defined within party lists and we only include cases with one winner and one runner-up per municipality, so we will concentrate on candidate level variables. These include number of votes, vote share within municipality and party, lagged outcome variables (council or board chairman t-1), age, incumbency status t and t-1, being elected in the national parliament, gender, income during the election year, dummy for being a municipal employee, and socioeconomic characteristics (dummies for university degree, student, unemployed, high professional and entrepreneur). For the covariate smoothness tests, we employ the same sample as in Panel C of Table 1. However, the same conclusions apply also when using other samples. The placebo outcomes show no robust and mainly insignificant jumps at the threshold (Table B1). The significant jumps in some rare specifications can be due to multiple testing or outliers close to the threshold.

Third, we estimate primary effect at fake cut-offs (Figure B6). We demonstrate that significant primary effect of the estimated magnitude is found only at the true cutoff and not systematically anywhere else using the same sample as in Panel C of Table 1. This test

supports the validity of our design and suggests that the estimated effect is real and not present, for example, only due to such curvature in the relationship between the forcing variable and the outcome that the regressions function is not able to capture.

The estimations reported in this paper do not control for observables. In the case of regression discontinuity design, this is not needed. However, including additional covariates to the regressions serves as a good validity check. If the RDD truly works as it should, then the covariates ought not to change the estimates. If we include candidate characteristics to our RDD regressions, this does not alter the estimates substantially (results not reported).

Note that unlike in usual RDD settings, we do not have to conduct the density test suggested by McCrary (2008), as the distribution is smooth by construction for two reasons: the way we define our forcing variable and the sample we use (there is only one winner and one runner-up for each party).
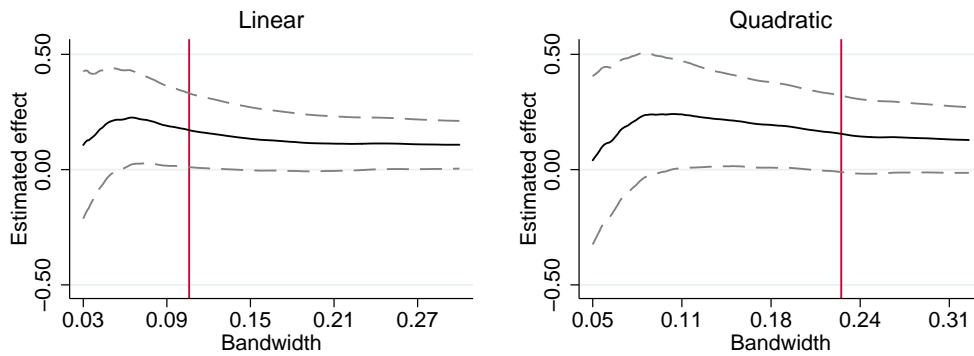
Panel A: Full sample
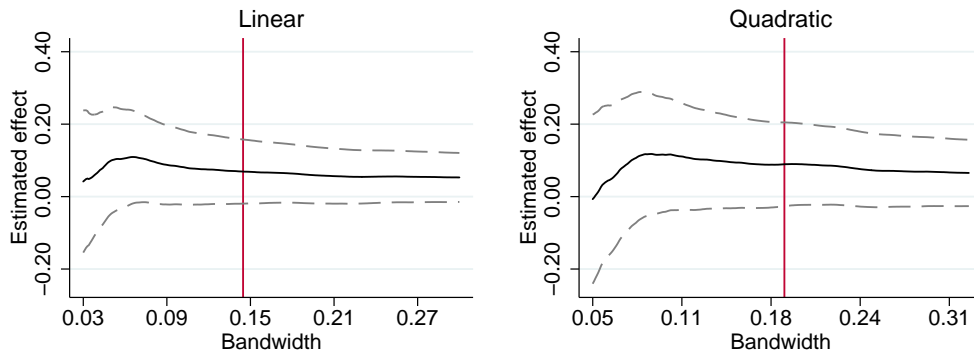
Panel B: Absolute majority
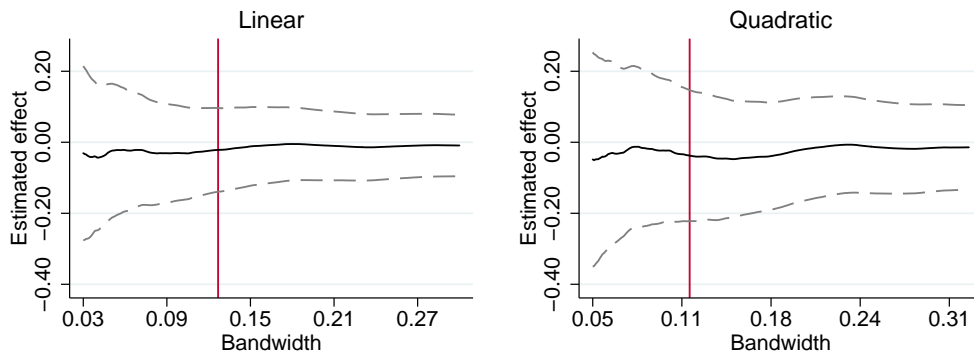
Panel C: No absolute majority

Notes: Figures show RDD estimates from local linear and quadratic estimations (black line) for various bandwidths. Vertical line marks the optimal bandwidth following Imbens and Kalyanaraman (2012). Dashed lines mark the 95 % confidence intervals.

Figure B1. All bandwidths graph for Table 2.

Panel A: High external competition

Linear

Quadratic

Panel B: Low external competition

Linear

Quadratic

Notes: Figures show RDD estimates from local linear and quadratic estimations (black line) for various bandwidths. Vertical line marks the optimal bandwidth following Imbens and Kalyanaraman (2012). Dashed lines mark the 95 % confidence intervals.

Figure B2. All bandwidths graph for Table 3, Panel A.
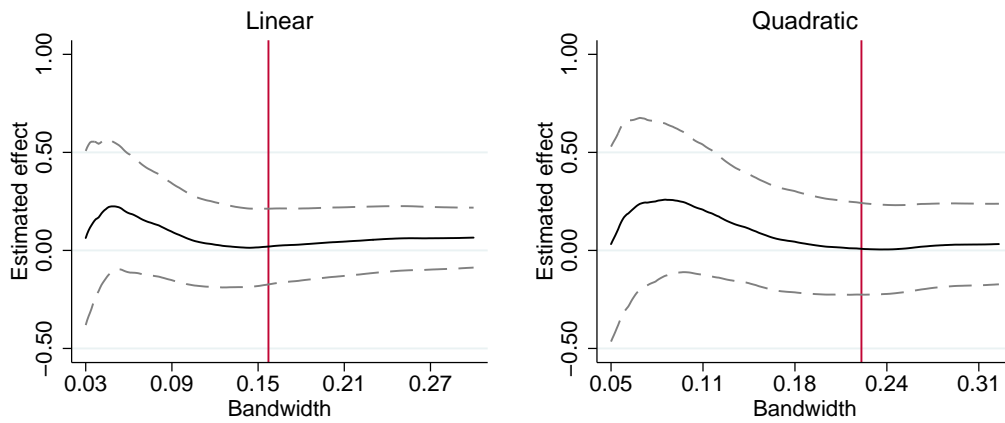
Panel A: High internal competition

Panel B: Low internal competition

Notes: Figures show RDD estimates from local linear and quadratic estimations (black line) for various bandwidths. Vertical line marks the optimal bandwidth following Imbens and Kalyanaraman (2012). Dashed lines mark the 95 % confidence intervals.

Figure B3. All bandwidths graph for Table 3, Panel B.

Panel A: Both incumbents
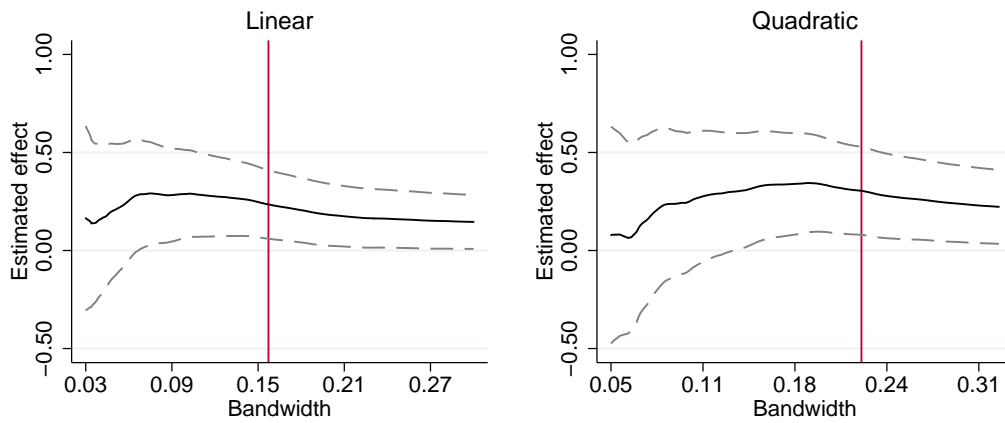

Panel B: Mixed incumbency

Notes: Figures show RDD estimates from local linear and quadratic estimations (black line) for various bandwidths. Vertical line marks the optimal bandwidth following Imbens and Kalyanaraman (2012). Dashed lines mark the 95 % confidence intervals.

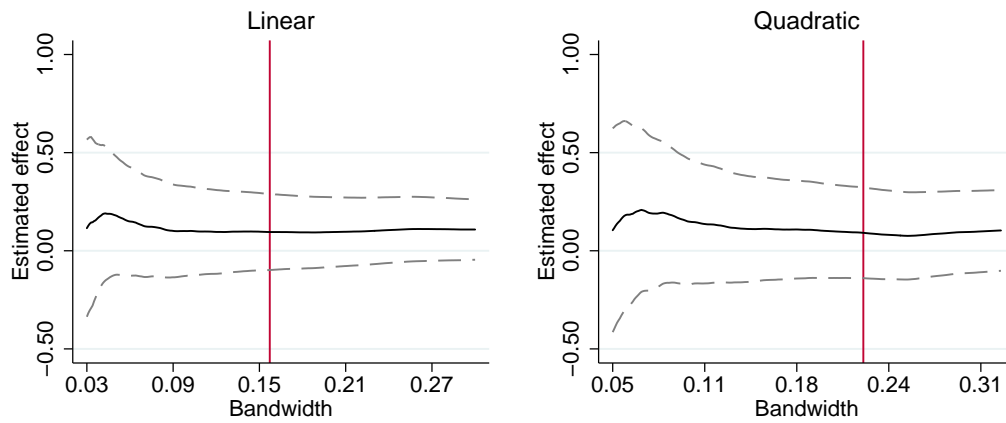**Figure B4**. All bandwidths graph for Table 4.

Panel A: Right–wing parties
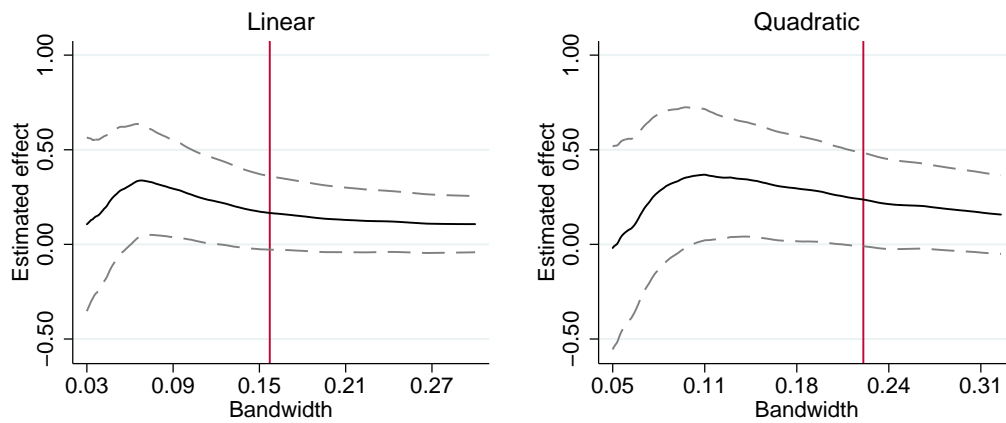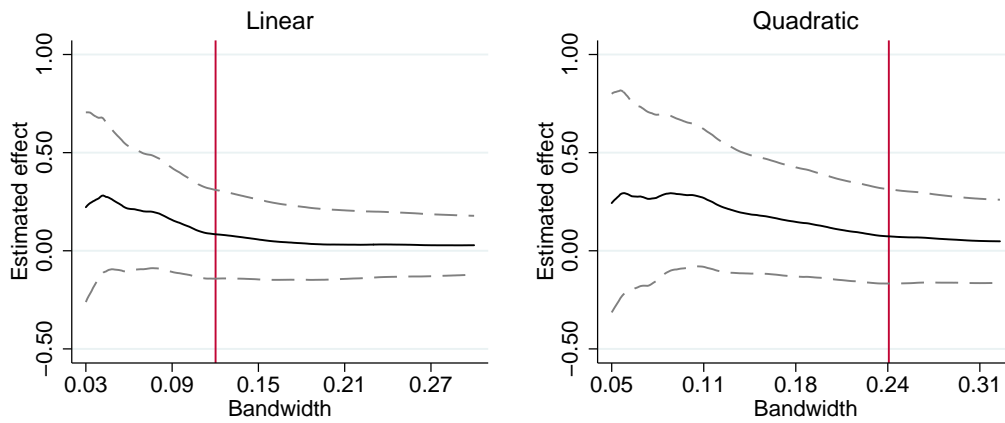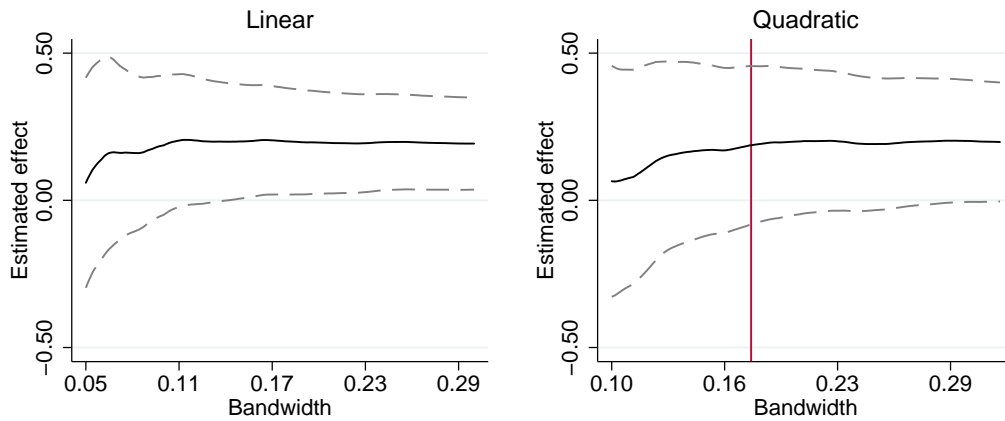

Panel B: Left–wing parties
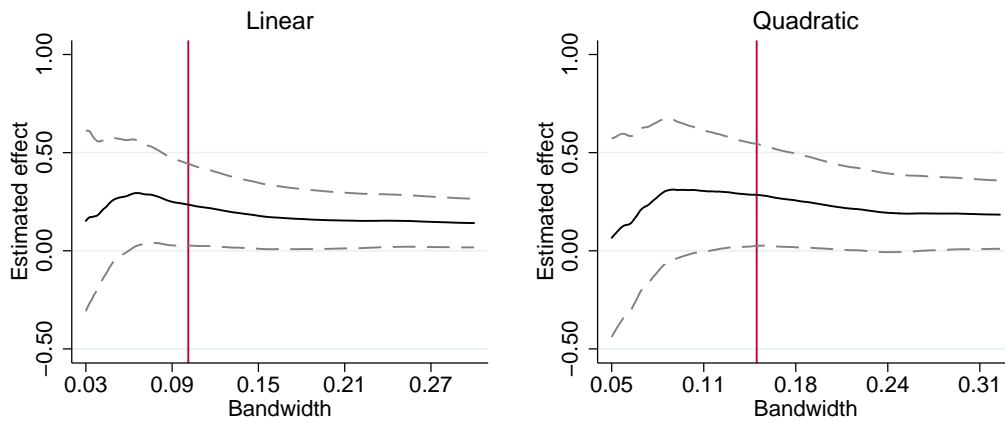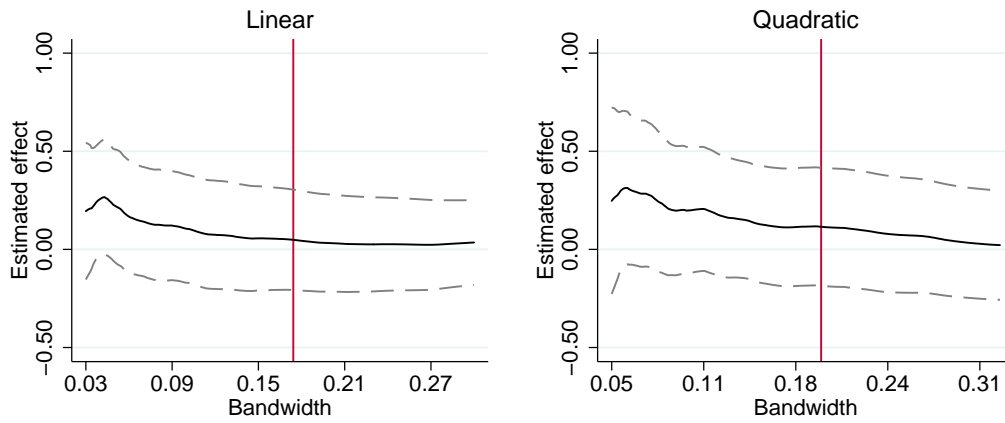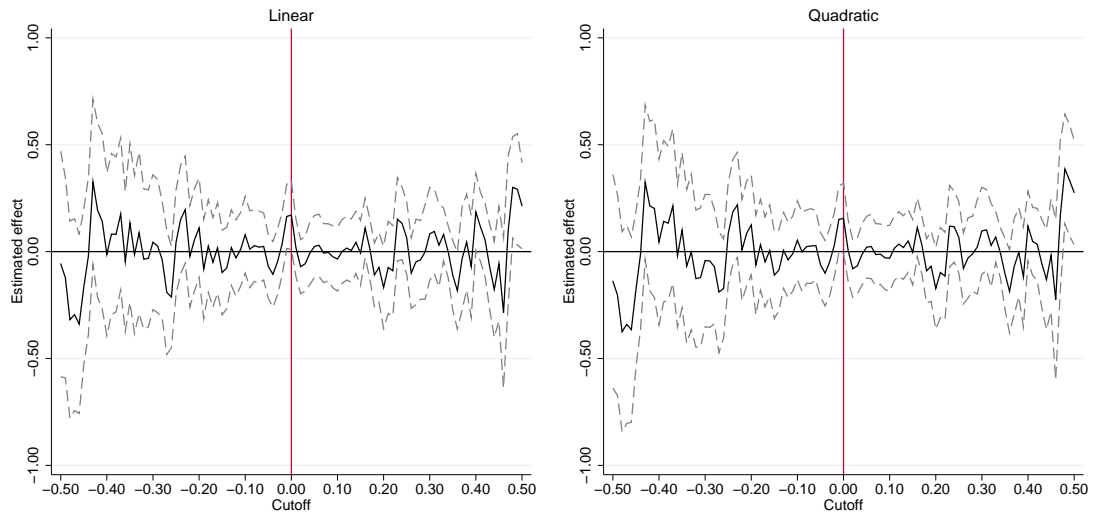

Notes: Figures show RDD estimates from local linear and quadratic estimations (black line) for various bandwidths. Vertical line marks the optimal bandwidth following Imbens and Kalyanaraman (2012). Dashed lines mark the 95 % confidence intervals.

Figure B4. All bandwidths graph for Table 5.

Table B1. Covariate smoothness.

Covariate	(1)	(2)	(3)	(4)	Covariate	(37)	(38)	(39)	(40)
Number of votes	1.297	-1.308	0.858	2.156	Age	0.847	0.813	-1.079	1.116
	[0.909]	[1.579]	[1.194]	[1.937]		[2.240]	[1.681]	[3.018]	[2.320]
N	606	1016	450	792	N	510	870	550	950
R^2	0.02	0.00	0.04	0.03	R^2	0.01	0.01	0.02	0.01
Bandwidth	0.08	0.16	0.09	0.17	Bandwidth	0.10	0.20	0.14	0.28
	(5)	(6)	(7)	(8)		(41)	(42)	(43)	(44)
Vote share (within party)	-0.009	-0.013	0.000	-0.007	Female	0.048	0.024	0.164	0.046
	[0.008]	[0.011]	[0.008]	[0.009]		[0.097]	[0.064]	[0.155]	[0.103]
N	872	1332	522	896	N	560	974	560	974
R^2	0.02	0.06	0.01	0.03	R^2	0.01	0.00	0.02	0.00
Bandwidth	0.10	0.21	0.11	0.22	Bandwidth	0.08	0.16	0.11	0.22
	(9)	(10)	(11)	(12)		(45)	(46)	(47)	(48)
Vote share (within municipality)	-0.042*	-0.060**	0.014	-0.016	University education	0.058	0.019	0.105	0.060
	[0.022]	[0.028]	[0.020]	[0.028]		[0.122]	[0.087]	[0.162]	[0.110]
N	760	1220	516	880	N	338	586	451	769
R^2	0.02	0.06	0.01	0.03	R^2	0.00	0.00	0.01	0.01
Bandwidth	0.08	0.16	0.10	0.21	Bandwidth	0.06	0.12	0.12	0.23
	(13)	(14)	(15)	(16)		(49)	(50)	(51)	(52)
Chairman of municipal board (t-1)	0.050	0.032	0.037	0.032	Unemployed	0.025	0.021	0.062	0.029
	[0.047]	[0.040]	[0.059]	[0.046]		[0.030]	[0.018]	[0.060]	[0.038]
N	348	606	496	820	N	722	1170	568	978
R^2	0.03	0.01	0.03	0.02	R^2	0.01	0.00	0.03	0.02
Bandwidth	0.09	0.19	0.11	0.23	Bandwidth	0.10	0.19	0.11	0.23
	(17)	(18)	(19)	(20)		(53)	(54)	(55)	(56)
Chairman of municipal council (t-1)	0.037	0.002	0.112	0.026	Student	0.016	0.019	0.008	0.017
	[0.083]	[0.049]	[0.151]	[0.082]		[0.021]	[0.014]	[0.028]	[0.020]
N	314	566	346	604	N	716	1164	782	1238
R^2	0.02	0.01	0.04	0.02	R^2	0.00	0.00	0.00	0.00
Bandwidth	0.06	0.13	0.11	0.23	Bandwidth	0.07	0.15	0.13	0.26
	(21)	(22)	(23)	(24)		(57)	(58)	(59)	(60)
Incumbent (t)	-0.140*	-0.055	-0.318***	-0.128	Entrepreneur	0.004	0.004	-0.027	-0.007
	[0.077]	[0.054]	[0.117]	[0.083]		[0.075]	[0.051]	[0.113]	[0.071]
N	600	1012	580	998	N	560	974	642	1078
R^2	0.01	0.00	0.02	0.00	R^2	0.00	0.00	0.00	0.00
Bandwidth	0.09	0.18	0.08	0.16	Bandwidth	0.10	0.20	0.14	0.29
	(25)	(26)	(27)	(28)		(61)	(62)	(63)	(64)
Incumbent (t-1)	-0.053	-0.014	-0.163	-0.039	High professional	0.061	-0.072	0.257*	-0.069
	[0.107]	[0.075]	[0.134]	[0.100]		[0.110]	[0.079]	[0.150]	[0.104]
N	484	840	600	1012	N	430	738	534	926
R^2	0.01	0.01	0.01	0.01	R^2	0.01	0.00	0.03	0.00
Bandwidth	0.10	0.20	0.10	0.20	Bandwidth	0.09	0.19	0.11	0.22
	(29)	(30)	(31)	(32)		(65)	(66)	(67)	(68)
Member of parliament	-0.007	0.015	-0.033	0.014	Municipal employee	0.015	0.005	0.055	0.021
	[0.050]	[0.037]	[0.085]	[0.049]		[0.079]	[0.058]	[0.113]	[0.084]
N	422	728	480	826	N	456	760	472	770
R^2	0.00	0.00	0.00	0.00	R^2	0.01	0.00	0.01	0.01
Bandwidth	0.06	0.13	0.11	0.22	Bandwidth	0.06	0.13	0.12	0.24
	(33)	(34)	(35)	(36)		(69)	(70)	(71)	(72)
Winner (t-1)	0.105	0.093	0.131	0.112	Income (election year)	2701	3514	1197	3955
	[0.080]	[0.058]	[0.101]	[0.072]		[3098]	[3130]	[3724]	[3444]
N	416	722	560	972	N	440	742	596	934
R^2	0.02	0.02	0.02	0.03	R^2	0.00	0.00	0.00	0.00
Bandwidth	0.10	0.20	0.10	0.20	Bandwidth	0.07	0.14	0.10	0.20
Bandwidth selection method	0.5 * IK(1)	IK(1)	0.5 * IK(2)	IK(2)	Bandwidth selection method	0.5 * IK(1)	IK(1)	0.5 * IK(2)	IK(2)
Specification	Local linear		Local quadratic		Specification	Local linear		Local quadratic	

Notes: Sample includes winners and runners-up from parties that nominate the board chairman, excluding absolute majorities. Standard errors clustered at municipality level are shown in brackets. Optimal bandwidths are chosen following Imbens and Kalyanaraman (2012). *, ** and *** denote statistical significance at 10 %, 5 % and 1 % levels, respectively.

Notes: Figures show RDD estimates from local linear and quadratic estimations (black line) at artificial cut-off points. Dashed lines mark the 95 % confidence intervals.

Figure B6. Placebo thresholds graph for Table 2, Panel C.

Appendix C: Additional Comparisons

Table C1. Policy positions by ideology, elected and all candidates.

Panel A: Right-wing parties		
	Elected candidates	All candidates
Variable	Mean	Mean
Deviation in policy position, public sector size	2.59	2.70
Deviation in policy position, redistribution	2.35	2.42
N	1876	4906
Panel B: Left-wing parties		
	Elected candidates	All candidates
Variable	Mean	Mean
Deviation in policy position, public sector size	2.57	2.76
Deviation in policy position, redistribution	2.24	2.40
N	203	700

Notes: Sample includes politicians from the parties that nominate the board chairman (excluding the board chairmen).

Table C2. Board chairmen versus other politicians.

Variable	Board chairmen Mean	Elected candidates Mean	Elected candidates Difference	All candidates Mean	All candidates Difference
Chairman of municipal board (t-1)	0.35	0.01	0.33***	0.00	0.34***
Chairman of local council (t-1)	0.08	0.02	0.05***	0.01	0.07***
Incumbent (t)	0.87	0.57	0.31***	0.20	0.67***
Incumbent (t-1)	0.69	0.37	0.33***	0.14	0.55***
Member of parliament	0.01	0.01	0.00	0.00	0.01**
Age	51.73	48.57	3.16***	47.23	4.50***
Wage income during election year	31856	27817	4039*	23722	8134***
Female	0.21	0.36	-0.15***	0.40	-0.18***
University education	0.21	0.21	0.01	0.17	0.04
Unemployed	0.01	0.03	-0.01**	0.06	-0.04***
Student	0.00	0.02	-0.01***	0.04	-0.03***
Entrepreneur	0.31	0.21	0.11***	0.14	0.17***
High professional	0.25	0.25	0.00	0.20	0.05
Municipal employee	0.12	0.23	-0.11***	0.22	-0.09***
Deviation in policy position, public sector size	2.28	2.50	-0.23***	2.62	-0.34***
Deviation in policy position, redistribution	2.19	2.27	-0.08	2.35	-0.16*
N	1436	41784		150897	

Notes: Elected and all candidates exclude the board chairmen. Income during the election year is expressed in euros. Income and dummy for being municipal employee are not observed for the 2012 elections. Deviations in policy position are observed only in 2012 for a subset of candidates. Statistical significance of the differences in means is tested using t test adjusted for clustering at the municipality level. *, ** and *** denote statistical significance at 10 %, 5 % and 1 % levels, respectively.

Table C3. Predicting board chairman status, board chairs and winners.

	(1)	(2)	(3)
Vote share (within party)	0.013***	-0.013***	-0.005
	[0.002]	[0.003]	[0.003]
Chairman of municipal board (t-1)	0.161***	0.259***	0.160**
	[0.022]	[0.032]	[0.068]
Chairman of local council (t-1)	-0.037	-0.094*	0.011
	[0.035]	[0.055]	[0.085]
Incumbent (t)	0.131***	0.229***	0.139*
	[0.025]	[0.041]	[0.078]
Incumbent (t-1)	0.027	0.008	0.066
	[0.022]	[0.036]	[0.067]
Member of parliament	-0.352***	-0.494***	-0.584***
	[0.039]	[0.051]	[0.088]
Age	0.002**	0.007***	0.002
	[0.001]	[0.002]	[0.003]
Female	-0.016	-0.052	-0.026
	[0.022]	[0.033]	[0.056]
Wage income during election year		0.000	
		[0.000]	
University education		0.005	0.019
		[0.035]	[0.059]
Unemployed		0.004	-0.279
		[0.117]	[0.270]
Student		-0.085	-0.064
		[0.152]	[0.381]
Entrepreneur		0.111***	0.016
		[0.036]	[0.069]
High professional		0.082**	0.029
		[0.039]	[0.068]
Municipal employee		-0.063	
		[0.041]	
Deviation in policy position, public sector size			-0.045*
			[0.026]
Deviation in policy position, redistribution			0.007
			[0.028]
N	1659	1029	315
R^2	0.49	0.28	0.22

Notes: The outcome is chairman of municipal board. Samples used in the regressions include all winners and board chairmen from the party that nominates the board chair. Municipal employee status and wage income during election year are not observed for 2012 elections, and deviations in policy positions are observed only for a subset of candidates in 2012. All specifications control for party fixed effects (coefficients not reported). Standard errors clustered at municipality level reported in brackets. *, ** and *** denote statistical significance at 10 %, 5 % and 1 % levels, respectively.

Table C4. Predicting board chairman status, all elected candidates.

	(1)	(2)	(3)
Rank = 1	0.216***	0.180***	0.229***
	[0.020]	[0.024]	[0.049]
Rank = 2	0.061***	0.061***	0.071**
	[0.012]	[0.017]	[0.032]
Rank = 3	0.032***	0.027*	-0.012
	[0.011]	[0.014]	[0.024]
Vote share (within party)	0.009***	0.011***	0.011***
	[0.001]	[0.001]	[0.002]
Chairman of municipal board (t-1)	0.453***	0.444***	0.365***
	[0.022]	[0.028]	[0.051]
Chairman of local council (t-1)	0.039**	0.029	0.079*
	[0.019]	[0.025]	[0.045]
Incumbent (t)	0.029***	0.031***	0.031***
	[0.004]	[0.006]	[0.011]
Incumbent (t-1)	0.017***	0.016**	0.027**
	[0.005]	[0.007]	[0.013]
Member of parliament	-0.226***	-0.233***	-0.317***
	[0.026]	[0.029]	[0.053]
Age	0.000	0.001**	0.000
	[0.000]	[0.000]	[0.000]
Female	-0.015***	-0.014***	-0.015
	[0.004]	[0.005]	[0.010]
Wage income during election year		0.000	
		[0.000]	
University education		0.010	0.014
		[0.009]	[0.014]
Unemployed		0.007	-0.032
		[0.016]	[0.029]
Student		-0.002	0.004
		[0.014]	[0.029]
Entrepreneur		0.012*	0.006
		[0.007]	[0.015]
High professional		0.008	
		[0.008]	
Municipal employee		-0.007	0.002
		[0.006]	[0.015]
Deviation in policy position, public sector size			-0.012**
			[0.005]
Deviation in policy position, redistribution			-0.004
			[0.006]
N	12929	7860	2163
R^2	0.30	0.27	0.33

Notes: The outcome is chairman of municipal board. Samples used in the regressions include all elected candidates from the party that nominates the board chair. Municipal employee status and wage income during election year are not observed for 2012 elections, and deviations in policy positions are observed only for a subset of candidates in 2012. All specifications control for party fixed effects (coefficients not reported). Standard errors clustered at municipality level reported in brackets. *, ** and *** denote statistical significance at 10 %, 5 % and 1 % levels, respectively.

Table C5. Predicting board chairman status, all candidates.

	(1)	(2)	(3)
Rank = 1	0.179***	0.220***	0.104***
	[0.014]	[0.022]	[0.021]
Rank = 2	0.056***	0.085***	0.020
	[0.010]	[0.016]	[0.018]
Rank = 3	0.030***	0.042***	-0.022
	[0.008]	[0.014]	[0.014]
Vote share (within party)	0.004***	0.006***	0.006***
	[0.000]	[0.001]	[0.001]
Chairman of municipal board (t-1)	0.462***	0.432***	0.441***
	[0.021]	[0.028]	[0.048]
Chairman of local council (t-1)	0.066***	0.036	0.147***
	[0.018]	[0.023]	[0.044]
Incumbent (t)	0.018***	0.016***	0.017**
	[0.003]	[0.004]	[0.008]
Incumbent (t-1)	0.012***	0.012**	0.014
	[0.003]	[0.005]	[0.009]
Member of parliament	-0.168***	-0.212***	-0.199***
	[0.023]	[0.027]	[0.046]
Age	0.000	0.000*	0.000
	[0.000]	[0.000]	[0.000]
Female	-0.006***	-0.005***	-0.009**
	[0.001]	[0.002]	[0.004]
Wage income during election year		0.000*	
		[0.000]	
University education		0.003	0.010
		[0.004]	[0.007]
Unemployed		0.004	0.001
		[0.003]	[0.007]
Student		0.005	0.002
		[0.003]	[0.008]
Entrepreneur		0.004	0.000
		[0.003]	[0.007]
High professional		0.002	0.003
		[0.003]	[0.006]
Municipal employee		-0.004*	
		[0.002]	
Deviation in policy position, public sector size			-0.005**
			[0.002]
Deviation in policy position, redistribution			-0.002
			[0.003]
N	34664	20609	5411
R^2	0.29	0.29	0.30

Notes: The outcome is chairman of municipal board. Samples used in the regressions include all candidates from the party that nominates the board chair. Municipal employee status and wage income during election year are not observed for 2012 elections, and deviations in policy positions are observed only for a subset of candidates in 2012. All specifications control for party fixed effects (coefficients not reported). Standard errors clustered at municipality level reported in brackets. *, ** and *** denote statistical significance at 10 %, 5 % and 1 % levels, respectively.

References for Appendices

McCrary, J., 2008. Manipulation of the Running Variable in the Regression Discontinuity Design: A Density Test. *Journal of Econometrics* 142(2), 698–714.