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**Discussion Papers in  
Economics and Econometrics**

**Title Repeating Voting with Complete Information**

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No. 1110

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ISSN 0966-4246

# Repeated Voting with Complete Information

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February 20, 2012

## Abstract

A committee is choosing from two alternatives. If required supermajority is not reached, voting is repeated indefinitely, although there is a cost of delay. Under suitable assumptions the equilibrium analysis provides a sharp prediction. The result can be interpreted as a generalization of the seminal median voter theorem known from the simple majority case. If supermajority is required instead, then the power to select the outcome moves from the median voter to the more extreme voters. Normative analysis indicates that the simple majority is not constrained efficient because it does not reflect the strengths of voters' opinion. Even if unanimity is a bad voting rule, voting rules close to unanimity may be efficient. The more likely it is to have a very many almost indifferent voters and some very opinionated ones, the more stringent supermajority is required for efficiency.

**Keywords:** supermajority, qualified majority, repeated voting, conclave, War of Attrition.

**JEL Classification Codes:** D63, D72, D74

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<sup>†</sup>I would like to thank Dino Gerardi, Antonella Ianni, Miltos Makris and the participants of the 17th Coalition Theory Network Workshop in Paris.

# 1 Introduction

Consider a committee locked in a room choosing from two alternatives, either of which may replace the status quo, through a supermajority of, say,  $2/3$ . If voters do not reach a decision in the first round of voting, then they go to the next round, and so on, until the sufficient majority is reached. However, delay or deadlock is costly to every player. How does the outcome of this process change if the required supermajority is adjusted to, say,  $3/4$ ? Which rule offers a better chance of a correct choice?

Apart from providing an equilibrium prediction in such mechanisms, the main contribution of this paper is to identify reasons why both simple majority and unanimity may be subefficient. In the simple majority case, the median voter is pivotal and – as it represents some "typicality" of preferences – it is often understood that her choice would implement an efficient alternative. A formal version of this argument was made by Rae (1969) under the assumption that voters' preferences have the same intensity. In contrast to that, this study allows preferences to have varying intensities. In the equilibrium of this model, the greater supermajority is required, the more extreme voters become pivotal. In other words, the outcome depends on a combination of these more extreme preferences, which is a measure of preference typicality different than the median. The following mathematical fact is key: the combination of these more extreme preferences correlates better with the average preference, than the median preference does. Since the average preference represents efficiency, one is interested in maximizing this correlation.

It has also been argued that one of the main reasons why unanimous consent is not a good voting method is because it may lead to delay or deadlock, for instance, through obstinacy.<sup>1</sup> This study shows that unanimity may be a bad voting rule even if a decision is reached without any delay. The reason is a different incarnation of the same mathematical fact as above: the combination of the most extreme preferences correlates very poorly with the average preference.

These results, along with the main assumptions of the model, will be discussed further after a few examples of this voting institution.

**Examples.** This decision-making format is very common. In fact, some of the most important collective decisions in real life emerge through such a process, either de jure or de facto.

*Choosing a leader.* It can be argued that choosing the President of the European Council, selection of the CEO of a corporation, agreeing on job candidates in hiring committees all require repeated attempts to form a sufficient consensus. Vacancy or interregnum is often the worst outcome, and the only remaining question is which candidate should be selected. Papal

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<sup>1</sup>Black (1963), p. 147, Buchanan and Tullock (1962), ch. 8., Barry (1965) p. 242-9.

conclave requires 2/3 majority in the College of Cardinals to elect the Pope – the leader of the Roman Catholic Church. Voting is repeated indefinitely until such support is reached. Despite the secrecy involved in the process, the voting rules are well-known and their evolution quite well-documented (Baumgartner (2003)). This method is, in fact, a very good motivating example: the fact that papal conclave is apparently the oldest ongoing method for choosing the leader of an institution, with more than 750 years of history in its current form, should be enough to stimulate interest in the question about the qualities of this particular voting method.<sup>2</sup>

*Consensus standardization* is an explicit agreement on compatibility standards in an industry. Different firms have vested interests in which standard is eventually selected, but maintaining the status quo by not selecting any standard implies lost profit to every participant. To be adopted, a standard has to be supported by most of the firms in the industry, and reaching such a wide support may take time. This is as if all firms voted continuously with a requirement of significant supermajority (Farrell and Simcoe (2009)).

*International negotiations.* In many international organizations various supermajority rules are in place. The Treaty of Lisbon in the European Union has replaced unanimity by less stringent qualified majority rules. There are proposals to change the voting system in the UN Security Council, which currently has five veto-wielding permanent members. Even if the rules on what constitutes sufficient supermajority are not as rigid, many multilateral deals in an international context are reached through implicit consensus seeking.

Examples include negotiations on preventing climate change, talks within the World Trade Organization, or on reforming the institutions of the European Union. When these negotiations reach a stage in which the binary agenda is already established (as opposed to flexible bargaining, possibly with transfers) and everyone agrees that status quo is the least preferable outcome, the model studied below may provide useful insights.

*Jury trials.* The jury has to arrive to a decision by unanimity. This is obtained through repeated voting, intertwined with often lengthy deliberations among the jury members. On the other hand, jury members are not supposed to have preferences over alternatives; they are to establish objective facts.

**Summary of the results.** There are positive and normative questions asked in this paper.

Positive analysis, contained in Section 4, shows that preference intensities

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<sup>2</sup>The requirement of 2/3 majority was written down as a rule by the Third Lateran Council of 1179. Since then, the only serious challenge to the 2/3 rule came in 1996, when John Paul's new election constitution allowed the electors to switch to simple majority after 30-33 unsuccessful ballots (Baumgartner (2003)). The John Paul's successor, Benedict XVI, changed the rules back to 2/3 majority in 2007.

of the voters are the key determinants of the voting outcome. To be more precise, suppose that two alternatives are  $A$  and  $B$ , suppose that  $n$  is the size of the committee and suppose that supermajority  $n + 1 - m$  is required, where the key parameter  $m$  is the minimal blocking minority. That is,  $m$  voters voting in unison are able to prevent an alternative from being selected; fewer than  $m$  is not enough. Voters have different preference intensities, so they can be sorted from the one who prefers  $A$  the most, to the one who prefers  $B$  the most. Take two *pivotal* voters, the  $m$ th voter from the  $A$  side and the  $m$ th voter from the  $B$  side and check which one prefers her alternative more – that alternative will be selected in equilibrium without any delay.

This result can be expressed in terms of one variable. If the  $m$ th voter from the  $A$  side prefers  $A$  more than the  $m$ th voter from the  $B$  side prefers  $B$  (thus leading to the selection of  $A$ ), then the average of the values of these two pivotal voters will "prefer"  $A$ . This average is called the  $m$ th quasi-midrange because it is the midrange point of a sample whose  $m - 1$  most extreme elements from each side were truncated. The equilibrium characterization could be called the quasi-midrange voter theorem, the special case of which is the median voter theorem.

Section 5 turns to a normative analysis of what the best minimal blocking minority  $m$  is, if the voting system has to be decided before the voters learn their preferences. This is investigated for the case of frequent voting and asymptotically large committees and for symmetric parent distributions of voters' preferences. Unanimity is as bad as flipping a coin, simple majority is better, but there is an intermediate supermajority that is even better. The key statistical result behind this last claim is that a sample mean does not correlate with a sample median as well as with some other intermediate quasi-midranges. Since the mean represents constrained efficiency, and the quasi-midrange represents equilibrium of an intermediate supermajority system, relying on the median is subefficient, as compared to the optimal intermediate quasi-midrange. As far as the unanimity system is concerned, the midrange (without "quasi") correlates with the mean particularly poorly, and hence relying on it is particularly hopeless.

What supermajority is constrained efficient depends on a parent distribution of voters preferences, and, specifically, on the relationship between tail/extreme preferences versus central/indifferent preferences. Simple majority is the best system if preference intensities are similar enough. Even if unanimity is the worst voting method, systems close to unanimity may be optimal if (i) there is a high overall probability that voters are indifferent, but (ii) very extreme preferences can occur. This may sound somewhat paradoxical, but the intuition is straightforward. If such is the parent distribution, then most of the voters are indifferent. Preferences of a few very strong-minded voters determine what the efficient decision is, and so these voters should determine the outcome. Large supermajority requirement gives them

that power.

**Summary of the main assumptions.** These sharp results depend on equilibrium characterization, which, in turn, relies on a number of assumptions.

Firstly, players' preferences are commonly known. Thus, this paper does not study information aggregation. Largely thanks to this assumption, there is no delay in equilibrium. This assumption is less restrictive than it may seem at first. Often, an essential element of repeated voting procedures is a possibility to exchange opinions and to present evidence. The organization of jury voting is intentionally conducive to deliberations. In the context of international decision making, the parties build their cases and present their evidence. In papal conclave, voting rounds alternate with sermons by senior Cardinals and periods of reflection and dialogue. Even if voters enter the process with some private information, they will reveal it in equilibrium, provided that there exists a technology to present credible evidence and that there is ample time to do that. In fact, this assumption is not necessarily a shortcoming, as a rich set of results emerges even if there is no private information. Before one endeavors to assess the information aggregation properties of various supermajority rules, one should try to understand their implications regarding the distribution of power among the voters (see also comments on Ponsati and Sakovics (1996) below).

Secondly, it is assumed that as the game progresses, the cost of waiting becomes large enough to dominate static preferences for one of the alternatives. Specifically, after a long enough wait, a voter will prefer to sacrifice the prospect of getting her favorite alternative next round by accepting the less preferred alternative this round. This assumption seems to be justified, given the format of the voting process. One should expect that, as time passes, voters locked in a room would become increasingly desperate to reach a decision. For example, members of a recruitment committee may argue vigorously for a few hours, but will become more cooperative when lunch is delayed. Even if Cardinals in papal conclave, or jury members in jury trials, etc., receive food and time to sleep, after a few days or weeks they too lose their patience to continue the process. In case when the voters are not locked in a room for the duration of the game, still the benefits generated by the favourite alternative may dissipate in finite time to such an extent that eventually it does not pay to insist on one's favourite alternative, given that the next chance to reach an agreement will arrive some time from now. For example, in formal standardization negotiations, technologies may become obsolete within a few years, so that the prospect of not cashing in on any alternative is very much foreseeable for any firm.

Thirdly, it is assumed that voters' decisions are taken sequentially within each voting round. This is assumed to introduce some inertia into voting process – so that voters have time to react to changing patterns of voting before the game stops. Since the formal analysis below concentrates on fre-

quent voting, this assumption does not have any payoff relevance, as the voters can react to changes of voting pattern almost instantaneously. As far as the game theoretic model is concerned, this assumption circumvents a coordination problem inherent in this type of voting. If voting was completely simultaneous in each round, then both alternatives could be obtained as equilibrium outcomes.

## 2 Existing literature

The merits of unanimity versus simple majority rule in collective decision making is a classical topic. Following Buchanan's and Tullock's (1962) two-stage approach to constitution design, Rae (1969) provides a normative analysis of voting systems. He argues that simple majority is the best voting rule because it selects an alternative that a representative voter is most likely to prefer after she learns her preferences. This result heavily relies on the assumption that voters have preferences of equal intensity (see also May (1952)). The present study can be seen as an attempt to provide a parallel result when voters have preferences of varying intensity.

Studies of supermajority often envision the following static scenario: there is some status-quo, which can be changed by some large enough supermajority (Black (1948), Caplin and Nalebuff (1991), Aghion et al. (2004), Holden (2009), to name a few). This project studies supermajority rules in a very different context: every voter agrees that status quo is inferior and voting is repeated until this status quo is replaced by one of the alternatives.

In the literature on dynamic multiplayer decision-making, the closest paper to this study is Ponsati and Sakovics (1996). They study a similar economic environment with many players, two alternatives and costly waiting, but they focus exclusively on equilibrium characterization. They assume a "simple timing game" in which a player can continue supporting her favourite alternative or yield once and for all. The second key assumption in their model is that a player cannot observe how many players supporting the other alternative have yielded. In contrast to this, in the model below voters can switch their votes as they please and they observe the full history of voting. Since Ponsati and Sakovics (1996) assume that voters have private information about the intensity of own preferences, their equilibrium has some strategic delay,<sup>3</sup> but the alternative selected in symmetric equilibrium of their model is characterized by a similar quasi-midrange condition as here. Whichever set of assumptions is more realistic in a particular context – the ones of this study, or the ones in Ponsati and Sakovics (1996) – this feature of the equilibrium outcome appears to be robust to different model specifications, and consequently the efficiency analysis contained in Section 5 looks compelling.

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<sup>3</sup>More on delay in Section 6.

Other models that study collective bargaining should also be mentioned. Baron and Ferejohn (1989) presents a dynamic model of collective bargaining in which the size of supermajority is an important object of analysis. A randomly selected agent makes a proposal, which is then voted by the committee; if rejected, the game moves to the next round. This model and related literature treats the agenda as endogenous. The assumption in the model below is different – once voting starts, the alternatives considered by the voters are fixed. This assumption seems more realistic in some contexts, such as choosing a leader from a given set of candidates, or an industry selecting a standard from the set of existing technologies, if side transfers and favours among the participants are prohibited.

Compte and Jehiel (2010) study a model somewhat related to Baron and Ferejohn (1989) in which, however, the voters do not have a control over the current agenda (and thus in this respect their work is similar to the model presented below). Voters can reject the current proposal expecting that a new proposal – which arrives from outside, like in the classical search literature – will be superior.

Piketty (2000) investigates repeated voting on one issue with the same set of voters. However, he is concerned with a two-round election with three candidates, in which the second round is reached by two best candidates of the first round, only if no candidate obtains 50% of the vote in the first round.<sup>4</sup>

### 3 Model of repeated voting

**Physical environment.** There is a committee consisting of  $n \geq 2$  agents or *voters*. There is a set of two *alternatives*,  $A$  and  $B$ . One of them may be selected at a certain time. The *outcome* is a pair consisting of the selected alternative and the time when this decision was reached.

**Voting.** Decision is made via supermajority voting. In a given *voting round* each voter casts her vote for  $A$  or for  $B$ . The supermajority required to select an alternative is  $n + 1 - m$ . The key number  $m = 1, 2, \dots, \bar{m}$  is interpreted as a *minimal blocking minority*, where  $\bar{m} = n/2$ , if  $n$  is even, and  $\bar{m} = (n + 1)/2$ , if  $n$  is odd. In particular, one extreme system is unanimity, in which one voter is able to block a decision,  $m = 1$ ; the other polar case is simple majority, in which at least a half of all voters is required to block a decision,  $m = \bar{m}$ .

If no alternative gathers enough support, the voting goes to the next round. There is an infinite number of voting rounds. The time interval between two consecutive voting rounds is  $\Delta$ , so that voting rounds occur in

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<sup>4</sup>There is also a literature on sequential voting, in which one set of voters votes in one period and then another set of voters votes later on the same or related issue (Battaglini et al. (2007) and references therein).

calendar times  $t \in \{0, \Delta, 2\Delta, \dots\}$ .

In each round, voters announce their votes sequentially one-by-one, according to an order determined randomly and announced at the beginning of the round.

**Preferences.** The payoff of each voter depends on the outcome. Voters are heterogeneous; commonly known parameter  $x_i$  summarizes preferences of voter  $i$ . It is interpreted in the following way: if  $B$  is selected *immediately*, then voter  $i$  gets  $x_i$  more utility than if  $A$  was selected immediately. As a result, positive  $x_i$  indicates that  $i$  prefers alternative  $B$ ; negative  $x_i$  indicates that  $i$  prefers alternative  $A$ . If  $x_i$  is zero, voter  $i$  is indifferent between alternatives. Let  $x = (x_1, \dots, x_n)$ .

To describe how delay affects the payoff, assume that  $W(|x_i|, t)$  is the payoff of a voter characterized by  $x_i$ , if her favorite alternative ( $B$  if  $x_i > 0$  and  $A$  if  $x_i < 0$ ) is implemented at time  $t$ , and  $L(|x_i|, t)$  is the payoff of this voter if the other alternative is selected at time  $t$ . Both  $W$  and  $L$  are continuous functions of two non-negative real numbers. Clearly, for  $t = 0$  we have

$$|x_i| = W(|x_i|, 0) - L(|x_i|, 0)$$

The following assumptions should be uncontroversial. Firstly, assume that for every type  $x_i$ , functions  $W(|x_i|, \cdot)$  and  $L(|x_i|, \cdot)$  are strictly decreasing. This captures the fact that status quo is the least preferred alternative for all agents. Secondly, for every type  $x_i$  and time  $t$ , let  $W(|x_i|, t) \geq L(|x_i|, t)$ .

Next assumption is about player's cost of waiting: it is assumed to be increasing over time to such an extent that there exists a time in the future, such that when the game reaches that time, the player prefers to obtain the less preferred alternative than to wait one more round and get the more preferred alternative. Let this time be denoted by  $\tau(|x_i|, \Delta)$ . It is formally defined as:

$$W(|x_i|, t + \Delta) = L(|x_i|, t) \text{ if } t = \tau(|x_i|, \Delta)$$

and  $W(|x_i|, t + \Delta) > L(|x_i|, t)$  (respectively,  $<$ ) if  $t < \tau(|x_i|, \Delta)$ , (respectively, if  $>$ ). Call  $\tau(|x_i|, \Delta)$  the *indifference time* of voter  $i$ .

As an example, consider  $W(|x_i|, t) = |x_i| - t^2$  and  $L(|x_i|, t) = -t^2$ . Then

$$\tau(|x_i|, \Delta) = \frac{|x_i|}{2\Delta} - \frac{\Delta}{2}$$

if the right-hand side is non-negative, zero otherwise.

The last assumption of this section puts a very mild restriction on what happens when voting becomes more frequent.<sup>5</sup> It is immediate that the more frequent voting, the greater  $\tau(|x_i|, \Delta)$  gets. The assumption is that, for any two types  $x$  and  $x'$ , the difference  $\tau(|x|, \Delta) - \tau(|x'|, \Delta) \neq 0$  does

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<sup>5</sup>Section 5, with normative results, has an additional assumption that  $\tau$  is increasing in its first argument.

not change its sign and is bounded away from zero, as voting becomes more frequent. Clearly, this assumption holds in the example too.

## 4 Equilibrium

This section shows that the model described above has a unique equilibrium. It is completely characterized by the indifference times of two pivotal voters. To explain who pivotal voters are, it is useful first to define  $\tau_i$  as

$$\tau_i = \begin{cases} \tau(|x_i|, \Delta) & \text{if } x_i > 0 \\ -\tau(|x_i|, \Delta) & \text{if } x_i \leq 0 \end{cases}$$

That is,  $|\tau_i|$  is an indifference time of voter  $i$ , where negative sign of  $\tau_i$  indicates that  $i$  prefers  $A$ , and positive sign indicates the  $i$  prefers  $B$ . Let  $\tau = (\tau_1, \dots, \tau_n)$ . Sort the voters from the lowest to the highest according to this parameter,  $(\tau_{1:n}, \dots, \tau_{n:n})$ , where  $\tau_{k:n}$  is the  $k$ th lowest element in  $\tau$ . For a given supermajority  $m$ , the *pivotal* voters are those who are characterized by indifference times  $\tau_{m:n}$  and  $\tau_{n+1-m:n}$ . That is, these are the  $m$ th closest voter to alternative  $A$  and the  $m$ th closest voter to alternative  $B$ , according to their indifference times.

Let  $h \in \{A, B\}$  be the alternative preferred by the pivotal voter with the higher indifference time and let  $l \in \{A, B\}$  be the other alternative. For example,  $(h, l) = (A, B)$  if  $|\tau_{m:n}| > |\tau_{n+1-m:n}|$ .

The main result of this section is this:

**Proposition 1** *Let  $m < (n + 1)/2$ . Fix a preference profile  $(x_1, \dots, x_n)$ , such that  $|\tau_{m:n}| \neq |\tau_{n+1-m:n}|$ . Then there exists  $\bar{\Delta} > 0$  such that for all  $\Delta < \bar{\Delta}$ , in any equilibrium the alternative preferred by the pivotal voter with the greater indifference time,  $h$ , is selected in the first round.*

The proofs are in the Appendix.

To explain this proposition, let us define a few objects. Let  $\mathcal{N}^k$  be the set of voters who prefer alternative  $k$ . Let  $T^A = |\tau_{m:n}|$  and  $T^B = |\tau_{n+1-m:n}|$  be the indifference times of the pivotal voters. Obviously,  $T^h = \max\{T^A, T^B\}$  and  $T^h > T^l$ . Having  $T^h$ , we can define sets

$$\begin{aligned} \mathcal{N}_+^k &= \left\{ i \in \mathcal{N}^k : \tau(|x_i|, \Delta) \geq T^h \right\} \\ \mathcal{N}_- &= \left\{ i \in \mathcal{N} : \tau(|x_i|, \Delta) < T^h \right\} \end{aligned}$$

There are two important observations about set  $\mathcal{N}_+^k$ . Firstly, every voter in set  $\mathcal{N}_+^k$  still strictly prefers alternative  $k$  if voting is in round  $t \in (T^l, T^h)$ . Secondly, set  $\mathcal{N}_+^h$  has at least  $m$  elements, and  $\mathcal{N}_+^l$  has at most only  $m - 1$  elements. Note also that as voting becomes more frequent, the order of

voters according to their indifference times does not change, nor does the identity of pivotal voters, nor do the sets  $\mathcal{N}_+^A$ ,  $\mathcal{N}_+^B$  and  $\mathcal{N}_-$ .

The proof is essentially by backward induction. Suppose that the game is still unresolved in a voting round  $t \in (T^l, T^h)$ . Voters in set  $\mathcal{N}_+^h$  are *able* to block alternative  $l$  if they voted in unison, because their number is at least equal to the minimal blocking minority. Moreover, they *want* to block alternative  $l$ , if  $h$  can be selected in round  $t$  or soon after, because they still strictly prefer it. This logic does not apply to voters in set  $\mathcal{N}_+^l$ . There are fewer of them than the minimal blocking minority, so they are not able to block alternative  $h$  in that round. Remaining voters, who are in set  $\mathcal{N}_-$ , do not care which alternative is selected; they want the voting to finish as quickly as possible. So, if voters in sets  $\mathcal{N}_+^h$  and  $\mathcal{N}_-$  can coordinate, they would coordinate on voting for  $h$ , as together they form a sufficient supermajority to stop the game in round  $t$  and select  $h$ . The fact that voting is sequential within each round, rounds are frequent, and the order of moves is established randomly enables such a coordination. Then, backward induction, round-by-round, does the rest.

## 5 Efficient voting system with symmetric voters

This is the main part of this paper, in which we ask what kind of voting system should be chosen? In particular, what  $m$  is the best? It is clear that normative analysis can be illuminating only from the ex ante perspective, when the preference profile of the committee members is not yet known.<sup>6</sup> Assume thus that there are two stages in which citizen-voters are active. The first stage can be called a constitution design stage, and the second stage is the actual voting process culminating with the collective decision. In the first stage, voters, still uninformed about their future preference type, decide about  $m$ . Once the voting system is determined, nature selects a preference parameter for each voter and announces it publicly. In the second stage, voters, now heterogeneous, play a repeated voting game as described in the previous section.

Imagine a representative voter who forms expectation about future preferences. These preference parameters will be independently drawn from a known, continuous distribution function  $F(\cdot)$ , with density  $f(\cdot)$ , mean  $\mu$  and variance  $\sigma^2 < \infty$ .

The assumption about independence of preferences rules out some interesting scenarios. For example, suppose that the vote is about what voter 1 should have for dinner, an Apple or a Banana. Since every other voter is indifferent about the dinner of voter 1, preferences are not independent. This situation is not covered by the investigation of this section, even if

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<sup>6</sup>See Buchanan and Tullock (1962), page 78.

Proposition 1 suggest the answer: the only system that gives voter 1 his preferred dinner with certainty is unanimity.

If  $F$  is not continuous then two voters may have the same preference parameters or the same indifference times, so that one could not use Proposition 1.

Distributions satisfying a number of assumptions will be of interest:

1. *Symmetry* of the distribution, that is,  $f(\mu - x) = f(\mu + x)$  for all  $x$ .
2. *Zero mean*, that is,  $\mu = 0$ ,
3. Existence of almost *average voters*, that is, density  $f$  is positive and continuous at  $\mu$ ,
4. *Bounded support*, that is,  $\tilde{x} = \sup \{x : F(x) < 1\} < \infty$

Let  $X_1, \dots, X_n$  be the i.i.d. random variables from this  $F$ . Their realization is interpreted as the preference vector  $x$  defined above. Let also  $X_{1:n}, \dots, X_{n:n}$  be this sample sorted from the lowest to the highest; in other words,  $X_{m:n}$  is the  $m$ th order statistic associated with the sample  $X_1, \dots, X_n$ .

The realization of the sample mean  $\bar{X}_n = (1/n) \sum_{i=1}^n X_i$  is the average welfare, if  $B$  is implemented without any delay. The average welfare is  $-\bar{X}_n$  if  $A$  is implemented without any delay. Clearly, the efficient outcome will not involve any delay, so the first-best mechanism implements alternative  $B$  immediately if the realization of  $\bar{X}_n$  is positive and implements  $A$  immediately otherwise. Thus, the ex post first-best average welfare is  $|\bar{X}_n|$ , and its ex ante expected value is

$$\Pr \{ \bar{X}_n > 0 \} E(\bar{X}_n | \bar{X}_n > 0) + \Pr \{ \bar{X}_n < 0 \} E(-\bar{X}_n | \bar{X}_n < 0)$$

Note that this average welfare level is not achievable if only mechanisms studied in this paper are available, because the equilibrium outcome of these mechanisms depends only on preferences of two pivotal voters, instead of the preferences of the entire committee.

To see what is possible, consider equilibria characterized by Proposition 1 and focus on the limit case of infinitely frequent voting  $\Delta \rightarrow 0$ .

Assume that  $\tau(\cdot, \Delta)$  is strictly increasing; that is, the stronger opinion a voter has, the longer she is willing to wait. It is a form of symmetric time preference. In equilibrium, alternative  $B$  is selected as long as  $|\tau_{m:n}| < |\tau_{n+1-m:n}|$ . This condition holds if and only if  $|x_{m:n}| < |x_{n+1-m:n}|$ , which itself is equivalent to  $x_{m:n} + x_{n+1-m:n} > 0$ . From the ex ante stage, one is interested in the realization of the associated random variable  $Z_n^m = (1/2)(X_{m:n} + X_{n+1-m:n})$ . It is called the sample  $m$ th quasi-midrange of the sample  $X_1, \dots, X_n$ , because it is a sample midrange after one has truncated  $m - 1$  most extreme sample points from each side. It could be viewed as

a sample measure of centrality, with sample midrange and sample median being two polar cases.

The expected average welfare of a representative agent in equilibrium is

$$V_n^m = \Pr \{Z_n^m > 0\} E(\bar{X}_n | Z_n^m > 0) + \Pr \{Z_n^m < 0\} E(-\bar{X}_n | Z_n^m < 0) \quad (1)$$

The interest is in the second-best mechanisms, obtained by finding  $m$  that maximizes  $V_n^m$ . Such  $m$  will be referred to as *constrained efficient supermajority*.<sup>7</sup>

In order to study efficiency properties of various supermajority rules, one has to start by examining the joint probability distribution of  $(\bar{X}_n, Z_n^m)$ . It is easy to calculate if  $n = 2$ , although that exercise is useless if one wants to study supermajority rules. Calculating this probability distribution explicitly becomes difficult for  $n = 3$ ; for all practical reasons it is impossible if  $n$  is greater. A systematic study of  $V_n^m$  as a function of  $m$  looks like a hopeless task.

The rest of this section focuses on the case  $n \rightarrow \infty$ . Fortunately, it turns out that the resulting asymptotic joint distribution has a very tractable form and allows a far-reaching explicit analysis of constrained efficient mechanisms. Hence, all normative statements in this section will be double limit results. Firstly, the time interval between voting rounds goes to zero, and then the size of the committee goes to infinity.<sup>8</sup>

## 5.1 Asymptotic joint probability distribution

Switch from an absolute measure of supermajority,  $m$ , to a relative measure,  $p \in (0, 1/2]$ , a fraction of all the voters that may block an alternative. They are related through  $m = \lceil np \rceil$ . In other words, as  $n$  goes to infinity, the supermajority requirement  $m$  also goes to infinity, but  $p = m/n$  stays constant (subject to an integer constraint).

Before the key asymptotic result linking the sample mean and the sample quasi-midrange is presented, one has to define a few objects. Let  $0 < p < 1$  and let  $x_p$  denote  $p$ th population<sup>9</sup> quantile of  $F$ , that is,  $F(x_p) = p$ . Apart from the sample mean  $\bar{X}_n$ , define also  $Y_n^p = X_{\lceil np \rceil:n}$  to be the sample  $p$ th quantile. Moreover, for  $0 < p < q < 1$  define  $\hat{Z}_n^{pq} = (1/2)(Y_n^p + Y_n^q)$  to be the sample  $(p, q)$ -quasi-midrange. Let  $\mu_{pq} = (1/2)(x_p + x_q)$  be the corresponding population quasi-midrange.

<sup>7</sup>The second efficiency criterion that one may use is the probability of the correct choice,  $P_n^m = \Pr \{\bar{X}_n \times Z_n^m > 0\}$ . Rae (1969) used this measure.

<sup>8</sup>However, this limit does not constitute a *requirement* that the committee size is nearly infinity. Asymptotics is just an approximation of a finite committee and this approximation may be good even if the committee has just a few members.

<sup>9</sup>The term "population" refers to the corresponding parameter of the actual distribution function. The term "sample" refers to the realization of a certain random variable and represents the population of voters.

Given distribution  $F$ , define the following variance-covariance terms,

$$\begin{aligned}\sigma_{px} &= p(1-p)(E(X|X > x_p) - E(X|X < x_p)) \frac{1}{f(x_p)} \\ (\sigma_p)^2 &= p(1-p) \frac{1}{f(x_p)^2}\end{aligned}$$

For  $0 < p < q < 1$  define also

$$\begin{aligned}\sigma_{pq} &= p(1-q) \frac{1}{f(x_p) f(x_q)} \\ \sigma_{xz} &= (1/2)(\sigma_{px} + \sigma_{qx}) \\ (\sigma_z)^2 &= (1/4)(\sigma_p^2 + 2\sigma_{pq} + \sigma_q^2)\end{aligned}$$

The following result reveals the asymptotic normality of the sample mean and a sample quasi-midrange, as the sample size goes to infinity.

**Lemma 1** *Let  $0 < p < q < 1$ . If density  $f$  is continuous and positive at  $x_p$  and  $x_q$ , then*

$$\sqrt{n} \left( \begin{bmatrix} \bar{X}_n \\ \hat{Z}_n^{pq} \end{bmatrix} - \begin{bmatrix} \mu \\ \mu_{pq} \end{bmatrix} \right) \xrightarrow{d} N \left( \begin{bmatrix} 0 \\ 0 \end{bmatrix}, \begin{bmatrix} \sigma^2 & \sigma_{xz} \\ \sigma_{xz} & (\sigma_z)^2 \end{bmatrix} \right)$$

This is a general result, but in the context of this model, one is interested in the case when  $p = 1 - q \leq 1/2$ . This is because both alternatives are treated symmetrically by the voting system, that is, each must gather the same support to win. Note that under this assumption,  $\hat{Z}_n^{1-q,q} = \hat{Z}_n^{p,1-p} = Z_n^m$  as long as  $m = \lceil np \rceil$ .<sup>10</sup> Abusing notation slightly, write  $Z_n^q$  for  $Z_n^m$ , write  $V_n^q$  for  $V_n^m$ .

The asymptotic correlation between the sample mean and the sample quasi-midrange will be a key object of analysis. It is defined by

$$\rho(x_q) = \frac{\sigma_{xz}}{\sigma\sigma_z}, \quad (2)$$

where its dependence on the quantile determined by the voting system  $q$  is emphasized by the notation. Let  $R(x) = E(X - x|X > x)$  be the *mean residual life* associated with distribution  $F$  (this function is often used in reliability studies).

**Lemma 2** *Suppose that  $F$  satisfies assumption 1 (symmetry), and the density  $f$  is continuous and positive at  $x_q$ . Then the asymptotic correlation coefficient of the mean and the  $q$ th quasi-midrange is*

$$\rho(x_q) = \frac{\sqrt{2}}{\sigma} \sqrt{1 - F(x_q)} (R(x_q) + x_q - \mu) \quad (3)$$

<sup>10</sup>Strictly speaking, this is correct if  $np$  is not an integer.

for  $x_q \geq \mu$ . Its derivative is

$$\rho'(x_q) = \frac{1}{\sigma\sqrt{2}} \frac{f(x_q)}{\sqrt{1-F(x_q)}} (R(x_q) - x_q + \mu). \quad (4)$$

## 5.2 Welfare criterion

Having Lemma 1, the asymptotic constrained efficiency criterion is easy to derive.

**Lemma 3** *Suppose that  $F$  satisfies assumptions 1 (symmetry) and 2 (zero mean), and the density  $f$  is continuous and positive at  $x_q$ . Then the asymptotic welfare is  $\lim_{n \rightarrow \infty} \sqrt{n}V_n^q = \rho(x_q) \sigma\sqrt{2/\pi}$*

Thus, the task of maximizing welfare is equivalent to the task of maximizing  $\rho(x_q)$ .<sup>11</sup>

## 5.3 Efficient supermajority rule

This subsection uses the above results to characterize the constrained efficient supermajority rule.

First, investigate a system close to simple majority. To do that, check the sign of  $\rho'(\cdot)$ , when  $x_q$  approaches the median  $\mu = 0$  from the right. Lemma 2 shows that the derivative of the correlation becomes  $f(\mu)R(\mu)/\sigma$ . This term remains strictly positive, because voters with non-average preferences may exist,  $R(\mu) > 0$ , and because voters with average preferences may exist,  $f(\mu) > 0$ . Asymptotic correlation is strictly increasing at  $\mu$ , so is the asymptotic average welfare, by Lemma 3. This proves

**Proposition 2** *Suppose that  $F$  satisfies assumptions 1 (symmetry), 2 (zero mean) and 3 (average voters). Then the asymptotic correlation is a strictly increasing function at  $\mu$ , and simple majority is not asymptotically constrained efficient.*

Next, focus on the other polar case – supermajority rules close to unanimity. Straightforward examination of equation (3) shows that  $\lim_{q \rightarrow 1} \rho(x_q)$  is zero, if the distribution of preferences has a bounded support. Then Lemma 3 implies the following result,

**Proposition 3** *Suppose that  $F$  satisfies assumptions 1 (symmetry), 2 (zero mean) and 4 (bounded support). Then  $\lim_{q \rightarrow 1} \lim_{n \rightarrow \infty} \sqrt{n}V_n^q = 0$ .*

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<sup>11</sup>The asymptotic probability of the correct choice is

$$\lim_{n \rightarrow \infty} P_n^q = 1/2 + (1/\pi) \arcsin(\rho(x_q))$$

which has the same maximizer as  $\lim_{n \rightarrow \infty} \sqrt{n}V_n^q$ .

Asymptotic correlation is a continuous function of supermajority  $q$ , starting at a certain strictly positive value for  $q = 1/2$ , then increasing as supermajority requirement is increased (by Proposition 2), but eventually turning down so dramatically that it reaches zero (by Proposition 3). This proves that an constrained efficient supermajority rule must be strictly in the interior. The first order necessary condition is  $\rho'(x_q) = 0$ , which translates to  $R(x_q) = x_q$ . We obtain

**Proposition 4** *Suppose that  $F$  satisfies assumptions 1 (symmetry), 2 (zero mean) and 4 (bounded support). Suppose that density  $f$  is positive and continuous on support  $(-\tilde{x}, \tilde{x})$ . Then constrained efficient  $q$  is in the interior,  $1/2 < q < 1$ , and satisfies  $R(x_q) = x_q$ .*

Writing it concisely: under all assumptions of the model above, the ranking of the supermajority systems according to their welfare performance is:

Unanimity  $\prec$  Simple majority  $\prec$  Optimal interior supermajority

As the last remark in this subsection, we investigate unanimity using a different type of asymptotic analysis. Suppose that  $m$  is constant when  $n \rightarrow \infty$ . In this case,  $p = m/n$  converges to zero, representing the case of an extreme supermajority requirement and, in particular, the case of unanimity. There is a known result, which states that three random variables  $X_{m:n}$ ,  $X_{n+1-m:n}$  and  $\sqrt{n}(\bar{X}_n - \mu)/\sigma$  are asymptotically *independent*, as  $n \rightarrow \infty$  for a given  $m$  (see for example David (1981), p. 269-270). Therefore, any quasi-midrange  $Z_n^m$  and standardized mean  $\sqrt{n}(\bar{X}_n - \mu)/\sigma$  are asymptotically independent for a given  $m$ . Equation (1) together with this observation implies the following statement:

**Proposition 5** *Suppose that  $F$  satisfies assumption 2 (zero mean). Suppose that  $m$  is constant. Then  $\lim_{n \rightarrow \infty} \sqrt{n}V_n^m = 0$ .*

This statement has a similar conclusion to Proposition 3, although under different assumptions.

## 5.4 Examples

Further intuition will be built by the following examples.

### 5.4.1 Bounded support: Piecewise linear distribution

Consider a piecewise linear distribution function with the support  $[-1, 1]$ , symmetric around the mean zero. It is characterized by parameters  $\alpha$  and  $\beta$ , where  $\beta \in [0, 1]$  is the cutoff level on the support, and  $\alpha \in (0, 1)$  is the probability that  $|x| \in (\beta, 1)$ . That is, the functions  $F(x)$  and  $R(x)$  for positive arguments are:

Interval	$F(x)$	$R(x)$
$0 \leq x \leq \beta$	$\frac{1}{2} + \frac{(1-\alpha)}{2\beta}x$	$\frac{\alpha(1+\beta)\beta+(1-\alpha)(\beta-x)(\beta+x)}{2(\lambda\beta+(1-\alpha)(\beta-x))} - x$
$\beta < x \leq 1$	$1 - \frac{\alpha}{2(1-\beta)}(1-x)$	$\frac{1+x}{2} - x$

First, consider a uniform distribution on  $[-1, 1]$ , which requires  $\beta = 1 - \alpha$ . Then  $R(x) = \frac{1+x}{2} - x$ . The optimality condition,  $R(x) = x$ , leads to the unique solution at  $x = 1/3$ . The supermajority system that supports this quantile is  $q = 2/3$ .

Now, let us ask the question the other way round: what is the distribution, if an arbitrary  $q \in (1/2, 1)$  is to be constrained efficient? The following statement provides the answer.

**Proposition 6** *Select any  $q \in (1/2, 1)$ . Let a piecewise linear distribution have parameters*

$$\alpha = 3\frac{1-q}{2-q} \text{ and } \beta = \frac{1-q}{2-q}$$

*Then,  $q$  is the constrained efficient supermajority rule.*

Note that a very extreme supermajority requirement may be optimal. As  $q \rightarrow 1$ , both parameters converge to zero. The intuition is clear: if almost everyone in a huge committee is almost indifferent between the alternatives, then very few opinionated voters should be allowed to decide about the outcome. That requires a very high supermajority requirement.

On the other hand, simple majority may also be optimal. We have  $\lim_{q \rightarrow 1/2} \beta = 1/3$  and  $\lim_{q \rightarrow 1/2} \alpha = 1$ . That is, a simple majority is optimal only if all voters prefer their favorite alternatives with similar strengths, and, in particular, only if no one is close to being indifferent.

#### 5.4.2 Unbounded support: Pareto distribution

Consider a family of two-sided generalized Pareto distributions, symmetric around zero. If  $x$  is positive, the c.d.f. function is

$$F(x) = 1 - \frac{1}{2} \left( \frac{b}{ax+b} \right)^{1+1/a}$$

where the parameters satisfy  $b > 0$  and  $a > 0$ . The variance exists if and only if  $a < 1$ . The case of  $a = 0$  is described by the exponential distribution with parameter  $b$ :

$$F(x) = 1 - \frac{1}{2} \exp\left(-\frac{x}{b}\right)$$

Pareto distribution is easy to work with because it generates a linear mean residual life function,  $R(x) = ax + b$ . This paper focuses only on parent distributions for which the first two moments exist, so that our earlier asymptotic results can be derived. As a consequence, we reach conclusion

that for all parameters in the interesting range,  $b > 0$  and  $a \in (0, 1)$ , there is an interior solution to the condition  $R(x_q) = x_q$ . The optimal quantile is  $x_q = b/(1 - a)$  and the constrained efficient supermajority is

$$q = 1 - \frac{1}{2}(1 - a)^{1+1/a}$$

As  $a$  goes to zero, the distribution becomes exponential, and the optimal supermajority becomes  $1 - (1/2)\exp(-1)$ , which is roughly equal to 0.816. Alternatively, as  $a$  goes to one, the tails become thicker and we obtain that large supermajority are optimal,  $\lim_{a \rightarrow 1} q = 1$ .

Unresolved question remains whether this can be generalized to all unbounded distributions. That is, is it true that for any distribution having a finite second moment, condition  $R(x) < x$  holds for all  $x$  sufficiently high? If yes, then there is an interior solution. The following results gives an answer to a related question.

**Proposition 7** *Suppose  $\tilde{x} = \infty$ . Then there exists  $x \in (0, \infty)$  such that  $R(x) = x$ .*

The second unresolved question is what happens if  $\sigma^2 = \infty$ ? Neither conclusion of Lemma 1, nor of the result leading to Proposition 5 is valid in this case. One can conjecture that if tails of the distribution are thick enough, preferences of the two most extreme voters would become so important that in the efficiency calculation they would dominate everyone in between. If that is true, then unanimity would be the best system.

## 6 Final remarks

This paper makes two points. Firstly, it observes that the sample mean may correlate with some intermediate sample quasi-midranges better than with the sample median and with the sample midrange. Secondly, it shows that the equilibrium in repeated voting with supermajority depends on the "quasi-midrange" voter. Combining these two observations, one can design an asymptotically constrained efficient supermajority rule, which maximizes the correlation between the equilibrium outcome, characterized by the quasi-midrange, and the first-best efficient outcome, characterized by the mean. Under assumptions of Section 5, simple majority is better than unanimity, but both are worse than some intermediate supermajority.

It is important to realize the limits of the result in this paper, particularly of Proposition 1. All dynamic voting procedures have to be evaluated against two problems: coordination and delay. The model presented in this paper is created in such a way that neither coordination nor delay is costly in equilibrium.

Voting situations have a strong coordination element, so the lack of coordination can turn out to be costly in repeated voting too. It is often assumed in one-shot voting games that agents select strategies that are not weakly dominated. In the model studied in this paper, this trick cannot be applied because of the dynamic element. Instead, agents are assumed to announce their votes sequentially. This allows full coordination.

The fact that there is no delay in reaching the decision is a consequence of a number of assumptions. Common knowledge of payoffs is an important one. If it was assumed instead that  $x_i$  was known only to voter  $i$  (Ponsati and Sakovics (1996)), then delay would typically occur and would serve as a mechanism sorting indifferent voters from the zealous ones. This delay implies an efficiency loss, which, if high enough, could eat up all the benefits that better voting decisions bring. However, it is worth pointing out that even in such a model, where delay does occur, in many cases it is reasonable to ignore it in efficiency calculation. Often, the committee members represent a wider population and so the quality of their decision may have an external effect on this population (such as in a recruitment committee which represents an organization, or jury members that work in interests of the society, or in negotiation marathons when negotiators quite explicitly represent someone else). By increasing the cost of waiting, one can shorten the equilibrium waiting time of the wider population, although the cost of delay paid by the committee members in symmetric equilibrium is not changed (essentially by the Revenue Equivalence Theorem). In the extreme, if the population is infinitely larger than the committee representing it, the only factor in efficiency calculation ought to be the quality of the decision, and not the delay.

Quite another reason for a delay is associated with an exchange of information, often time-consuming, like in a conversation or in a debate. This must play a role in many examples mentioned in the introduction, such as in jury deliberations, choosing a leader or in international negotiations. If providing evidence is time-consuming, the decision will not be reached immediately and it may seem that there is some delay in voting, but its nature is completely different than the one caused by strategic sorting.

## A Appendix

### A.1 Proof of Proposition 1.

Fix  $n$ ,  $m$  and  $(x_1, \dots, x_n)$ . Let  $h$  be the alternative supported by the pivotal voter with a greater indifference time, and let  $l$  be the other alternative,  $T^h > T^l$ . Let  $\hat{t}^\Delta(t)$  be the first voting round after calendar time  $t$ , and let  $\check{t}^\Delta(t)$  be the last voting round before calendar time  $t$ , given the time grid  $\{0, \Delta, 2\Delta, \dots\}$ .

**Lemma 4** *There exists  $\bar{\Delta} > 0$  such that for all  $\Delta < \bar{\Delta}$ , the following is true: if the game reaches a voting round  $\hat{t}^\Delta(T^l) \in (T^l, T^h)$ , then in any equilibrium the game stops at  $\hat{t}^\Delta(T^l)$  and alternative  $h$  is selected.*

**Proof.** Choose  $\bar{\Delta}$  small enough, so that there are at least two distinct rounds in interval  $(T^l, T^h)$ .

1. There is  $\eta > 0$ , such that in any round  $t \in (T^l, T^h)$  alternative  $h$  is selected with probability at least  $\eta$ .

Suppose the game reaches a round  $t \in (T^l, T^h)$ . Voters are ordered randomly before any round. Let  $\eta$  be a probability that they are ordered such that all voters in set  $\mathcal{N}_-$  take decision after all voters in set  $\mathcal{N}_+$ , in which case alternative  $h$  is selected at round  $t$ . The proof of this last statement is by backward induction within round  $t$ . In particular, note that if all voters in  $\mathcal{N}_+$  vote for  $h$ , then any voter in  $\mathcal{N}_-$  realizes that  $l$  cannot be implemented in round  $t$ . If voters in  $\mathcal{N}_-$  vote for  $h$  as well, they guarantee the best outcome for themselves, that the game finishes in round  $t$ . Alternative  $h$  is implemented in round  $t$  regardless of what voters in set  $\mathcal{N}_+$  do.

2. For any  $\varepsilon > 0$ , there is  $\bar{\Delta} > 0$  such that for all  $\Delta < \bar{\Delta}$  we have: in round  $t = \hat{t}^\Delta(T^l)$ , any player  $i \in \mathcal{N}_+$  has the minimum equilibrium payoff  $(1 - \varepsilon)W(|x_i|, t) + \varepsilon L(|x_i|, t)$ .

Firstly, observe that the interval  $(T^l, T^h)$  shifts as  $\Delta$  gets smaller. However, by assumption, its size is bounded away from zero, and hence the number of rounds in it grows to infinity.

In every round, players in set  $\mathcal{N}_+$  have an independent chance of getting a good payoff. To be more specific, consider two dates  $t$  and  $t - \Delta$  in  $(T^l, T^h)$  and let  $\tilde{L}(|x_i|, t)$  be a lower bound on payoff of a voter  $i \in \mathcal{N}_+$  at the beginning of a voting round  $t$  (or at the end of round  $t - \Delta$ ). At the beginning of round  $t - \Delta$ , nature decides about the order of voters in that round. With probability  $\eta$  the order is as in point 1, implying payoff  $W(|x_i|, t - \Delta)$ . With remaining probability, the order is different, but the payoff to  $i$  is no less than  $\tilde{L}(|x_i|, t)$ . This is because otherwise all voters in  $\mathcal{N}_+$  have a common interest to vote for  $h$  in order to either obtain  $h$  in this round, or send the game to the next round  $t$  where payoff at least  $\tilde{L}(|x_i|, t)$  is obtained. So, a lower bound on payoff at the beginning of period  $t - \Delta$  is

$$\tilde{L}(|x_i|, t - \Delta) = \eta W(|x_i|, t - \Delta) + (1 - \eta) \tilde{L}(|x_i|, t) \quad (\text{A.1})$$

Now, select  $\varepsilon > 0$ , as desired. Select a calendar time  $t' \in (T^l, T^h)$  close enough to  $t = T^l$ , so that

$$W(|x_i|, t') > (1 - \varepsilon)W(|x_i|, t) + \varepsilon L(|x_i|, t) \quad (\text{A.2})$$

Since  $W(|x_i|, \cdot)$  is decreasing and continuous, such  $t'$  exists. Let  $\zeta = (\check{t}^\Delta(t') - \hat{t}^\Delta(t)) / \Delta$  be the number of successive voting rounds between rounds  $\hat{t}^\Delta(t)$  and  $\check{t}^\Delta(t')$ . The bound on lowest payoff in round  $\check{t}^\Delta(t')$  is  $L(|x_i|, t')$ . Taking equation (A.1) and applying it recursively  $\zeta$  times back to round  $\hat{t}^\Delta(t)$  we obtain

$$\tilde{L}(|x_i|, \hat{t}^\Delta(t)) \geq \left(1 - (1 - \eta)^\zeta\right) W(|x_i|, t') + (1 - \eta)^\zeta L(|x_i|, t') \quad (\text{A.3})$$

Select  $\bar{\zeta}$  large enough so that

$$(1 - \eta)^{\bar{\zeta}} < \frac{W(|x_i|, t') - ((1 - \varepsilon) W(|x_i|, t) + \varepsilon L(|x_i|, t))}{W(|x_i|, t') - L(|x_i|, t')}$$

Such a  $\bar{\zeta}$  exists because the right-hand side is positive, by A.2. Hence for all  $\zeta > \bar{\zeta}$ ,

$$\left(1 - (1 - \eta)^\zeta\right) W(|x_i|, t') + (1 - \eta)^\zeta L(|x_i|, t') > (1 - \varepsilon) W(|x_i|, t) + \varepsilon L(|x_i|, t) \quad (\text{A.4})$$

Equations (A.3) and (A.4) imply the result.

3. There is  $\bar{\Delta} > 0$  such that for all  $\Delta < \bar{\Delta}$  alternative  $h$  is chosen at round  $t = \hat{t}^\Delta(T^l)$ .

Observe that alternative  $l$  is not selected in this round, because voters in  $\mathcal{N}_+^h$  would vote against, by point 2, since for any  $i \in \mathcal{N}_+^h$  we have  $L(|x_i|, t) < (1 - \varepsilon) W(|x_i|, t + \Delta) + \varepsilon L(|x_i|, t + \Delta)$  for  $\varepsilon$  small enough. Players in  $\mathcal{N}_-$  prefer alternative  $h$  to be voted in round  $t$  rather than later. Given the common interest of voters in set  $\mathcal{N}_+^h \cup \mathcal{N}_-$  and the sequential nature of voting game, alternative  $h$  is selected in round  $t$ .

■

**Lemma 5** *There exists  $\bar{\Delta} > 0$  such that for all  $\Delta < \bar{\Delta}$ , the following is true: if alternative  $h$  is selected in round  $t' > 0$ , then it is selected in round  $t = t' - \Delta$ .*

**Proof.** There are three outcomes that can occur in round  $t = t' - \Delta$ : alternative  $h$  is selected in time  $t$ , alternative  $h$  is selected at time  $t'$  and alternative  $l$  is selected at time  $t$ . These outcomes generate payoff levels for player  $i \in \mathcal{N}_+^h$  equal to  $W(|x_i|, t)$ ,  $W(|x_i|, t')$  and  $L(|x_i|, t)$ , respectively. Note that if  $\Delta$  is small enough, these outcomes can be ranked as  $W(|x_i|, t) > W(|x_i|, t') > L(|x_i|, t)$ .

All voters are put in a sequence at the beginning of round  $t$ . Let  $\iota$  index all voters who are in set  $\mathcal{N}_+^h$ , so that  $\iota = 1$  is the last such voter, and  $\iota = N_+^h$  is the first such voter.

Assume that an inductive hypothesis holds for  $\iota$ : "if all voters  $i \in \mathcal{N}_+^h$  who are before and up to  $\iota$  in the sequence,  $i = N_+^h, \dots, \iota$ , voted for  $h$ , then alternative  $l$  is not selected in round  $t$ ". Note that if  $\iota = 1$ , then the inductive hypothesis is trivially satisfied, since if all voters in  $\mathcal{N}_+^h$  voted for  $h$ , alternative  $l$  does not have enough support to be selected in round  $t$ . The rest of this proof will show that then the following is true "if all voters  $i \in \mathcal{N}_+^h$  who are before and up to  $\iota + 1$  in the sequence,  $i = N_+^h, \dots, \iota + 1$ , voted for  $h$ , then alternative  $l$  is not selected in round  $t$ ".

Consider voter  $\iota$  and suppose that all voters  $i \in \mathcal{N}_+^h$  who are before and up to  $\iota + 1$  in the sequence,  $i = N_+^h, \dots, \iota + 1$ , voted for  $h$ .

1. Suppose that all votes registered so far in this round are such that  $h$  can still be selected in this round  $t$ . Then in equilibrium  $h$  will be selected in this round  $t$ .

To see this, note that voter  $\iota$  can vote for  $h$  and prevent  $l$  being selected in round  $t$ , by inductive hypothesis. All successive voters have strictly higher payoff from finishing the game with alternative  $h$  at  $t$ , rather than at  $t'$ . They vote so that  $h$  is selected at  $t$ . Consequently, this action of  $\iota$  leads to the highest possible payoff  $W(|x_\iota|, t)$ .

2. Suppose that all votes registered so far in this round are such that  $h$  cannot be selected at  $t$ . Then  $h$  will be selected at time  $t'$ .

To see this, note that voter  $\iota$  can vote  $h$  and prevent  $l$  from being selected at time  $t$ , by inductive hypothesis. Payoff from this action is the highest possible  $W(|x_\iota|, t')$  (since  $W(|x_\iota|, t)$  cannot be achieved).

In any case, before  $\iota$  takes her action, alternative  $l$  will not occur in equilibrium at round  $t$ , proving the inductive step.

Consider now all voters who take actions before voter  $\iota = N_+^h$ ; Since alternative  $l$  will not be selected, they vote so that alternative  $h$  is selected at  $t$ . ■

The proof of Proposition 1 is by backwards induction, voting round by voting round: the first lemma provides a starting point, and the second lemma provides a recursive step backwards.

## A.2 Proof of Lemma 1

Recall the following two known results:

- The joint asymptotic distribution of the sample mean and sample quantile (Ferguson (1999)):

$$\sqrt{n} \left( \begin{bmatrix} \bar{X}_n \\ Y_n^p \end{bmatrix} - \begin{bmatrix} \mu \\ x_p \end{bmatrix} \right) \xrightarrow{d} N \left( \begin{bmatrix} 0 \\ 0 \end{bmatrix}, \begin{bmatrix} \sigma^2 & \sigma_{px} \\ \sigma_{px} & (\sigma_p)^2 \end{bmatrix} \right)$$

- The joint asymptotic distribution of two sample quantiles (for example: David (1981) Theorem 9.2):

$$\sqrt{n} \left( \begin{bmatrix} Y_n^p \\ Y_n^q \end{bmatrix} - \begin{bmatrix} x_p \\ x_q \end{bmatrix} \right) \xrightarrow{d} N \left( \begin{bmatrix} 0 \\ 0 \end{bmatrix}, \begin{bmatrix} (\sigma_p)^2 & \sigma_{pq} \\ \sigma_{pq} & (\sigma_q)^2 \end{bmatrix} \right)$$

Unsurprisingly, a joint asymptotic distribution of  $[\bar{X}_n, Y_n^p, Y_n^q]^T$  is normal too. To see this, follow the steps of Ferguson (1999) in deriving the asymptotic distribution of the sample mean and two sample quantiles and then apply the Cramér-Wold Theorem to show the asymptotic joint normality.

An immediate implication of the above observation is that

$$\sqrt{n} \left( \begin{bmatrix} \bar{X}_n \\ Y_n^p \\ Y_n^q \end{bmatrix} - \begin{bmatrix} \mu \\ x_p \\ x_q \end{bmatrix} \right) \xrightarrow{d} N(0_{3 \times 1}, \Sigma)$$

where the covariance matrix is

$$\Sigma = \begin{bmatrix} \sigma^2 & \sigma_{px} & \sigma_{qx} \\ \sigma_{px} & (\sigma_p)^2 & \sigma_{pq} \\ \sigma_{qx} & \sigma_{pq} & (\sigma_q)^2 \end{bmatrix}$$

Next, apply the affine transformation to the random variables in the above convergence, with the transformation matrix

$$D = \begin{bmatrix} 1 & 0 & 0 \\ 0 & 1/2 & 1/2 \end{bmatrix}$$

We then obtain

$$\sqrt{n} \left( \begin{bmatrix} \bar{X}_n \\ \hat{Z}_n^{pq} \end{bmatrix} - \begin{bmatrix} \mu \\ \mu_{pq} \end{bmatrix} \right) \xrightarrow{d} N(0_{2 \times 1}, D\Sigma D^T)$$

where the covariance matrix is

$$D\Sigma D^T = \begin{bmatrix} \sigma^2 & \frac{1}{2}(\sigma_{px} + \sigma_{qx}) \\ \frac{1}{2}(\sigma_{px} + \sigma_{qx}) & \frac{1}{4}(\sigma_p^2 + 2\sigma_{pq} + \sigma_q^2) \end{bmatrix}$$

### A.3 Proof of Lemma 2

Let

$$\begin{aligned} \bar{\omega}(x) &= E(X|X < x) \\ \omega(x) &= E(X|X > x) \end{aligned} \tag{A.5}$$

The asymptotic covariance between the sample mean and the sample  $(p, q)$ -quasi-midrange is

$$\sigma_{xz} = \frac{1}{2} \left( \frac{p(1-p)}{f(x_p)} (\omega(x_p) - \bar{\omega}(x_p)) + \frac{q(1-q)}{f(x_q)} (\omega(x_q) - \bar{\omega}(x_q)) \right)$$

Facts about conditional expectation are

$$q\omega(x_{1-q}) + (1-q)\bar{\omega}(x_{1-q}) = \mu = (1-p)\omega(x_p) + p\bar{\omega}(x_p)$$

Using these equations to eliminate  $\omega(x_p)$  and  $\bar{\omega}(x_q)$  results in

$$\sigma_{xz} = \frac{1}{2} \left( \frac{p}{f(x_p)} (\mu - \bar{\omega}(x_p)) + \frac{(1-q)}{f(x_q)} (\omega(x_q) - \mu) \right)$$

Now, recall that  $p = 1 - q \leq 1/2$ . This simplifies the covariance to

$$\sigma_{xz} = \frac{1}{2} (1-q) \left( \frac{1}{f(x_{1-q})} (\mu - \bar{\omega}(x_{1-q})) + \frac{1}{f(x_q)} (\omega(x_q) - \mu) \right)$$

Invoke assumption 1, about the symmetry of the distribution around the mean. For every  $q$  we have  $f(x_{1-q}) = f(x_q)$ ; moreover, we have  $\mu = (\omega(x_q) + \bar{\omega}(x_{1-q}))/2$ . Eliminate  $\bar{\omega}(x_{1-q})$  to obtain

$$\sigma_{xz} = \frac{1-q}{f(x_q)} (\omega(x_q) - \mu) \quad (\text{A.6})$$

Likewise, the asymptotic variance of the quasi-midrange simplifies to

$$(\sigma_z)^2 = \frac{1}{4} (\sigma_p^2 + 2\sigma_{pq} + \sigma_q^2) = \frac{1}{2} \frac{1-q}{f(x_q)^2} \quad (\text{A.7})$$

The first part of the proposition comes from the definition of the correlation coefficient in equation (2) and equations (A.6) and (A.7).

To obtain the second part take the derivative of  $\rho(x)$

$$\rho'(x) = \frac{\sqrt{2}}{\sigma} \frac{-f(x)}{2\sqrt{1-F(x)}} (\omega(x) - \mu) + \sqrt{1-F(x)} \omega'(x)$$

Note that

$$\begin{aligned} \omega'(x) &= \frac{d}{dx} \left( \int_x^\infty tf(t) dt \frac{1}{1-F(x)} \right) = -xf(x) \frac{1}{1-F(x)} + \int_x^\infty tf(t) dt \frac{f(x)}{(1-F(x))^2} \\ &= \frac{f(x)}{1-F(x)} (\omega(x) - x) \end{aligned}$$

That is

$$\rho'(x) = \frac{1}{\sigma\sqrt{2}} \frac{f(x)}{\sqrt{1-F(x)}} (\mu + R(x) - x)$$

#### A.4 Proof of Lemma 3

Firstly, find  $E\left(\bar{X}_n|\hat{Z}_n^{pq} > 0\right)$ . By Greene (2002), Theorem 22.5 we have

$$\begin{aligned}\sqrt{n}E\left(\bar{X}_n|\hat{Z}_n^{pq} > 0\right) &= E\left(\sqrt{n}\bar{X}_n|\sqrt{n}\hat{Z}_n^{pq} > 0\right) \\ &\rightarrow \rho\sigma\frac{\phi(0)}{1-\Phi(0)}\end{aligned}$$

where  $\phi$  and  $\Phi$  are the p.d.f. and c.d.f. of a standard normal distribution. Likewise

$$\sqrt{n}E\left(\bar{X}_n|Z_n^{pq} < 0\right) \rightarrow -\rho\sigma\frac{\phi(0)}{\Phi(0)}$$

Then, the average expected efficiency of a supermajority with  $q$  is

$$\sqrt{n}V_n^m \rightarrow 2\rho\sigma\phi(0) = \rho\sigma\sqrt{2}\frac{1}{\sqrt{\pi}}$$

As far as the result in footnote 7 is concerned, note that  $\bar{X}_n > 0$  holds if and only if its standardized version satisfies

$$W_n^1 = \sqrt{n}\bar{X}_n/\sigma > 0$$

Likewise,  $Z_n^q > 0$  if and only if

$$W_n^2 = \sqrt{n}Z_n^q/\sigma_z > 0$$

Therefore,

$$\begin{aligned}\Pr\{\bar{X}_n > 0 \wedge Z_n^q > 0\} &= \Pr\{W_n^1 > 0 \wedge W_n^2 > 0\} \\ &\rightarrow \Pr\{W_\infty^1 > 0 \wedge W_\infty^2 > 0\} \\ &= \frac{1}{4} + \frac{1}{2\pi} \arcsin(\rho)\end{aligned}$$

where the last line follows from the Sheppard's Theorem. The probability that these random variables are both negative is the same.

#### A.5 Proof of Proposition 6

Consider the two intervals separately. Firstly, suppose that  $x \in [\beta, 1]$ . We have  $R(x) = x$  if and only if  $x = 1/3$ . Notice that  $\beta < 1/3$ , so this  $x$  is in the interval and indeed it is a locally optimal cutoff level. Knowing the values of parameters  $\alpha$  and  $\beta$  we can verify that  $q = F(1/3)$  is indeed a locally efficient supermajority.

To be globally optimal, one has to make sure that no  $x \in [0, \beta]$  is better than  $x = 1/3$ . Note that

$$\omega(x) \geq \omega(0) = \frac{1}{2}(\alpha + \beta) = 2\frac{1-q}{2-q} = 2\beta \geq 2x$$

where the first inequality follows from the fact that  $\omega$  (defined in equation A.5) is an increasing function in this interval. The conclusion,  $\omega(x) \geq 2x$ , implies that  $\rho(x)$  is non-decreasing on  $[0, \beta]$  and hence no point there is better than  $x = \beta$ , which itself is strictly worse than  $x = 1/3$ .

## A.6 Proof of Proposition 7

Step 1. Consider another nonnegative random variable  $Q$ , that has a c.d.f.  $F_Q(\cdot)$  and the mean residual life function  $R_Q(\cdot)$ . If  $Q$  is smaller than  $X$  in mean residual life order,  $R_Q(x) \leq R(x)$  for all  $x \geq 0$ , then the variance of  $Q$  is finite. To see this note that:

Inequality  $R_Q(x) \leq R(x)$  holds if and only if for every  $x \geq 0$

$$\frac{\int_x^\infty (1 - F(u)) du}{\int_x^\infty (1 - F_Q(u)) du}$$

is a non-decreasing function of  $x$  over the set  $\{x : \int_x^\infty (1 - F_Q(u)) du > 0\}$ . Since

$$\frac{\int_x^\infty (1 - F(u)) du}{\int_x^\infty (1 - F_Q(u)) du} \geq \frac{\int_0^\infty (1 - F(u)) du}{\int_0^\infty (1 - F_Q(u)) du} = \frac{E(X)}{E(Q)} = \zeta > 0$$

it follows that for every  $x \geq 0$

$$\int_x^\infty (1 - F(u)) du \geq \zeta \int_x^\infty (1 - F_Q(u)) du$$

Take an integral of both sides over all  $x$  over the interval  $(0, \infty)$  to obtain

$$\int_0^\infty \int_x^\infty (1 - F(u)) du dx \geq \zeta \int_0^\infty \int_x^\infty (1 - F_Q(u)) du dx$$

The change of the order of integration implies

$$\int_0^\infty \left( \int_0^u dx \right) (1 - F(u)) du \geq \zeta \int_0^\infty \left( \int_0^u dx \right) (1 - F_Q(u)) du$$

or equivalently

$$\int_0^\infty u(1 - F(u)) du \geq \zeta \int_0^\infty u(1 - F_Q(u)) du$$

Note the integration by parts

$$\int_0^\infty u^2 f(u) du = - \lim_{u \rightarrow \infty} u^2 (1 - F(u)) + 2 \int_0^\infty u(1 - F(u)) du$$

so that our inequality becomes

$$E(X^2) + \lim_{u \rightarrow \infty} u^2 (1 - F(u)) \geq \zeta \lim_{u \rightarrow \infty} u^2 (1 - F_Q(u)) + \zeta \int_0^\infty u^2 f_Q(u) du$$

The left-hand side is finite because the second moment is finite  $E(X^2) < \infty$  and Kolmogorov inequality  $u^2(1 - F(u)) \leq E(X^2)$ . We get that the right-hand side must be finite, so must  $E(Q^2)$ .

Step 2. Now, for any  $\lambda > 0$  take a random variable  $Q$  with a mean residual life function

$$R_Q(x) = \begin{cases} \lambda & \text{if } x \leq \lambda \\ x & \text{if } x > \lambda \end{cases}$$

The corresponding c.d.f. and p.d.f. are

$$F_Q(x) = \begin{cases} 1 - \exp(-x/\lambda) & \text{if } x \leq \lambda \\ 1 - \lambda^2 \exp(-1)/x^2 & \text{if } x > \lambda \end{cases}$$

$$f_Q(x) = \begin{cases} (1/\lambda) \exp(-x/\lambda) & \text{if } x \leq \lambda \\ 2\lambda^2 \exp(-1)/x^3 & \text{if } x > \lambda \end{cases}$$

Note that

$$\begin{aligned} \int_0^\infty u^2 f_Q(u) du &= \int_0^\lambda u^2 f_Q(u) du + \int_\lambda^\infty u^2 f_Q(u) du \\ &= (1/\lambda) \int_0^\lambda u^2 \exp(-u/\lambda) du + 2\lambda^2 \exp(-1) \int_\lambda^\infty (1/u) du \\ &= (1/\lambda) \int_0^\lambda u^2 \exp(-u/\lambda) du + 2\lambda^2 \exp(-1) \left( \lim_{u \rightarrow \infty} \ln(u) - \ln(\lambda) \right) \\ &= \infty \end{aligned}$$

Step 3. Now suppose that  $R(x) > x$  for all  $x$ . Select  $\lambda = \min_x R(x)$  and note that  $\lambda$  is strictly positive. Note also that  $R(x) \geq R_Q(x)$ , where  $R_Q(x)$  is associated with the random variable  $Q$  defined in step 2. By step 2 it has an infinite variance. By step 1 variance of  $Q$  must be finite. We obtain a contradiction. Therefore  $R(x) \leq x$  for some  $x \geq 0$ . Since  $R$  is a continuous function,  $R(x) = x$  for some  $x \geq 0$ .

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