Balanced Voting

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We introduce ‘Balanced Voting’, a new voting scheme that is particularly suitable for making fundamental societal decisions. Such decisions typically involve subgroups that are strongly in favor of, or against, a new fundamental direction, and others that care much less. In a two-stage procedure, Balanced Voting works as follows: Citizens may abstain from voting on a fundamental direction in a first stage. In a second voting stage, this guarantees them a voting right on the variations of the fundamental direction chosen in the first. All losers from the first stage also obtain voting rights in the second stage, while winners do not. We develop a model with two fundamental directions for which stakes are high for some individuals and with private information about preferences among voters. We demonstrate that Balanced Voting is superior to simple majority voting, Storable Votes and Minority Voting with regard to utilitarian welfare if the voting body is sufficiently large. Moreover, the outcome under Balanced Voting is Pareto-dominant to the outcome under simple majority voting and Minority Voting. We discuss several aspects that need to be considered when Balanced Voting is applied in practice. We also suggest how Balanced Voting could be applied to elections.

Keywords: Balanced Voting, fundamental decision, tyranny of majority, minority protection

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1 Introduction

Polities are repeatedly confronted with the need to take decisions that are fundamental. Decisions such as exiting nuclear power, reversing the course in public indebtedness, enacting comprehensive labor market reforms or joining the European Union have a large and long-lasting impact on the direction a society takes. When an electorate takes such decisions in a democracy, some subgroups strongly favor or oppose a fundamental new direction, while others may care much less.

Typically, democratic societies use simple majority voting to take such fundamental decisions. It is well-known that this rule does not allow agents to express the intensity of their preferences. This may be particularly problematic for fundamental decisions. A majority overrules a minority, even if the minority is much more concerned about the fundamental direction than the majority, for instance. Allowing the minority to veto the resulting decision might resolve the problem, but may also be detrimental. The protection of the minority would then turn into an unwelcome tyranny.

In this paper, we introduce a new scheme, which we call ‘Balanced Voting’, particularly suited for taking fundamental decisions. It aims at striking a balance between taking into account the intensity of preferences and protecting minorities. We shall compare Balanced Voting with several existing voting schemes in a collective-decision problem involving two related decisions, and identify circumstances under which Balanced Voting is superior to the other voting schemes.

The idea underlying Balanced Voting is conveniently explained in a two-stage set up. Suppose a society or a committee of individuals votes on two related binary decisions. The first decision determines the fundamental direction, which is assumed to be irreversible (e.g. using nuclear power in energy production or discontinuing its use). The second decision establishes the variation or the way in which the choice of the fundamental direction may be realized. For example, either investing in new nuclear power plants or improving the safety and efficiency of existing ones are possible nuclear variations. Typical non-nuclear variations are the investment in more solar power or hydro power.

Under Balanced Voting, agents have the option of either voting for a fundamental direction or of abstaining in the first stage. Those who abstain “save” their voting rights for the second stage. The agents who are ‘losers’ of the first stage obtain, moreover, voting
rights in the second stage, while the ‘winners’ in the first stage are not allowed to vote in the second stage.

Balanced Voting thereby allows individuals who do not feel strongly about the fundamental decision to trade off their voting rights in the first stage for a guaranteed vote in the second stage. Thus, individuals who are only weakly-inclined towards a particular fundamental direction have the opportunity to exert more influence on this second-stage decision. This allows, for instance, strong advocates or opponents of nuclear power to exercise more influence on the first-stage decision, i.e. whether it should be used or not. Those agents that voted for a fundamental direction but belonged to the ‘losers’ are compensated by receiving the right to vote in the second stage. Hence, if nuclear power is chosen in the first stage, strong opponents of nuclear power will be in a better position to limit the number of nuclear power plants to be built in the future. Similarly, if the decision to discontinue nuclear power is taken in the first stage, strong proponents of nuclear power will have a better chance of selecting an alternative they prefer.

As already mentioned, Balanced Voting can be applied to any fundamental decision. It may be particularly suitable for collective decisions on whether to increase public debt. Suppose that, in the first stage the decision is whether public debt should be increased or not when current tax laws and government expenditure involve a budget deficit. If the Parliament decides to increase public debt, the second decision could involve determining the projects in which this additional funding is invested. If the Parliament decides not to increase the debt level, the second decision involves the choice about the mix of tax increases or cutting expenditure to meet the debt ceiling.

We characterize the equilibria under Balanced Voting. We show that in equilibrium, individuals with strong preferences participate in the first voting stage, while those who are weakly-inclined abstain, provided that the stakes of strongly-inclined individuals are sufficiently high and those of weakly-inclined individuals are sufficiently low. In addition, if the society is sufficiently large, Balanced Voting is preferable to several existing voting schemes, with regard to utilitarian welfare.

Several other innovative voting schemes that lead to higher social welfare have been developed in recent years. In the Storable Votes scheme developed by Casella (2005),

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1One might also apply Balanced Voting in court decisions taken by a group of judges, with the first vote indicating the basic ruling and the second vote the specific application.
agents have the option of using their vote in the current decision or storing it for future use. This enables them to concentrate their votes on decisions dealing with issues over which they have intense preferences. Hortala-Vallve (2012) introduced Qualitative Voting, in which each individual is granted a stock of votes that can be freely distributed over a series of binary choices, whereby all votes are cast simultaneously. The Minority Voting scheme introduced by Fahrenberger and Gersbach (2010) and further analyzed in Fahrenberger and Gersbach (2012) focuses on protecting individuals from the accumulation of utility losses over time when they repeatedly wind up in the minority. In a two-stage voting procedure, Minority Voting gives the losers in the first stage exclusive voting rights in the second stage. All these voting schemes link separate voting decisions. Jackson and Sonnenschein (2007) show that in general, linking repeated voting decisions leads to welfare gains, and that it is possible to achieve full efficiency as the number of decisions grows large.

Other mechanisms that attempt to capture agents’ intensity of preferences are Cumulative Voting and vote-trading. In Cumulative Voting, individuals are endowed with a stock of votes that they can freely distribute over the candidates standing in an election, whereby allocating more than one to a candidate is allowed (see Sawyer and MacRae (1962), Gerber, Morton, and Rietz (1998) and Cox (1990)). Under vote-trading, an agent is permitted to exchange his vote with another in return for monetary compensation (see, for example, Coleman (1966) and Philipson and Snyder (1996)).

What we call Balanced Voting uses the ideas from Storable Votes and Minority Voting, is tailored to fundamental societal decisions and examined for incomplete information. Consequently, Balanced Voting not only allows agents to use their vote on issues about which they feel strongly, but it also provides better protection to minorities with strong preferences, in keeping with the argument of Guinier (1994) and Casella, Palfrey, and Riezman (2008) that such minorities deserve some special protection.

Our paper is related to the proportionality principle which requires that the power in collective decision-making processes should be proportional to individual stakes (Brighouse and Fleurbaey (2010)). Under Balanced Voting, people having high stakes on one issue are selected endogenously into the group of people that takes the decision, which fosters proportionality.

The rest of the paper is organized as follows. Section 2 describes the model. Section
3 characterizes the equilibria under Balanced Voting, simple majority voting, Storable Votes and Minority Voting. Section 4 provides an illustrative example of a society consisting of three agents. In Section 5, we compare social welfare under Balanced Voting with that under simple majority voting, Storable Votes and Minority Voting. We present our main result, which states the conditions under which Balanced Voting is superior to the said alternatives. Section 6 discusses how to apply Balanced Voting and some possible extensions of the scheme itself. Section 7 provides a concluding discussion. In Appendix A, we provide the proofs. Appendix B contains detailed welfare comparisons. In Appendix C, we summarize the properties of the expressions used in the paper. Appendix D outlines detailed calculations of key expressions.

2 The Model

We consider a society of \( N \) (\( N \geq 3 \)) individuals who are indexed by \( i \) or \( i' \) (\( i, i' \in \{1, ..., N\} \)). They first take a fundamental decision and then decide on variations of the outcome of the first decision.

2.1 The Setting

There are two fundamental directions, denoted by \( A \) and \( B \). An alternative in the first stage is denoted by \( \Omega \in \{A, B\} \). Let each \( \Omega \) have two variations which we denote by \( x_{\Omega}^j \) (\( j = 1, 2 \)).

2.2 Utilities

Each individual derives non-negative utility from the final decision \( x_{\Omega}^j \) (\( \Omega \in \{A, B\} \), \( j = 1, 2 \)). We denote by \( U_i(x_{\Omega}^j|\Omega) \) the utility individual \( i \) obtains if \( \Omega \) is selected in the first stage and \( x_{\Omega}^j \) in the second stage. For notational convenience, we write \( U_i(x_{\Omega}^j) \) instead of \( U_i(x_{\Omega}^j|\Omega) \) if \( \Omega \) has been selected in the first stage.
2.3 Preference Groups

Every agent has an inclination towards one of the fundamental directions, which may be strong or weak. Furthermore, no agent is indifferent between the variations of a fundamental direction. We denote the group of strongly-inclined individuals by $SI$ and the set of weakly-inclined agents by $WI$. $N_s$ and $N_w$ represent the number of individuals belonging to groups $SI$ and $WI$ respectively. Thus, $N_s + N_w = N$. The utility of agent $i$ is as follows:

$$i \in SI \iff \begin{cases} U_i(x_{ij}^A) = 1 + H & \text{for some } \Omega \in \{A, B\} \text{ and some } j \in \{1, 2\} \\ U_i(x_{ik}^B) = 0 + H & \text{for } k \in \{1, 2\}, j \neq k \\ U_i(x_{ij'}^B) = 1 & \text{for some } j' \in \{1, 2\}, \Omega' \in \{A, B\}, \Omega' \neq \Omega \\ U_i(x_{ik'}^B) = 0 & \text{for } k' \in \{1, 2\}, k' \neq j' \end{cases}$$

$$i \in WI \iff \begin{cases} U_i(x_{ij}^A) = 1 + \epsilon & \text{for some } \Omega \in \{A, B\} \text{ and some } j \in \{1, 2\} \\ U_i(x_{ik}^B) = 0 + \epsilon & \text{for } k \in \{1, 2\}, j \neq k \\ U_i(x_{ij'}^B) = 1 & \text{for some } j' \in \{1, 2\}, \Omega' \in \{A, B\}, \Omega' \neq \Omega \\ U_i(x_{ik'}^B) = 0 & \text{for } k' \in \{1, 2\}, k' \neq j' \end{cases}$$

$H$ and $\epsilon$ are positive constants representing the agents’ intensity of preferences or stakes. Our main assumption is

**Assumption 1**

$$H \gg 1 > \epsilon > 0.$$  

While $SI$ individuals derive higher utility from all variations of their preferred fundamental direction, the utility of $WI$ agents is not guaranteed to be higher if their preferred proposal is chosen in the first stage. Depending on which variation is elected in the second stage, there may be instances where $WI$ individuals are better off if their less-favored alternative was selected in the first stage.

Suppose, for example, that individual $i$ is strongly-inclined towards $A$ while individual $i'$ is weakly-inclined towards $B$. Then for individual $i$, variations have second-order importance, while for individual $i'$, the chosen variation is of first-order importance. Table 1 provides an example of a possible realization of their utilities.
At this stage we can provide an initial intuition for the plausible behavior of agents under Balanced Voting. An SI agent highly benefits if his fundamental direction is chosen, and therefore, has an incentive to participate in determining the fundamental direction. For a WI individual, if $\epsilon$ is very small, the additional utility of 1 he derives from his preferred variation may seem more important compared to $\epsilon$. Therefore, WI agents may have an incentive to exert more influence on the decision of the second stage.

### 2.4 Informational Assumptions

We assume that each individual faces a probability $p$ ($0 < p < 1$) of exhibiting a strong inclination towards one direction, while he has a weak inclination with probability $1 - p$. There is a probability of $\frac{1}{2}$ for this inclination to be towards $A$. Similarly, $\frac{1}{2}$ is the probability that an individual has an additional utility of 1 for one of the variations of a fundamental direction over the other. We assume that these events are stochastically independent. Furthermore, we assume that the realization of the individual utility is stochastically independent across individuals and is privately observed prior to the start of voting. The probability $p$ and values of $H$ and $\epsilon$ are common knowledge.

### 2.5 Voting Rules

We consider secret voting under the following voting regimes:

1. Simple Majority Voting (SM)
2. Balanced Voting (BV)

3. Storable Votes (ST)

4. Minority Voting (MV)

The specific rules under each voting scheme are as follows:

Under SM, individuals decide whether to vote and how to vote on the fundamental proposals $A$ and $B$ in the first stage, and the proposal receiving the higher number of votes is selected. If both proposals receive the same number of votes, the winner is determined by flipping a fair coin, giving each alternative a probability of $\frac{1}{2}$ to be selected.

In the second stage, individuals once again can participate in a simple majority vote on variations of the selected fundamental proposal. The winner is chosen using the same rules as in the first stage.

Under BV, each individual must first decide whether he participates in or abstains from voting in the first stage. The losers and the absentees$^2$ of the first stage have the right to vote in the second stage. The decision is taken by the simple majority rule in both stages with a similar tie-breaking procedure as in SM. If every member decides to abstain from voting in the first stage, or if there are neither losers nor absentees from the first stage, all individuals are eligible to vote in both stages.

Under ST, agents receive one vote each, which they can either use in the first stage or store for use in the second stage.$^3$ Following Casella (2005), the proposal receiving a simple majority of votes is selected in both stages, with a tie-breaking procedure similar to the one in SM. If, however, all agents use their votes on the first decision or store them for the second decision, every individual will be allowed to vote in both stages.

Under MV, all citizens can vote in the first stage while only the minority of the first stage has a voting right in the second stage. An individual may abstain from voting in the first stage, in which case he will not be allowed to vote in the second stage. If there are no losers from the first stage, all agents retain their right to vote in the second stage.

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$^2$We use the term “absentees” in the spirit of Fahrenberger and Gersbach (2010) to denote the individuals who abstain from voting in the first stage.

$^3$The interpretation of ST we use is slightly different from the scheme introduced in Casella (2005), where every agent obtains a vote in each stage. The reason is to allow direct comparison with BV.
The decision is taken by the simple majority rule in both stages, with a tie-breaking procedure similar to the one in SM.

3 Equilibria

3.1 Equilibrium Concept and Probability of Winning

In the following, we look for perfect Bayesian equilibria in pure strategies under each voting rule. We adopt the standard refinement for voting games to exclude implausible voting behavior. In particular, we assume that all agents participating in the second stage eliminate weakly-dominated strategies at this stage. If this procedure yields unique strategies for the second stage, we assume that agents also eliminate weakly-dominated strategies in the first stage, if there are any.

Finally, we look for symmetric equilibria where voters with the same intensity of preference, i.e. $SI$ and $WI$ individuals, behave similarly with respect to the sincerity of their vote and their possible abstention from the first stage. A perfect Bayesian equilibrium with these properties will simply be called an ‘equilibrium’ in the remainder of the paper.

A justification of the refinement of symmetric equilibria is in order here. In our model, we assume that an individual is inclined towards $A$ or $B$ with equal probability, and that his utility does not change with the direction he prefers. The same applies for his preference of $x_A^1$ over $x_A^2$ and $x_B^1$ over $x_B^2$. The only event that may occur with unequal probability and that simultaneously affect his utility is the event that he is inclined either strongly or weakly. Thus, it appears justifiable that we consider symmetric equilibria where agents with the same intensity of preference behave the same way, so that the direction of his preference does not impact his voting behavior.

In Section 6.3, we will show that equilibria under BV remain unaffected even if we impose less demanding symmetry requirements.

To derive the equilibria, it is useful to express an individual’s probability of winning in an isolated vote on two alternatives. Consider the following isolated voting problem:

- $n$ $(n \leq N)$ agents voting,
two alternatives,
ex-ante probability of \( \frac{1}{2} \) that an individual favors one alternative,
private information of utilities.

Then, if \( n \) individuals cast their votes, the probability of winning for one individual if all other individuals vote sincerely is given by\(^4\)

\[
P(n) = \frac{1}{2^n} \left( \left\lfloor \frac{n-1}{2} \right\rfloor \right) + \frac{1}{2}.
\] (1)

The above expression states that an individual faces a probability greater than \( \frac{1}{2} \) of having his preferred option elected by participating in the vote. This probability increases if the number of voting agents decreases. Furthermore, \( P(n - 1) = P(n) \) when \( n \) is an odd number. Moreover, \( \lim_{n \to \infty} P(n) = \frac{1}{2} \), as the weight of individual vote becomes negligible.

The plot of \( P(n) \) is given in Figure 1.

![Figure 1: The probability of winning \( P(n) \) vs. the number of voting agents \( n \).](figure1)

Before characterizing the properties of each voting scheme, we introduce some useful notation. We have already shown that if \( n \) agents participate in the first stage, each

\(^4\)See e.g. Fahrenberger and Gersbach (2010). Note that \( \lfloor a \rfloor = \max \{ b \in \mathbb{N} : b \leq a \} \).
participating agent wins with probability \( P(n) \) and loses with probability \((1 - P(n))\). The number of agents allowed to vote in the second stage, however, varies with the voting scheme. Hence, from an ex-ante point of view, i.e. before voting begins, but after agents have privately observed their preferences, an agent faces different probabilities of winning in the second stage under each voting scheme. It is, thus, important that these probabilities be formally introduced.

Under SM, all agents are allowed to vote in the second stage. In Section 3.2, we show that no agent will abstain from voting in either stage under SM. Hence, regardless of whether he wins or loses in the first stage, every individual expects to win in the second stage with probability \( P(N) \) if all members of the committee vote in the second stage.

Under BV, the winners will not be allowed to vote in the second stage. Hence, their preferred variation in the second stage will be selected with probability \( \frac{1}{2} \). The losers will participate in the second stage, along with the absentees. Suppose \( n \in (0, N) \) agents participated in the first stage and \( N_L \in [0, \left\lfloor \frac{n}{2} \right\rfloor] \) agents lost the vote. Then, \( N - n + N_L \) individuals will vote in the second stage. Ex-ante, a voter in the second stage wins with a probability that depends on whether he was allowed to vote as an absentee or loser from the first stage. Using Bayes’ Theorem, we obtain these probabilities as follows:

\[
\Phi(N, n) := \text{Ex-ante probability of winning in second stage under BV, for losers of first stage}
\]

\[
= \begin{cases} 
\frac{\sum_{N_L=1}^{n-1} \binom{n}{N_L} P(N-n+N_L)}{\sum_{z=1}^{\frac{n}{2}} \binom{n}{z}} & \text{for } n \text{ odd, } n > 1, \\
\frac{\sum_{N_L=1}^{n-1} \binom{n}{N_L} \frac{1}{2^{n-1}} P(N-n+N_L)+\left(\frac{n}{2}\right)\frac{1}{2} P(N-\frac{n}{2})}{\sum_{z=1}^{\frac{n}{2}-1} \binom{n}{z} \left(\frac{1}{2^{n-1}} \right)+\left(\frac{n}{2}\right)\frac{1}{2}} & \text{for even.}
\end{cases}
\]
For \( n = 1 \) we define \( \Phi(\mathcal{N}, 1) = 0. \)

\[
\Lambda(\mathcal{N}, n) := \text{Ex-ante probability of winning in second stage under BV, for absentees of first stage}
\]

\[
= \begin{cases} 
\sum_{N_L=0}^{\lfloor \frac{n}{2} \rfloor} \binom{\frac{n}{2}}{N_L} \frac{1}{2(n-1)} P(N - n + N_L) & \text{for } n \text{ odd}, \\
\sum_{N_L=0}^{\frac{n}{2}-1} \binom{n}{N_L} \frac{1}{2(n-1)} P(N - n + N_L) + \binom{n}{\frac{n}{2}} \frac{1}{2} P(N - \frac{n}{2}) & \text{for } n \text{ even}.
\end{cases}
\] (3)

Detailed derivations of \( \Phi(\mathcal{N}, n) \) and \( \Lambda(\mathcal{N}, n) \) are given in Appendix D.\(^5\)

Under ST, losers from the first stage are not allowed to vote in the second stage. Therefore, all participants in the first stage have their preferred variation in the second stage selected with probability \( \frac{1}{2} \). All \( N - n \) absentees vote in the second stage and win with probability \( P(N - n) \).

In Section 3.5, we show that no agent with voting rights will abstain from voting in either stage under MV. As in BV, all winners of the first stage win their preferred option in the second stage with probability \( \frac{1}{2} \). The losers vote in the second stage and win with the following probability which is derived in detail in Appendix D.\(^6\)

\[
\Theta(\mathcal{N}) := \text{Ex-ante probability of winning in second stage under MV, for losers of first stage}
\]

\[
= \begin{cases} 
\sum_{N_L=1}^{\lfloor \frac{N}{2} \rfloor} \binom{\frac{N}{2}}{N_L} P(N_L) & \text{for } N \text{ odd}, \\
\sum_{N_L=1}^{\frac{N}{2}-1} \binom{\frac{N}{2}}{N_L} \frac{1}{2(N-1)} P(N_L) + \binom{\frac{N}{2}}{\frac{N}{2}} \frac{1}{2} P(\frac{N}{2}) & \text{for } N \text{ even}.
\end{cases}
\] (4)

We further recall the following three special cases and the corresponding voting rules.

\(^5\)The calculation of \( \Phi(\mathcal{N}, n) \) requires the Formula (4), which is derived below. Further properties of \( \Phi(\mathcal{N}, n) \) and \( \Lambda(\mathcal{N}, n) \) are given in Table C.1.

\(^6\)Further properties of \( \Theta(\mathcal{N}) \) are given in Table C.1.
1. If all agents abstain \((n = 0)\) under BV or ST, then all individuals can vote in both stages.

2. If all agents participate in the first stage \((n = N)\) under ST, then all agents can vote in both stages.

3. Suppose all agents participate in the first stage \((n = N)\) under BV and MV. If individuals are unanimously inclined towards \(A\) or \(B\), then all agents can vote in both stages. If there are losers in the first stage, they receive exclusive voting rights in the second stage.

We note that in these three special cases, whenever all agents can vote in both stages, no individual has an incentive to abstain from voting, as participation strictly increases his probability of winning. Using the properties of the binomial coefficient and the number of agents expected to vote in each case, we derive the following fact, which holds for all \(N \in [3, \infty)\):

**Fact 1**

- \(\Theta(N) > \Lambda(N, n) \geq P(N)\) when \(0 < n < N\), where \(\Lambda(N, n) = P(N)\) if and only if \(n = 1\) and \(N\) is odd.

- \(\Theta(N) > \Lambda(N, n) \geq \Phi(N, n) \geq P(N)\) when \(1 < n < N\), where \(\Phi(N, n) = P(N)\) if and only if \(n = 2\) and \(N\) is odd.

The conditions in Fact 1 are intuitive and are proven in Appendix A. When the number of agents participating in a vote is less than \(N\), the participating individuals win with a probability greater than or equal to \(P(N)\). Thus, \(\min \{\Theta(N), \Lambda(N, n), \Phi(N, n)\} \geq P(N)\). When only losers from the first stage vote in the second, the voting body in the second stage is always smaller than or equal to \(\left\lfloor \frac{N}{2} \right\rfloor\). However, when absentees from the first stage are guaranteed voting rights in the second, the voting body of the second stage can be greater than \(\left\lfloor \frac{N}{2} \right\rfloor\) with positive probability. Thus, \(\Theta(N) > \max \{\Lambda(N, n), \Phi(N, n)\}\). Interestingly, although under BV, both losers and absentees of the first stage vote in the second stage, we note that their ex-ante probabilities of winning can differ. That is, \(\Lambda(N, n) \geq \Phi(N, n)\), which can be explained as follows: \(N_L\) could be zero and the voting body could merely consist of absentees in the second stage. This occurs with positive probability. A loser from the first stage faces a voting body strictly larger than the number of absentees, which makes his probability of winning in the second stage
weakly lower than that of the absentees. To illustrate this property with an example, we plot the probabilities for $N = 20$ in Figure 2.

![Figure 2: $\Theta(N), \Lambda(N, n), \Phi(N, n), P(N)$ vs. $n$ for $N = 20$.](image)

Now, we are ready to examine the equilibria under each voting scheme.

### 3.2 Equilibria under SM

We start by analyzing the voting behavior in the second stage under SM. We first observe that voting weakly-dominates abstention, as there is a chance that the agent is pivotal. Moreover, voting sincerely weakly-dominates voting strategically, i.e. voting for the option that gives one lower utility, as no member can realize any utility gain by voting against his true preference in a binary collective decision when the game ends in the second stage.

Next, we focus on the first stage. Regardless of the variation selected in the second stage, an SI agent is strictly better off if his preferred proposal is selected in the first stage. Hence, he has an incentive to vote sincerely and increase the selection chances of his preferred fundamental direction.

Since preference realizations are private information, a WI individual $i$’s behavior depends on his expectation of which variation will be chosen in the second stage. Given that all agents will vote sincerely in the second stage, $i$’s preferred variation has an
equal probability of being selected, for any fundamental direction chosen in the first stage. Hence, \( i \)'s expected utility weakly increases if he votes for his preferred fundamental direction in the first stage.

Thus, after sequentially eliminating weakly-dominated strategies, all individuals participate and vote sincerely in both stages under SM. Hence, there exists a unique Bayesian Equilibrium in pure strategies, where all agents vote sincerely in both stages.

### 3.3 Equilibria under BV

Under BV, winners of the first stage are not allowed to vote in the second stage, while losers are compensated for their loss a vote in the second stage. However, with privately-observed preferences, it is ex-ante unclear whether an agent would belong to the losers or not. Thus, individuals face a trade-off in the first stage: abstention lowers the probability of winning in the first stage, while it secures voting rights in the second stage. We characterize the agents’ voting behavior in the following proposition:

**Proposition 1**

I) Suppose that \( H > 1 \) and \( \epsilon \leq \epsilon_{\text{crit}}(N) \) for some critical value \( \epsilon_{\text{crit}}(N) > 0 \). Then, there exists a unique equilibrium under BV characterized by

(i) every individual \( i \in SI \) participates in the first stage. All individuals \( i \in WI \) abstain;

(ii) all votes in both stages are cast sincerely.

II) The critical value on \( \epsilon \) is given by

\[
\epsilon_{\text{crit}}(N) := \min \left[ \frac{P(N) - \frac{1}{2}}{1 - P(N)}, \ 4\Lambda(N,1) - \Phi(N,2) - \frac{3}{2} \right].
\]

The proof of Proposition 1 is given in Appendix A. Proposition 1 establishes a threshold on the intensity of preferences of \( WI \) individuals regarding the fundamental direction the society should take. If \( \epsilon \) is below \( \epsilon_{\text{crit}}(N) \), an individual \( i \in WI \) would always be inclined to abstain from voting in the first stage. As shown in the proof, with our main assumption \( H >> 1 \), \( SI \) individuals are always better off voting in the first stage. This
is in line with the main motivation behind BV, which is to allow individuals that care more about an issue to exert more influence on a decision, while those who care less choose to abstain to secure the possibility to influence future decisions.

A plot of $\epsilon^{\text{crit}}(N)$ is given in Figure 3.\(^7\) We note that $\epsilon^{\text{crit}}(N)$ is monotonically decreasing in $N$. As the committee grows larger, the voting body of the second stage also increases in size with positive probability. Therefore, it becomes less attractive to abstain from the first stage for a better chance of winning in the second. The value of $\epsilon$ should, thus, be smaller for $WI$ individuals to still prefer abstention, which is confirmed by Figure 3. For the remainder of the paper, we assume that $\epsilon$ is such that Proposition 1 holds.

![Figure 3: $\epsilon^{\text{crit}}(N)$ vs. the number of agents $N$.](image)

### 3.4 Equilibria under ST

Suppose the society adopts ST as the voting scheme, where each agent will receive one vote, which he can either use in the first stage or store for use in the second stage. We characterize the voting behavior of agents under ST in the following lemma:

\(^7\)Further properties of $\epsilon^{\text{crit}}(N)$ are given in Table C.1.
Lemma 1
There exists a unique equilibrium under ST, in which all individuals $i \in SI$ cast their vote sincerely in the first stage, while all $i \in WI$ store it and vote sincerely in the second stage, for $H$ and $\epsilon$ satisfying the following conditions:

- $H \geq H_{st}^{\text{crit}}(N) := \frac{1-P(N)}{P(N)-\frac{1}{2}}$.
- $\epsilon \leq \epsilon_{st}^{\text{crit}}(N) := \frac{P(N)-\frac{1}{2}}{1-P(N)} \geq \epsilon^{\text{crit}}(N)$.

The proof of Lemma 1 follows the proof of Proposition 1 and is given in Appendix A.

We plot $H_{st}^{\text{crit}}(N)$ and $\epsilon_{st}^{\text{crit}}(N)$ in Figure 4.8

![Figure 4: $H_{st}^{\text{crit}}(N)$ and $\epsilon_{st}^{\text{crit}}(N)$ vs. $N$.](image)

We note that the thresholds on $\epsilon$ for the existence of a unique equilibrium under BV and ST are almost the same. Moreover, if $\epsilon \leq \epsilon^{\text{crit}}(N)$, $\epsilon \leq \epsilon_{st}^{\text{crit}}(N)$ also holds.

Under ST, $H_{st}^{\text{crit}}(N)$ imposes a lower bound on $H$ that was not required under BV to ensure that all $SI$ individuals are voting in the first stage. Under ST, only absentees of the first stage vote in the second. Under BV, however, losers from the first stage also vote in the second, making the voting body in the second stage larger with positive probability. Thus, abstention under ST is more attractive and $H$ should be high enough for participation in the first stage to be more desirable than abstention.

---

8Further properties of $H_{st}^{\text{crit}}(N)$ and $\epsilon_{st}^{\text{crit}}(N)$ are given in Table C.1.
Moreover, we observe that $H_{\text{crit}}^{\text{st}}(N)$ is increasing in $N$. If most of the agents choose to vote in the first stage, the voting body of the first stage grows larger with increasing $N$, while the voting body of the second becomes comparatively smaller. An individual voting in the first stage should, therefore, be willing to renounce the much higher probability of winning in the second stage, which is possible only if the strength of his preference is sufficiently high.

The additional constraint on $H$ that is required under ST indicates that compared to ST, BV is better-suited for fundamental decision-making, as $SI$ individuals are more inclined to vote on the first-stage decision, where their stakes are high.

### 3.5 Equilibria under MV

Now suppose that MV is the voting scheme used to reach the collective decision. Under MV, all agents will vote in the first stage and the resulting losers will receive exclusive voting rights in the second stage. In contrast with the setting with complete information analyzed by Fahrenberger and Gersbach (2010), we focus on a society with incomplete information. Incomplete information makes it impossible to gain by voting strategically. The resulting voting behavior of agents is summarized in the following lemma:

**Lemma 2**

There exists a unique equilibrium under MV where all individuals vote sincerely in both stages.

The proof of Lemma 2 is given in Appendix A. We note that since abstention from voting in the first stage under MV means being excluded from voting in both stages, no agent has an incentive to abstain and therefore, there are no restrictions on $H$ and $\epsilon$ for the existence of the equilibrium under MV.

### 4 An Example

We illustrate BV by the example of a society with three agents ($N = 3$). They vote in a setting of incomplete information, where each agent observes his own utility but not the utility of the other two. We consider the following cases:
**Case 1:** $N_s = 3$ and $N_w = 0$

First, consider the scenario where all three individuals are SI. Then, as shown in Section 3, all individuals will choose to vote in the first stage.

If option $\Omega$ ($\Omega \in \{A, B\})$ achieves a majority of two votes, it will be selected as the fundamental direction. The agent who preferred $\Omega'$ ($\Omega' \in \{A, B\}, \Omega \neq \Omega'$) will obtain the sole voting right in the second stage, and the variation $x^1_\Omega$ or $x^2_\Omega$ that gives him the highest utility will be selected.

If $\Omega$ receives all three votes in the first stage, under the rules of BV, all agents will be eligible to vote in the second stage, which makes BV equivalent to SM.

**Case 2:** $N_s = 2$ and $N_w = 1$

In this case, two of the three individuals are SI, while the remaining agent is WI. Thus, the SI individuals will choose to vote in the first stage, while the WI individual will abstain.

If the SI agents agree on a fundamental decision $\Omega$, it will be selected unanimously in the first stage. The WI individual will be the sole decision-maker in the second stage, and will select $x^1_\Omega$ or $x^2_\Omega$, according to his preference.

If the SI agents cannot agree on a fundamental decision, $A$ or $B$ will be chosen with a probability of $\frac{1}{2}$ by flipping a fair coin. Suppose option $\Omega$ ($\Omega \in \{A, B\}$) was selected this way. Then, the SI agent who preferred $\Omega'$, together with the WI individual, will be eligible to vote in the second stage. Variation $x^1_\Omega$ or $x^2_\Omega$ will be then selected, either unanimously or by flipping a fair coin.

**Case 3:** $N_s = 1$ and $N_w = 2$

Now suppose there is only one SI individual, while the other two are WI. The SI individual will be the only voter of the first stage, as the WI agents will choose to abstain in the first stage. Hence, the desired fundamental direction of the SI agent, $\Omega$, will be the outcome of the first stage. The WI individuals will then select one of the variations $x^1_\Omega$ or $x^2_\Omega$, either unanimously or by flipping a fair coin.
Case 4: $N_s = 0$ and $N_w = 3$

Finally, consider the case where all three individuals are WI. Then, all individuals will choose to abstain in the first stage. Under the rules of BV, all individuals will then be allowed to vote in both stages, making BV equivalent to SM in this particular case.

5 Welfare Comparison

We compute social welfare from an ex-ante perspective when the citizens’ utilities have not yet been realized, under the four voting schemes considered, i.e. SM, BV, ST and MV. We then compare the welfare under SM, ST and MV to welfare under BV to derive the conditions for which BV is superior to each of the other voting schemes. For this, we denote the aggregate expected utility by

$$W^V := E \left[ \sum_{i=1}^{N} U_i(\cdot) \right],$$

(5)

where $E$ denotes the expectation operator before the utilities are realized in the first stage and $V \in \{BV, SM, ST, MV\}$. The welfare comparison is based on the utilitarian criterion, which means that $V$ is strictly superior to $V'$ ($V' \in \{BV, SM, ST, MV\}$, $V \neq V'$) if and only if $W^V > W^{V'}$. In addition to the welfare comparison, the utility differences for the groups of agents identified below are also computed:

(i) WI agents when $N_s = 0$,

(ii) WI agents when $0 < N_s < N$,

(iii) SI agents when $N_s = N$,

(iv) SI agents when $0 < N_s < N$.

5.1 Results of Welfare Comparisons

In this section, we provide the results of detailed welfare comparisons between BV and SM, BV and ST and BV and MV, and establish conditions under which BV dominates
other voting schemes in terms of welfare. Moreover, we establish that BV Pareto-dominates SM and MV. As those comparisons are lengthy and involved, they are assembled in Appendix B. In the next section, all these results are brought together to establish our main theorem.

5.1.1 Welfare Comparison: BV and SM

We summarize the results of welfare comparison between BV and SM as follows:

Proposition 2

The comparison of ex-ante expected utility under SM and BV in equilibrium yields the following insights:

- The welfare under BV is higher than the welfare under SM if

\[ H \geq M(N, p)\epsilon + C(N, p), \]

where \( M(N, p) \) and \( C(N, p) \) are given by Equations (23) and (24), respectively.

- \( WI \) individuals are indifferent between BV and SM if \( N_s = 0 \).

- When \( 0 < N_s < N \), \( WI \) agents prefer BV to SM, provided that

\[ \epsilon \leq \min\{\epsilon^{\text{crit}}(N), \epsilon^{SM}(N, N_s)\}. \]

- When \( N_s = N \), SI individuals strictly prefer SM to BV.

- When \( 0 < N_s < N \), SI agents prefer BV to SM if

\[ H \geq H^{SM}(N, N_s). \]

- When \( N_s = N - 1 \) and \( N \) is odd, SI agents strictly prefer SM to BV.
We also summarize the conditions under which BV Pareto-dominates SM.

**Proposition 3**
The equilibrium outcome under BV Pareto-dominates the outcome under SM if and only if the following conditions are satisfied:

(i) $0 < N_s < N$ when $N$ is even and $0 < N_s < N - 1$ when $N$ is odd,

(ii) $\epsilon \leq \min\{e^{\text{crit}}(N), \ e^{\text{SM}}(N, N_s)\}$, and

(iii) $H \geq H^{\text{SM}}(N, N_s)$.

5.1.2 Welfare Comparison: BV and ST

We summarize the results of welfare comparison of BV and ST in the following proposition:

**Proposition 4**
The comparison of expected utility under ST and BV in equilibrium yields the following insights:

- The welfare under BV is higher than the welfare under ST for sufficiently large $N$, i.e. if

  $$N \geq N_{st}(p),$$

  where $N_{st}(p)$ is defined in (27).

- $WI$ individuals are indifferent between BV and ST if $N_s = 0$.

- When $0 < N_s < N$, $WI$ individuals strictly prefer ST to BV.

- When $N_s = N$, $SI$ agents strictly prefer ST to BV.

- When $0 < N_s < N$, $SI$ individuals strictly prefer BV to ST.
5.1.3 Welfare Comparison: BV and MV

We summarize the outcomes of the welfare comparison between BV and MV in the following proposition:

**Proposition 5**
Suppose that $H >> 1$ and $\epsilon \leq \epsilon^{\text{crit}}(N)$. Then the comparison of ex-ante expected utility under MV and BV in equilibrium yields the following results.

- The welfare under BV is strictly higher than the welfare under MV for all $N \notin \{3, 5, 7\}$.
- For $N \in \{3, 5, 7\}$, welfare under BV is superior to welfare under MV if
  \[ H \geq M(N, p) \epsilon + D(N, p), \]
  where $M(N, p)$ and $D(N, p)$ are given by Equations (23) and (35), respectively.
- WI individuals strictly prefer BV to MV if $N_s = 0$.
- When $0 < N_s < N$, WI agents strictly prefer BV to MV, provided that
  \[ \epsilon \leq \min\{\epsilon^{\text{crit}}(N), \epsilon^{\text{MV}}(N, N_s)\}. \]
- When $N_s = N$, SI individuals are indifferent between BV and MV.
- When $0 < N_s < N$, SI agents strictly prefer BV to MV.
- When $N_s = N - 1$ and $N$ is odd, SI agents strictly prefer MV to BV.

We also summarize the conditions under which BV Pareto-dominates MV.

**Proposition 6**
The equilibrium outcome under BV Pareto-dominates the outcome under MV if and only if the following conditions are satisfied:

(i) $N_s < N$ when $N$ is even and $N_s < N - 1$ when $N$ is odd, and
(ii) $\epsilon \leq \min\{\epsilon^{\text{crit}}(N), \epsilon^{\text{MV}}(N, N_s)\}$.
5.2 Main Result

Now we summarize the findings of Section 5.1 to present our main result:

Theorem 1

For the ranges \( N \in [3, 1000] \) and \( p \in [0, 1] \), BV is superior to SM, ST and MV with respect to utilitarian welfare if the following conditions are satisfied:

- \( \epsilon \leq \epsilon^{crit}(N) \),
- \( H \geq \max\{H_{st}^{crit}(N), M(N, p) \epsilon + C(N, p)\} \), and
- \( N \geq N_{st}(p) \),

where \( M(N, p) \), \( C(N, p) \), and \( N_{st}(p) \) are given in Equations (23), (24), and (27) in Appendix B, respectively, and \( H_{st}^{crit}(N) \) and \( \epsilon^{crit}(N) \) are defined in Lemma 1 and Proposition 1, respectively.

Theorem 1 shows that when the stakes, expressed by the value of \( H \), are sufficiently high in comparison with \( \epsilon \), BV is superior to other common voting rules which could be used in such circumstances. Essentially, BV splits the society into those agents who have large stakes and those agents with small stakes. Individuals with high stakes decide on the fundamental societal issue. Still, to allow as many citizens as possible to participate in the decision on variations of the chosen fundamental direction, and thus to increase the aggregate welfare that can be achieved in the second stage, BV requires losers from the first stage to have voting rights in the second stage.

A note on the robustness of the model is in order here. We have assumed a two-stage voting procedure and assumed a simple structure with individual preferences privately-observed. We will discuss in the next section (subsection 6.3) how these assumptions can be relaxed to reveal interesting extensions to our framework.

6 Discussion and Extensions

The main focus of the paper was to introduce BV, to establish its properties, and to examine its potential to improve welfare when stakes are high. A variety of issues emerge
where BV is considered. Besides various extensions, applications of BV require further procedural rules. These points will be detailed in this section.

### 6.1 Procedural Rules

To apply BV, several additional procedural rules must be established.

First, a *pre-decision* is necessary to assess whether an issue is decisive for a fundamental direction. In many cases, this appears to be intuitive. Examples are exiting nuclear power, legalizing abortion, joining a currency union or reducing public debt significantly. Still, there is a need for a procedure that defines an issue as fundamental. There are several possibilities to clarify this matter. It could be a question a small and selected committee decides upon, e.g. a special committee in Parliament. This question could also be linked to its constitutional rank.

Second, one might be concerned that the group of citizens allowed to vote on the variants of a fundamental decision may be too small, which would reduce the efficiency of such votes. Such cases can be avoided by requiring a minimal size for the electorate of the second stage. This can be achieved by randomly-selecting additional voters from the group of individuals who belonged to the majority in the first stage.

Third, there are consequences if the composition of the society changes from one stage to another. In situations where the final decision depends on the votes of two separate voting bodies (the United States Congress for example), BV would have to be modified and applied to each body separately. In other situations, one committee may be a subset of the other. In the democracies that comply with the Westminster System, the Cabinet of Ministers is appointed out of the current Members of Parliament, and the Ministers decide on the implementation details of the legislature that is passed by the Parliament. In this scenario, it is possible to apply BV to those agents who are allowed to vote in both stages. It is important however, that procedural rules are put into place to avoid very small decision-making bodies, as discussed above.

Fourth, BV excludes some individuals from the vote in the first stage or the second. Losing their right to vote may seem inequitable for some individuals. Thus, it is important that the adoption of BV be supported by a large consensus preceding its implementation. Requiring a unanimous vote in favor of BV would give individuals the freedom to
veto the adoption of a voting scheme in which they might lose their voting right in one of the stages.

6.2 Practical Implementation

Once the necessary procedural rules are established, the practical implementation of BV requires close examination.

First, the voting process associated with BV can be organized in two different ways. BV may be implemented practically in two voting rounds or in a single voting round without changing the results we have established. In two-round voting, on the one hand, the votes of the two stages should be cast sequentially, i.e., individuals vote on the fundamental direction first and once a fundamental direction is selected, they vote on its variations. In one-round voting, on the other hand, individuals could cast all their choices simultaneously, where their vote on the variations would be valid conditional on the outcome of the first stage and the voters having a right to vote in the second stage or not. As an example, an individual may cast his vote as “First Stage: vote for A. Second Stage: $x_A^1$ if A is selected, $x_B^2$ if B is selected (and I have a right to vote for the second decision)”.

Second, we have assumed that voting is secret. Despite secret ballots, one might wonder whether anonymity can be preserved, as some agents lose their voting rights after the first stage. One could infer that such agents were in the majority in the first stage. With paper ballots or electronic ballots, anonymity can be preserved, as other citizens cannot observe whether a particular citizen votes in the first stage or obtains a ballot in the second stage. Thus preferences remain private information.

Third, BV can also be applied to open ballots. As long as voting takes place simultaneously in both stages, our results apply. Individual voting strategies will remain the same in the second stage regardless of the secrecy of the vote. Deviating from sincere voting will not reap any benefits for any individual as the game ends with the second stage. Equilibrium voting strategies will remain best responses if voting occurs simultaneously and openly in the first stage. But our results may need to be modified if the votes are publicly observable and are not strictly simultaneous. For example, an SI individual
would have an incentive to abstain from the first stage if he observes that his preferred fundamental direction has received sufficient votes to be selected.

6.3 Extensions

We have limited our analysis to a very simple framework. A variety of interesting extensions emerges as soon as we deviate from our basic framework.

Publicly-observable agent preferences

An interesting extension is the case where the preferences of agents are common knowledge. If individuals can observe each other’s preferences, voters may coordinate to reach a minimal majority in the first stage. This would lead to a large group of individuals (close to 50% of voters in the first stage) being eligible to vote in the second stage. This would further enhance the welfare properties under BV.

Deliberation before voting

An intriguing new dimension to our framework would be to introduce pre-vote deliberation, i.e. agents engaging in communication before voting. Since fundamental societal decisions have significant long-term impact on the members of society, an opportunity to share information and views and engage in a relevant public debate may be desirable. How deliberation – including the possibility to misinterpret one’s preferences or the presence of persuasive agents – affects the performance of BV is an important avenue of further research.

Alternative models

It is possible to consider alternative models with different informational assumptions. One could examine the equilibria (if any) when \( \epsilon \) and \( H \) violate their critical thresholds, for example. The intuition would be that this would yield mixed strategy equilibria, as discussed in more detail in Section 6.4. Moreover, there could be a fraction of the society that has a fixed type while the remaining agents’ preferences would be random. One could also analyze situations where a society has a higher tendency to lean towards one of the fundamental directions, by considering unequal probabilities for an individual to prefer \( A \) over \( B \) and \textit{vice versa}. The same can be extended to an agent’s preference over variations of the fundamental directions. While these constellations require new
and elaborate analyses, it is likely that BV continues to be performing well as long as the stakes in the first decision are high.

**Extension to several stages**

BV can also be applied to sequential voting processes involving several stages. For example, suppose that the society decides on a fundamental direction in the first stage and determines its implementation through a sequence of smaller decisions to follow. BV can be applied to this scenario in two ways. First, if the number of stages is even, BV can be applied on segments of two consecutive stages, as described in this paper. Second, agents who abstain from voting in the first stage and the losers of the first stage, can be guaranteed participation in all stages to follow.

**Other equilibrium refinements**

We have restricted our analysis to symmetric equilibria where individuals with the same preference intensity display the same voting behavior. This excludes the possible symmetric equilibria that may arise if we allow agents who prefer the same fundamental direction or the same variation of a fundamental direction to behave in different ways. Whether such equilibria exist under ST and MV is an open question. It is clear that no other equilibria would arise under SM if we impose less restrictive symmetry assumptions. Under BV, no further equilibria arise if we impose less demanding symmetry requirements.9

**Balanced Elections**

One could also apply the idea of BV to elections. Suppose that in a majoritarian political system with two parties, an election for a public office takes place. Then, in a first election, citizens could decide which party will be able to propose a candidate. In a second vote, an office-holder from a set of candidates10 from the party chosen in the first stage will be selected. In such circumstances, under BV, citizens would need to choose whether to vote or abstain in the first election.

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9Details are available upon request.

10The set of candidates has to be determined in advance, e.g. all candidates who collect a number of signatures from party members above some threshold could be declared eligible, or parties may organize primary elections to select the set of candidates.
6.4 Non-fundamental Decisions

We have introduced BV as a voting mechanism particularly suitable for making fundamental decisions. These decisions typically divide a society into two broad groups: individuals who feel very strongly about the decision and individuals who care much less. The inherent assumption is that there are large utility differences in the electorate regarding fundamental decisions.

It is useful to examine the suitability of BV for making decisions that may not be fundamental in nature. In our model, this relates to situations where \( H < 1 \) or \( \epsilon > \epsilon_{\text{crit}}(N) \) or both. We observe that in this case, the constructed equilibrium under BV given in Proposition 1 may not be unique. Furthermore, there is a possibility for the occurrence of mixed-strategy equilibria.\(^{11}\)

7 Conclusion

We have introduced BV as a new voting scheme that aims at striking a balance between expressing the intensity of preferences and protecting minorities. It is particularly suitable for fundamental societal decisions, which inherently means intense preferences or high stakes for some groups of citizens. We have shown that capturing this preference intensity and providing additional protection to a minority with high stakes through BV lead to welfare gains. We have outlined several avenues to be explored and aspects to be considered when applying BV in practice.

\(^{11}\)Details are available upon request.
Appendix A: Proofs

Proof of Fact 1:

**Step 1:** $\Phi(N, n) \geq P(N)$ when $1 < n < N$ and $\Lambda(N, n) \geq P(N)$ when $0 < n < N$

$\Phi(N, n)$ is a weighted average of the terms $P(N - n + N_L)$ for $N_L \in \left[1, \left\lfloor \frac{n}{2} \right\rfloor \right]$. Similarly, $P(N)$ can be written using the same weights as a weighted average of $P(N)$. For each $N_L$, $P(N - n + N_L) \geq P(N)$, where the equality occurs if and only if $n = 2$ and $N$ is odd. Therefore, $\Phi(N, n) \geq P(N)$.

Following the same logic, we obtain, $\Lambda(N, n) \geq P(N)$ when $0 < n < N$, where the equality occurs if and only if $n = 1$ and $N$ is odd.

**Step 2:** $\Lambda(N, n) \geq \Phi(N, n)$ when $1 < n < N$

$\Phi(N, n)$ is a weighted average of the terms $P(N - n + N_L)$ for $N_L \in \left[1, \left\lfloor \frac{n}{2} \right\rfloor \right]$, while $\Lambda(N, n)$ is a weighted average of the terms $P(N - n + N_L)$ for $N_L \in \left[0, \left\lfloor \frac{n}{2} \right\rfloor \right]$. In the expression of $\Phi(N, n)$, each $P(N - n + N_L)$ for $N_L \in \left[1, \left\lfloor \frac{n}{2} \right\rfloor \right]$ is assigned a weight of $\left(\frac{n}{2^{n-1}}\right)$, while under $\Lambda(N, n)$, it is assigned a weight of $\left(\frac{n}{2^{n-1}}\right)$ and $\left(\frac{n}{2^{n-1}}\right)$ are multiplied by $P(N - n)$ under $\Lambda(N, n)$, where $P(N - n) > P(N - n + N_L)$ for all $N_L \in \left[1, \left\lfloor \frac{n}{2} \right\rfloor \right]$. Therefore, $\Lambda(N, n) \geq \Phi(N, n)$, where the equality holds for large $n$ where the difference in weights become negligible, i.e. $\frac{1}{2^n} \approx \frac{1}{2^n - 1}$.

**Step 3:** $\Theta(N) > \Lambda(N, n)$ when $0 < n < N$

$\Theta(N)$ is a weighted average of the terms $P(N_L)$ for $N_L \in \left[1, \left\lfloor \frac{N}{2} \right\rfloor \right]$, while $\Lambda(N, n)$ is a weighted average of the terms $P(N - n + N_L)$ for $N_L \in \left[0, \left\lfloor \frac{N}{2} \right\rfloor \right]$. For $n < \left\lfloor \frac{N}{2} \right\rfloor$, it is obvious that $\Theta(N) > \Lambda(N, n)$ holds, as all $P(N_L)$ terms in $\Theta(N)$ are greater than all $P(N - n + N_L)$ in $\Lambda(N, n)$.
It is, however, not straightforward whether this relationship holds for larger \( n \). We observe that for some \( n \), the terms \( P(N - n + N_L) \) for \( N_L \in \left[ 0, \left\lfloor \frac{N}{2} \right\rfloor \right] \) in \( \Lambda(N, n) \) are equal to or greater than those terms in \( \Lambda(N, n) \) for smaller \( n \). We thus verify whether \( \Theta(N) > \Lambda(N, n) \) when \( n \) is as large as possible. If \( \Theta(N) > \Lambda(N, n) \) holds for \( n \) as large as possible, we can conclude that it holds for all \( n \in (0, N) \). There are four cases to consider.

1) \( N \) and \( n = N - 2 \) are odd

In this case, \( \Theta(N) \) is a weighted average of the terms \( P(1), P(2),...P(\left\lfloor \frac{N}{2} \right\rfloor) \) and \( \Lambda(N, n) \) is a weighted average of \( P(2), P(3),...P(\left\lfloor \frac{N}{2} \right\rfloor + 1) \). The weightings given to the common terms are lower under \( \Lambda(N, n) \). Furthermore, the weighted probabilities under \( \Theta(N) \) consists of the highest-possible value \( P(1) = 1 \), which is not a component of \( \Lambda(N, n) \). The difference in weightings under \( \Lambda(N, n) \) is multiplied by \( P(\left\lfloor \frac{N}{2} \right\rfloor + 1) \), which is less than all \( P(N_L) \) terms in \( \Theta(N) \). Therefore, \( \Theta(N) > \Lambda(N, n) \).

Illustration: Assume \( N = 7 \) and \( n = 5 \). Then,

\[
\Theta(7) = \frac{7}{63} \cdot P(1) + \frac{21}{63} \cdot P(2) + \frac{35}{63} \cdot P(3) = 0.7778
\]
\[
\Lambda(7, 5) = \frac{1}{16} \cdot P(2) + \frac{5}{16} \cdot P(3) + \frac{10}{16} \cdot P(4) = 0.7113.
\]

2) \( N \) is odd and \( n = N - 1 \) is even

In this case, \( \Theta(N) \) is a weighted average of the terms \( P(1), P(2),...P(\left\lfloor \frac{N}{2} \right\rfloor) \) and \( \Lambda(N, n) \) is a weighted average of \( P(1), P(3),...P(\left\lfloor \frac{N}{2} \right\rfloor + 1) \). As in the previous case, the weightings given to the common terms are lower under \( \Lambda(N, n) \). The differences in the weights are multiplied by \( P(\left\lfloor \frac{N}{2} \right\rfloor + 1) \) under \( \Lambda(N, n) \), which is less than all probabilities making up \( \Theta(N) \). Therefore, \( \Theta(N) > \Lambda(N, n) \).

Illustration: Assume \( N = 7 \) and \( n = 6 \). Then,

\[
\Theta(7) = \frac{7}{63} \cdot P(1) + \frac{21}{63} \cdot P(2) + \frac{35}{63} \cdot P(3) = 0.7778
\]
\[
\Lambda(7, 6) = \frac{1}{32} \cdot P(1) + \frac{6}{32} \cdot P(2) + \frac{15}{32} \cdot P(3) + \frac{10}{32} \cdot P(4) = 0.7384.
\]
3) \( N \) is even and \( n = N - 1 \) is odd

In this case, both \( \Theta(N) \) and \( \Lambda(N, n) \) are a weighted average of the terms \( P(1), P(2), \ldots, P(\frac{N}{2}) \). The weightings given to the terms \( P(1), P(2), \ldots, P(\frac{N}{2} - 1) \) are lower under \( \Lambda(N, n) \). The difference in weightings is given to \( P(\frac{N}{2}) \) under \( \Lambda(N, n) \). But \( P(\frac{N}{2}) \) is the smallest of all the probabilities that make up the two expressions. Therefore, \( \Theta(N) > \Lambda(N, n) \).

**Illustration:** Assume \( N = 6 \) and \( n = 5 \). Then,

\[
\Theta(6) = \frac{6}{31} \cdot P(1) + \frac{15}{31} \cdot P(2) + \frac{10}{31} \cdot P(3) = 0.7984 \\
\Lambda(6, 5) = \frac{1}{16} \cdot P(1) + \frac{5}{16} \cdot P(2) + \frac{10}{16} \cdot P(3) = 0.7656.
\]

4) \( N \) and \( n = N - 2 \) are even

In this case, \( \Theta(N) \) is a weighted average of the terms \( P(1), P(2), \ldots, P(\frac{N}{2}) \) and \( \Lambda(N, n) \) is a weighted average of \( P(2), P(3), \ldots, P(\frac{N}{2} - 1) \). The weightings given to the terms \( P(2), P(3), \ldots, P(\frac{N}{2} - 1) \) under \( \Lambda(N, n) \) are lower than those under \( \Theta(N) \), and the weighting for \( P(\frac{N}{2}) \) is higher. \( P(\frac{N}{2}) \), however, is the smallest probability in \( \Theta(N) \). Moreover, the weighted probabilities under \( \Theta(N) \) consists of the highest possible value \( P(1) = 1 \), which is not a component under \( \Lambda(N, n) \). Furthermore, a large weight is given to \( P(\left\lfloor \frac{N}{2} \right\rfloor + 1) \) under \( \Lambda(N, n) \), which is lower than all the probabilities in \( \Theta(N) \). Therefore, \( \Theta(N) > \Lambda(N, n) \).

**Illustration:** Assume \( N = 6 \) and \( n = 4 \). Then,

\[
\Theta(6) = \frac{6}{31} \cdot P(1) + \frac{15}{31} \cdot P(2) + \frac{10}{31} \cdot P(3) = 0.7984 \\
\Lambda(6, 4) = \frac{1}{8} \cdot P(2) + \frac{4}{8} \cdot P(3) + \frac{3}{8} \cdot P(4) = 0.7268.
\]

In all four cases, the effects that yield \( \Theta(N) > \Lambda(N, n) \) are amplified for smaller \( n \) values. Therefore, for all \( n \) and \( N \) we have \( \Theta(N) > \Lambda(N, n) \). This concludes the proof.
Proof of Proposition 1:

A) Existence

We start with the proof of (ii) and show that all agents vote sincerely in both stages if they have – and use – the right to vote. We then analyze an individual’s decision to abstain from the first stage, given this voting behavior.

Step A1: Sincere voting in the second stage

As voting in the second stage is governed by the simple majority rule, every member with the right to vote supports his preferred variation upon elimination of weakly-dominated strategies. Voting insincerely would lower the probability that his preferred variation is selected.

Step A2: Sincere voting in the first stage

We assume that individual $i$ votes in the first stage. We compare $i$’s expected utility when voting sincerely and insincerely, and show that voting sincerely is his best response.

Regardless of how $i$ votes, his utility depends on the voting behavior of other agents. We assume that all individuals voting in the first stage, except $i$, vote sincerely. It is, however, unclear how many agents might choose to abstain. Let $x_i$ denote the number of agents, excluding $i$, who are voting in the first stage, that is, $0 \leq x_i \leq N - 1$. Since the probability distribution of $x_i$ is unknown at this stage, as no equilibrium has been identified yet, it is not possible to compute $i$’s expected utility explicitly. Therefore, we derive $i$’s expected utility conditional on $x_i$, and for all possible values of $x_i$.

We start by formulating the probability of winning or losing in each stage, expressed as functions of $x_i$. Let the indices $WW$, $WL$, $LW$ and $LL$ represent the following outcomes for individual $i$, respectively: winning in both stages, winning in the first stage but losing in the second, losing in the first stage but winning in the second, and losing in both stages. Then, $i$’s expected probabilities of winning are as follows:
\[ \Gamma^V_{WW}(N, x_i) = \begin{cases} P(x_i + 1) \frac{1}{2} & \text{if } 0 \leq x_i < N - 1 \\ P(N) \left( \frac{P(N)}{2^{x_i}} + \left( 1 - \frac{1}{2^{x_i}} \right) \frac{1}{2} \right) & \text{if } x_i = N - 1 \end{cases} \]

\[ \Gamma^V_{WL}(N, x_i) = \begin{cases} P(x_i + 1) \frac{1}{2} & \text{if } 0 \leq x_i < N - 1 \\ P(N) \left( \frac{1 - P(N)}{2^{x_i}} + \left( 1 - \frac{1}{2^{x_i}} \right) \frac{1}{2} \right) & \text{if } x_i = N - 1 \end{cases} \]

\[ \Gamma^V_{LW}(N, x_i) = \begin{cases} (1 - P(x_i + 1)) \Phi(N, x_i + 1) & \text{if } 0 < x_i < N - 1 \\ (1 - P(N)) \Theta(N) & \text{if } x_i = N - 1 \end{cases} \]

\[ \Gamma^V_{LL}(N, x_i) = \begin{cases} (1 - P(x_i + 1))(1 - \Phi(N, x_i + 1)) & \text{if } 0 < x_i < N - 1 \\ (1 - P(N))(1 - \Theta(N)) & \text{if } x_i = N - 1 \end{cases} \]

where the expressions of \( \Theta(N) \) and \( \Phi(N, x_i + 1) \) are given by (4) and (2), respectively, and where the index \( Vo \) stands for voting in the first stage. We note that \( \Gamma^V_{WL}(N, x_i) \) and \( \Gamma^V_{LL}(N, x_i) \) are not defined for \( x_i = 0 \), since losing in the first stage entails more than one agent participating in the vote.

Now we examine \( i \)'s decision to vote either sincerely or insincerely in the first stage. By voting sincerely, \( i \) derives an expected utility of

\[ \Gamma^V_{WW}(N, x_i)(1 + M) + \Gamma^V_{WL}(N, x_i)(0 + M) + \Gamma^V_{LW}(N, x_i), \] (6)

where \( 0 \leq x_i \leq N - 1 \) and \( M \) represents an agent’s strength of preference, with \( M = H \) for SI individuals and \( M = \epsilon \) for WI agents.

When voting insincerely, the expected utility of \( i \) amounts to

\[ \Gamma^V_{WW}(N, x_i) + \Gamma^V_{WL}(N, x_i)(1 + M) + \Gamma^V_{LW}(N, x_i)(0 + M). \] (7)

Voting sincerely is a best response if for all \( 0 \leq x_i \leq N - 1 \),

\[ M(\Gamma^V_{WW}(N, x_i) + \Gamma^V_{WL}(N, x_i) - \Gamma^V_{LW}(N, x_i) - \Gamma^V_{LL}(N, x_i)) > 0. \] (8)

Since \( P(x_i + 1) > \frac{1}{2} > 1 - P(x_i + 1) \), for all \( x_i \in [0, N - 1] \), every individual is better off voting sincerely in the first stage, irrespective of whether they are strongly – or weakly – inclined, given that other agents will also vote sincerely.

In summary, voting sincerely is a best response in the first stage.
Step A3: Decision to abstain from first stage

Next, we evaluate \( i \)'s decision to abstain in the first stage. We assume again that all agents participating in the first stage, except \( i \), vote sincerely. In Step A2, we have shown that should \( i \) decide to participate in the first stage, he will also vote sincerely. Now we calculate \( i \)'s expected utility by abstaining from voting in the first stage.

Suppose \( i \) has decided to abstain from voting in the first stage. Then, his expected probabilities of winning are as follows, where \( x_i \) and the indices \( WW \), \( WL \), \( LW \) and \( LL \) represent the same as in Step A2, the index \( Ab \) stands for abstention from voting in the first stage, and \( \Lambda(N, x_i) \) is given in (3):

\[
\begin{align*}
\Gamma_{WW}^{Ab}(N, x_i) &= \begin{cases} 
P(N)P(N) & \text{if } x_i = 0 \\
\frac{1}{2}\Lambda(N, x_i) & \text{if } 0 < x_i \leq N - 1
\end{cases} \\
\Gamma_{WL}^{Ab}(N, x_i) &= \begin{cases} 
P(N)(1 - P(N)) & \text{if } x_i = 0 \\
\frac{1}{2}(1 - \Lambda(N, x_i)) & \text{if } 0 < x_i \leq N - 1
\end{cases} \\
\Gamma_{LW}^{Ab}(N, x_i) &= \begin{cases} 
(1 - P(N))P(N) & \text{if } x_i = 0 \\
\frac{1}{2}\Lambda(N, x_i) & \text{if } 0 < x_i \leq N - 1
\end{cases} \\
\Gamma_{LL}^{Ab}(N, x_i) &= \begin{cases} 
(1 - P(N))(1 - P(N)) & \text{if } x_i = 0 \\
\frac{1}{2}(1 - \Lambda(N, x_i)) & \text{if } 0 < x_i \leq N - 1.
\end{cases}
\end{align*}
\]

For any \( x_i \in [0, N - 1] \), the expected utility of \( i \) by abstaining from the first stage and voting sincerely in the second stage is

\[
\Gamma_{WW}^{Ab}(N, x_i)(1 + M) + \Gamma_{WL}^{Ab}(N, x_i)(0 + M) + \Gamma_{LL}^{Ab}(N, x_i).
\tag{9}
\]

If \( i \) derives a higher expected utility from abstaining, as compared to voting sincerely in the first stage, he will be inclined to abstain.

Step A4: Critical Conditions

To determine which, of participation or abstention in the first stage, gives \( i \) a higher expected utility, we need to compare his expected utility from each decision, weighted over the possible values of \( x_i \). We obtain this by weighing the expected utility calculated in (6) and (9) with the probability distribution of \( x_i \), and taking

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the sum over all possible values of \( x_i \). That is, \( i \) will participate in voting in the first stage if and only if

\[
\sum_{x_i=0}^{N-1} Pr(x_i) \left[ \Gamma_{WW}^V(N, x_i)(1 + M) + \Gamma_{WL}^V(N, x_i)M + \Gamma_{LL}^V(N, x_i) \right] \\
\geq \sum_{x_i=0}^{N-1} Pr(x_i) \left[ \Gamma_{WW}^{Ab}(N, x_i)(1 + M) + \Gamma_{WL}^{Ab}(N, x_i)M + \Gamma_{LL}^{Ab}(N, x_i) \right],
\]

(10)

where \( Pr(x_i) \) denotes the probability that the number of agents voting in the first stage, except \( i \), is \( x_i \). For a given \( N \), this condition imposes an lower bound on \( M \), such that \( i \) is better off participating in the first stage if and only if

\[
M \geq \frac{\sum_{x_i=0}^{N-1} Pr(x_i) \left[ \Gamma_{LL}^{Ab}(N, x_i) - \Gamma_{LL}^V(N, x_i) + \Gamma_{LL}^{Ab}(N, x_i) - \Gamma_{WW}^{Ab}(N, x_i) \right]}{\sum_{x_i=0}^{N-1} Pr(x_i) \left[ \Gamma_{WW}^{Ab}(N, x_i) - \Gamma_{WW}^V(N, x_i) + \Gamma_{WL}^{Ab}(N, x_i) - \Gamma_{WL}^V(N, x_i) \right]}.
\]

(11)

Therefore, \( SI \) individuals with sufficiently large \( H \) prefer to participate in the first stage and \( WI \) individuals with sufficiently small \( \epsilon \) refrain from voting in the first stage.

**Step A5: Sufficient Conditions**

Since we do not know the probability distribution of \( x_i \) at this stage, it is not yet possible to explicitly calculate the critical value of \( M \) such that participation is more attractive than abstention. Therefore, we derive a sufficient condition on \( M \) such that if satisfied, it ensures that the critical condition is also satisfied.

We obtain the sufficient condition by calculating the value of \( M \) such that Expression (10) is satisfied for each term in the summation from \( x_i = 0 \) to \( N - 1 \). That is, for each \( x_i \in [0, N - 1] \), we have

\[
0 \leq \left( \Gamma_{WW}^V(N, x_i) - \Gamma_{WW}^{Ab}(N, x_i) \right)(1 + M) + \Gamma_{LL}^V(N, x_i) \\
- \Gamma_{LL}^{Ab}(N, x_i) + \left( \Gamma_{WL}^V(N, x_i) - \Gamma_{WL}^{Ab}(N, x_i) \right)M \Rightarrow M \geq \frac{\Gamma_{LL}^{Ab}(N, x_i) - \Gamma_{LL}^V(N, x_i) + \Gamma_{WL}^{Ab}(N, x_i) - \Gamma_{WW}^{Ab}(N, x_i)}{\Gamma_{WW}^V(N, x_i) - \Gamma_{WW}^{Ab}(N, x_i) + \Gamma_{WL}^V(N, x_i) - \Gamma_{WL}^{Ab}(N, x_i)}.
\]

(12)
This condition simplifies to the following inequalities:
\[
M \geq \begin{cases} 
M_0(N) := \frac{P(N)-\frac{1}{2}}{P(N)} & \text{for } x_i = 0, \\
M_1(N, x_i) := \frac{\Lambda(N,x_i)-P(x_i+1)}{P(x_i+1)-\frac{1}{2}} - P(x_i+1)\Phi(N,x_i+1) & \text{for } 0 < x_i < N - 1, \\
M_2(N) := \frac{\Lambda(N,N-1)-P(N)[\frac{P(N)}{2N-1}+(1-\frac{1}{2N-1})^{\frac{1}{2}}]-(1-P(N))\Theta(N)}{P(N)-\frac{1}{2}} & \text{for } x_i = N - 1. 
\end{cases}
\]

(13)

We observe that for any given value of \( N \), \( M_1(N, x_i) \) is monotonically increasing in \( x_i \). As an illustration, in Figure A.1 we plot \( M_1(N, x_i) \) against \( x_i \) for \( N = 200 \).

![Figure A.1: \( M_1(N, x_i) \) vs. \( x_i \) for \( N = 200 \).](image)

As \( M_1(N, x_i) \) is monotonically increasing in \( x_i \), it reaches its maximum for \( x_i = N - 2 \) and minimum for \( x_i = 1 \). In Figure A.2, we plot \( M_0(N), M_1(N, N - 2), M_1(N, 1) \) and \( M_2(N) \).

\[\text{Figure A.1: } M_1(N, x_i) \text{ vs. } x_i \text{ for } N = 200.\]

\[\text{As } M_1(N, x_i) \text{ is monotonically increasing in } x_i, \text{ it reaches its maximum for } x_i = N - 2 \text{ and minimum for } x_i = 1. \text{ In Figure A.2, we plot } M_0(N), M_1(N, N - 2), M_1(N, 1) \text{ and } M_2(N).\]

\[\text{12It was verified numerically for } N \in [3, 1000] \text{ and } 0 < x_i < N - 1.\]
We note that if $x_i$ is very low (e.g. $x_i = 0$ or $1$), the threshold on $M$ monotonically decreases with $N$. This result is intuitive because for low values of $x_i$, an increase in $N$ is directly proportional to the increase in the number of agents voting in the second stage. Therefore, as $N$ grows large, it becomes less attractive to abstain from the first stage, and participation becomes attractive even for low $M$.

If $x_i$ is very large (e.g. $x_i = N - 2$ or $N - 1$), the threshold on $M$ fluctuates for small $N$, but decreases asymptotically to $0.7$ as $N \rightarrow \infty$.\textsuperscript{13} It is, however, strictly higher than if $x_i$ is very small for the same $N$. This is because when $x_i$ is very large, the voting body will always be smaller in the second stage than when $x_i$ is very small – even very small voting bodies being possible with positive probability in the second stage. Therefore, there is a higher incentive to abstain in the first stage and to vote in the second stage, and $M$ has to be sufficiently high for agents to still prefer participation over abstention.

The downward trend of the curve when $x_i$ is high can be explained as follows. As the size of the committee becomes substantially large, the voting body in the second stage also grows larger with positive probability. The desirability of abstaining from the first stage, therefore, shrinks with $N$, and agents find participation more attractive, even for low $M$. Note, however, that the threshold on $M$ is still higher

\textsuperscript{13}Numerically verified for the range $N \in [3, 1000]$.\textsuperscript{37}
than when $x_i$ is very low for the same $N$. A low value of $x_i$ represents a large voting body in the second stage with certainty, whereas a high $x_i$ indicates that a large voting body in the second stage can occur with high probability.

We set

$$H \geq H^{\text{crit}}(N) := \max \left[ M_0(N), M_1(N, N - 2), M_2(N) \right]$$

(14)

$$\epsilon \leq \epsilon^{\text{crit}}(N) := \min \left[ M_0(N), M_1(N, 1), M_2(N) \right]$$

$$= \min \left[ M_0(N), M_1(N, 1) \right]$$

$$= \min \left[ \frac{P(N)}{1 - P(N)}, 4\Lambda(N, 1) - \Phi(N, 2) - \frac{3}{2} \right],$$

(15)

so that all $SI$ agents participate in voting in the first stage, while all $WI$ agents abstain. In Figure A.3, we plot $H^{\text{crit}}(N)$ and $\epsilon^{\text{crit}}(N)$.

![Figure A.3: $H^{\text{crit}}(N)$ and $\epsilon^{\text{crit}}(N)$ vs. the number of agents $N$.](image)

We observe that $H^{\text{crit}}(N) \leq 1$ for all $N \neq 6,^{14}$ and $H^{\text{crit}}(6) \approx 1$. Under our main assumption that $H >> 1$, all $SI$ individuals will participate in voting in the first

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$^{14}$It was verified numerically for $N \in [3, 1000]$. 

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stage. Therefore, (15) and $H > 1$ are sufficient conditions for all $SI$ agents to participate in voting in the first stage, and for all $WI$ agents to abstain.

B) **Uniqueness**

We analyze the uniqueness of the constructed equilibrium by first considering sincere voting in the second stage, then sincere voting in the first stage, and finally, the decision to abstain from the first stage.

**Step B1: Sincere voting in second stage**

After eliminating weakly-dominated strategies, it is clear that agents voting in the second stage have no incentive to deviate from sincere voting in any conceivable equilibrium.

**Step B2: Sincere voting in first stage and the role of $P(n)$**

Now let us consider the first stage. We start by analyzing individual $i$’s decision to vote sincerely or insincerely, given that he has chosen to participate in voting in the first stage. Recall that $P(n)$ is the probability of winning in the first stage for $i$, if $n - 1$ agents, excluding $i$, vote in the first stage and if they all vote sincerely. That is, $P(n)$ is based on the critical assumption that all $n - 1$ agents vote for a fundamental direction with an ex-ante probability of $\frac{1}{2}$.

Further recall from Step A2 that given $P(n)$, voting sincerely is the best response of $i$ regardless of the number of agents voting in the first stage $(x_i)$. Therefore, $i$’s decision to vote sincerely or insincerely in the first stage is not affected by the other agents’ decision to abstain from the first stage or not. Rather, it depends only on $P(n)$, which, in turn, depends on whether other voters vote sincerely or not. Therefore, we will recalculate $P(n)$ in Steps B3 and B4 without the assumption that other voters will vote sincerely, and then analyze if voting sincerely is still a dominant strategy for $i$.

**Step B3: Possible symmetric equilibria**

We next consider all conceivable symmetric equilibria where the voters with the same preference intensity behave the same way. From Step B2, we know that the decision of individuals to abstain from the first stage or not can be disregarded for
the question whether or not an individual votes sincerely in the first stage. Thus, any equilibrium under BV must belong to one of the following categories:

1. SI agents vote sincerely and WI agents vote insincerely,
2. SI agents vote insincerely and WI agents vote sincerely,
3. All agents vote sincerely,
4. All agents vote insincerely.

Suppose individual \( j, j \neq i \), has also chosen to vote in the first stage. We introduce the following notation where \( \Omega, \Omega' \in \{A, B\}, \Omega \neq \Omega' \), \( VS (VI) \) denotes voting sincerely (insincerely) and \( k \in \{1, 2, 3, 4\} \) denotes the equilibrium category above:

- \( j_\Omega := \) the event that \( j \) will vote for \( \Omega \),
- \( j_{\Omega|P} := \) the event that \( j \) prefers the direction \( \Omega \),
- \( j_{kV_S} := \) the event that \( j \) will vote sincerely in equilibrium \( k \),
- \( j_{kV_I} := \) the event that \( j \) will vote insincerely in equilibrium \( k \),
- \( Pr[x] := \) the probability of event \( x \).

For each equilibrium category \( k \in \{1, 2, 3, 4\} \), we have \( Pr[j_{kV_I}] = 1 - Pr[j_{kV_S}] \) and

\[
Pr[j_{kV_S}] = p, \\
Pr[j_{kV_I}] = 1 - p, \\
Pr[j_{kV_S}] = 1, \\
Pr[j_{kV_I}] = 0.
\]

**Step B4: Probability of voting for a fundamental direction**

For each equilibrium category \( k \in \{1, 2, 3, 4\} \), we now have

\[
Pr[j_\Omega] = Pr[j_\Omega|j_{\Omega|P}]Pr[j_{\Omega|P}] + Pr[j_\Omega|j_{\Omega|P}]Pr[j_{\Omega|P}]
= Pr[j_{kV_S}|j_{\Omega|P}]Pr[j_{\Omega|P}] + Pr[j_{kV_I}|j_{\Omega|P}]Pr[j_{\Omega|P}].
\]
Due to our definition of symmetric equilibria, the event that \( j \) votes sincerely is related to whether he is strongly – or weakly – inclined, and therefore, stochastically independent from the event that his preference is towards \( \Omega \) or \( \Omega' \). Hence, we now have

\[
Pr[j_{\Omega}] = Pr[j_{VS}]Pr[j_{PG}] + Pr[j_{VI}]Pr[j_{PG'}]
\]

\[
= Pr[j_{V_S}] \frac{1}{2} + (1 - Pr[j_{V_S}]) \frac{1}{2}
\]

\[= \frac{1}{2}.\]

Thus, in all possible symmetric equilibria under consideration from the perspective of individual \( i \), individual \( j \) will vote for a fundamental direction with probability \( \frac{1}{2} \). Therefore, even without the assumption of sincere voting by other agents, the construction of \( P(n) \) remains unchanged. Hence, the analysis in Step A2 is still valid, and allows to conclude that in all possible equilibria, voting sincerely is a dominant strategy for individual \( i \) if he participates in voting in the first stage, no matter how other agents vote.

**Step B5: Decision to abstain**

Given that all agents vote sincerely in both stages, and by construction of \( H \) and \( \epsilon \), it is clear that the only constellation in which no agent has an incentive to deviate with respect to his choice whether or not to participate in the first stage is the behavior described in Proposition 1. Therefore, the constructed equilibrium is unique.

**Proof of Lemma 1:**

The proof of Lemma 1 follows the exact steps of the proof of Proposition 1. The only difference is in the utility calculations which are presented below.

**Step 1: Sincere voting in both stages**

It is clear that agents who save their vote for the second stage vote sincerely. Suppose
agent $i$ decides to use his vote in the first stage and all other agents voting in the first stage vote sincerely. Then, $i$’s expected probabilities of winning, derived in the proof of Proposition 1, are modified as follows:

$$
\Gamma^{V_o}_{WW}(N, x_i) = \begin{cases} 
  P(x_i + 1) \frac{1}{2} & \text{if } 0 \leq x_i < N - 1 \\
  P(N)P(N) & \text{if } x_i = N - 1 
\end{cases}
$$

$$
\Gamma^{V_o}_{WL}(N, x_i) = \begin{cases} 
  P(x_i + 1) \frac{1}{2} & \text{if } 0 \leq x_i < N - 1 \\
  P(N)(1 - P(N)) & \text{if } x_i = N - 1 
\end{cases}
$$

$$
\Gamma^{V_o}_{LW}(N, x_i) = \begin{cases} 
  (1 - P(x_i + 1)) \frac{1}{2} & \text{if } 0 < x_i < N - 1 \\
  (1 - P(N))P(N) & \text{if } x_i = N - 1 
\end{cases}
$$

$$
\Gamma^{V_o}_{LL}(N, x_i) = \begin{cases} 
  (1 - P(x_i + 1)) \frac{1}{2} & \text{if } 0 < x_i < N - 1 \\
  (1 - P(N))(1 - P(N)) & \text{if } x_i = N - 1 
\end{cases}
$$

As in the proof of Proposition 1, voting sincerely is a best response if and only if Condition (8) is satisfied. After applying the modified probabilities of winning, it is clear that Condition (8) is satisfied as $P(x_i + 1) > 1 - P(x_i + 1)$ for all $x_i \in [0, N - 1]$. Therefore, if an individual decides to use his vote in the first stage, voting sincerely is a dominant strategy, no matter whether he is strongly or weakly-inclined.

**Step 2: Decision to store the vote**

Now suppose that $i$ has decided to store his vote for the second stage. Then, his probabilities of winning are modified as follows:

$$
\Gamma^{Ab}_{WW}(N, x_i) = \begin{cases} 
  P(N)P(N) & \text{if } x_i = 0 \\
  \frac{1}{2}P(N - x_i) & \text{if } 0 < x_i \leq N - 1 
\end{cases}
$$

$$
\Gamma^{Ab}_{WL}(N, x_i) = \begin{cases} 
  P(N)(1 - P(N)) & \text{if } x_i = 0 \\
  \frac{1}{2}(1 - P(N - x_i)) & \text{if } 0 < x_i \leq N - 1 
\end{cases}
$$

$$
\Gamma^{Ab}_{LW}(N, x_i) = \begin{cases} 
  (1 - P(N))P(N) & \text{if } x_i = 0 \\
  \frac{1}{2}P(N - x_i) & \text{if } 0 < x_i \leq N - 1 
\end{cases}
$$

$$
\Gamma^{Ab}_{LL}(N, x_i) = \begin{cases} 
  (1 - P(N))(1 - P(N)) & \text{if } x_i = 0 \\
  \frac{1}{2}(1 - P(N - x_i)) & \text{if } 0 < x_i \leq N - 1 
\end{cases}
$$

As in the proof of Proposition 1, voting in the first stage is a best response if and only if critical Condition (11) is satisfied. Since the probability distribution of $x_i$ is unknown at this stage, we once again derive a sufficient condition on $M$, as in the proof
of Proposition 1. Applying the modified probabilities of winning to Expression (10), we obtain that an individual $i$ will vote in the first stage if

$$M \geq \begin{cases} 
M_0(N) := \frac{P(N)-\frac{1}{2}}{1-P(N)} & \text{for } x_i = 0, \\
M_3(N, x_i) := \frac{P(N-x_i)-\frac{1}{2}}{P(x_i+1)-\frac{1}{2}} & \text{for } 0 < x_i < N-1, \\
M_4(N) := \frac{1-P(N)}{P(N)-\frac{1}{2}} & \text{for } x_i = N-1.
\end{cases}$$

Therefore, $SI$ individuals with sufficiently large $H$ use their vote in the first stage, while $WI$ individuals with sufficiently small $\epsilon$ store their vote for the second stage.

**Step 3: Existence of equilibrium**

We note that $M_3(N, x_i)$ is monotonically increasing in $x_i$. Therefore, it reaches its maximum value for $x_i = N-2$ and minimum for $x_i = 1$. In Figure A.4, we plot $M_0(N)$, $M_3(N, N-2)$, $M_3(N, 1)$ and $M_4(N)$ against $N$.\(^{15}\)

![Figure A.4: $M_0(N)$, $M_3(N, N-2)$, $M_3(N, 1)$ and $M_4(N)$ vs. $N$.](image)

We note that if $x_i$ is very low (e.g. $x_i = 0$ or $1$), the threshold on $M$ monotonically decreases with $N$ for the same reason as with BV. The curve for $x_i = 0$ is, in fact, identical to the one under BV.

\(^{15}\)Further properties of these expressions are given in Table C.2.
For $x_i$ very large, however, the threshold on $M$ is higher than under BV. A very large $x_i$ under ST means a very small voting body in the second stage, as only those who abstain will vote in the second stage. Therefore, it is more attractive for individuals to abstain under ST, and $M$ has to be higher than under BV for participation to be more attractive than abstention.

Moreover, for very large $x_i$ (e.g. $x_i = N - 1$ or $N - 2$), the threshold on $M$ is increasing with $N$. Under ST, as $N$ increases, the number of agents voting in the first stage increases proportionately. The probability of winning in the first stage thus grows smaller, making the very high probability of winning in the second stage more attractive. Therefore, $M$ has to increase analogously to keep participation more attractive than abstention.

We set

$$H \geq H^\text{crit}_{st}(N) := \max \left[ M_0(N), M_3(N, N - 2), M_4(N) \right] = \frac{1 - P(N)}{P(N) - \frac{1}{2}}$$

$$\epsilon \leq \epsilon^\text{crit}_{st}(N) := \min \left[ M_0(N), M_3(N, 1), M_4(N) \right] = \frac{P(N) - \frac{1}{2}}{1 - P(N)} \geq \epsilon^\text{crit}(N),$$

so that all SI agents will participate in voting in the first stage. We refer to Figure 4 for the plot of $H^\text{crit}_{st}(N)$ and $\epsilon^\text{crit}_{st}(N)$ against $N$.

**Step 4: Uniqueness**

Following the same logic as in the proof of Proposition 1, the constructed equilibrium is unique.

\[\blacksquare\]

**Proof of Lemma 2:**

We proceed in two steps.

**Step 1: Sincere voting in second stage**

As in the other voting schemes, there are no gains from voting strategically in the second stage. Hence, all individuals with voting rights cast their votes sincerely in the second stage, as they have a positive probability to be pivotal.
Step 2: Sincere voting in first stage

We note that no agent has an incentive to abstain from voting under MV. Abstention under MV means being excluded from voting in both stages, while participation in a vote strictly increases an individual’s chances of winning. Furthermore, following the logic outlined in Proposition 1, in equilibrium, an agent \( i \) assumes that other individuals vote sincerely in the first stage because in all symmetric equilibria under consideration, an agent will vote for a fundamental direction with probability \( \frac{1}{2} \). As a consequence, given that all \( N \) agents will vote in the first stage, \( i \) estimates that by voting sincerely, he will derive an ex-ante expected utility of

\[
P(N) \left[ \frac{1}{2} (1 + M) + \frac{1}{2} (0 + M) \right] + \left( 1 - P(N) \right) \Theta(N)
\]

where \( M \in \{ H, \epsilon \} \) and \( \Theta(N) \) is the ex-ante probability of winning in the second stage for losers of the first stage under MV, given by (4).

If \( i \) votes strategically, his expected utility is

\[
P(N) \left[ \frac{1}{2} (1 + M) + \frac{1}{2} (0 + M) \right] + \left( 1 - P(N) \right) \Theta(N)
\]

Since \( P(N) > \frac{1}{2} > 1 - P(N) \), voting sincerely is a dominant strategy for both SI and WI individuals.
Appendix B: Welfare Comparisons

B.1 Welfare under BV

We begin our welfare comparisons by calculating the expected aggregate utility under BV in equilibrium. Recall that all \( N_s \) SI individuals will vote sincerely in the first stage, while all \( N - N_s \) WI individuals will abstain. Also recall that the number of losers from the first stage has been denoted by \( N_L \). Hence, a total of \( N - N_s + N_L \) agents will participate in the second stage.

For ease of reference, we summarize the ex-ante probabilities of winning for each group of agents in Table B.1, first in both stages, and the in the second stage only. We note that the probability of winning in the first stage only and the probability of losing in both stages can be easily derived from these expressions.

<table>
<thead>
<tr>
<th>For WI when ( N_s = 0 )</th>
<th>Win in both stages</th>
<th>Win only in 2(^{nd}) stage</th>
<th>BV ( P(N)P(N) )</th>
<th>SM ( P(N)P(N) )</th>
</tr>
</thead>
<tbody>
<tr>
<td>For WI when ( 0 &lt; N_s &lt; N )</td>
<td>Win in both stages</td>
<td>Win only in 2(^{nd}) stage</td>
<td>( \frac{1}{2} \Lambda(N, N_s) )</td>
<td>( \frac{1}{2} \Lambda(N, N_s) )</td>
</tr>
<tr>
<td>For SI when ( N_s = N )</td>
<td>Win in both stages</td>
<td>Win only in 2(^{nd}) stage</td>
<td>( P(N) \left( (1 - \frac{1}{2^{N-s}}) \frac{1}{2} + \left( \frac{1}{2^{N-s}} \right) P(N) \right) )</td>
<td>( P(N)P(N) )</td>
</tr>
<tr>
<td>For SI when ( 0 &lt; N_s &lt; N )</td>
<td>Win in both stages</td>
<td>Win only in 2(^{nd}) stage</td>
<td>( P(N_s) \frac{1}{2} \left( 1 - P(N_s) \right) \Phi(N, N_s) )</td>
<td>( P(N)P(N) )</td>
</tr>
</tbody>
</table>

Table B.1: Ex-ante Probabilities of Winning: BV vs. SM.

Therefore, \( W^{BV} \) is given by
\[ W^{BV} = \sum_{N_s=1}^{N-1} \binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)} \left[ N_s \left\{ P(N_s) \left( \frac{1}{2} + H \right) + (1 - P(N_s)) \Phi(N, N_s) \right\} \\
+ (N - N_s) \left\{ \Lambda(N, N_s) + \frac{\epsilon}{2} \right\} \right] \\
+ p^N N \left\{ P(N) \left\{ \left( 1 - \frac{1}{2^{N-1}} \right) \left( \frac{1}{2} + H \right) + \left( \frac{1}{2^{N-1}} \right) (P(N) + H) \right\} \\
+ (1 - P(N)) \Theta(N) \right\} \right] \\
+(1 - p)^N N P(N)(\epsilon + 1). \]

The first two lines of the expression on the right-hand side express the welfare when \( 0 < N_s < N \). The next two lines denote the welfare when \( N_s = N \). The remainder of the expression captures the case \( N_s = 0 \).

### B.2 Welfare Comparison of BV and SM

#### B.2.1 Welfare Expressions

Suppose SM is used as the voting scheme. The social welfare is now as follows:

\[ W^{SM} = \sum_{N_s=0}^{N} \binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)} \left[ N_s \left\{ P(N) \left( P(N) + H \right) + [1 - P(N)] P(N) \right\} \right. \\
+ \left. (N - N_s) \left\{ P(N) \left( P(N)(1 + \epsilon) + [1 - P(N)] \epsilon \right) + [1 - P(N)] P(N) \right\} \right] \\
= \sum_{N_s=0}^{N} \binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)} [N_s P(N)(H + 1) + (N - N_s) P(N)(\epsilon + 1)]. \]
BV yields a higher welfare than SM if and only if

\[ W_{BV} \geq W_{SM} \iff N - 1 \sum_{N_s=1}^{N-1} \left( \frac{N}{N_s} \right)^p N_s (1 - p)^{(N - N_s)} N_s \left[ P(N_s) \left( \frac{1}{2} + H \right) + (1 - P(N_s)) \Phi(N, N_s) \right] - P(N)(H + 1) \]

\[ + \sum_{N_s=1}^{N-1} \left( \frac{N}{N_s} \right)^p N_s (1 - p)^{(N - N_s)} (N - N_s) \left[ \Lambda(N, N_s) + \frac{\epsilon}{2} - P(N)(\epsilon + 1) \right] \]

\[ + p^N N \left[ P(N) \left\{ \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} - 1 \right\} + (1 - P(N)) \Theta(N) \right] \geq 0. \] (17)

The first expression in square brackets is the expected utility difference for an SI individual when \( 0 < N_s < N \), while the second set of square brackets captures the same for a WI agent. The third expression in square brackets shows the expected utility difference for an SI agent when \( N_s = N \). We note that there is no welfare difference between the two voting schemes when \( N_s = 0 \), as SM and BV coincide in that case.

**B.2.2 Utility Comparison for Agents**

We first compare the expected utility under BV with the one under SM for different groups of agents, before proceeding with the comparison of overall welfare. Recall that the probabilities of winning under BV and SM in both stages, as well as the winning probabilities for the second stage only are summarized in Table B.1.

**For WI agents if \( N_s = 0 \)**

The expected utility is the same under BV and SM in this case. Thus, WI agents are indifferent between the two voting schemes if \( N_s = 0 \).

**For WI agents if \( 0 < N_s < N \)**

In this scenario, WI individuals prefer BV to SM if and only if

\[ P(N)(\epsilon + 1) \leq \Lambda(N, N_s) + \frac{\epsilon}{2} \]

\[ \epsilon \leq \epsilon^{SM}(N, N_s) := \frac{\Lambda(N, N_s) - P(N)}{P(N) - \frac{1}{2}}. \] (18)
In Figure B.1, we plot $\epsilon^{SM}(N, N_s)$ against $N_s$ for $N = 20$ and $N = 200$.\textsuperscript{16} We also plot the corresponding $\epsilon^{crit}(N)$ value for comparison.

![Figure B.1: $\epsilon^{SM}(N, N_s)$ and $\epsilon^{crit}(N)$ vs. the number of SI agents $N_s$.](image)

We note that WI agents face a trade-off with BV when $0 < N_s < N$, compared to SM. They have a better probability of winning in the second stage, although their probability of winning in the first stage is lower. Their inclination for a fundamental direction $\epsilon$ must therefore be adequately low for them to prefer abstention in the first stage in exchange for a guaranteed vote in the second, thereby preferring BV over SM.

As $N_s$ becomes larger for a given value of $N$ under BV, the body of voters in the second stage becomes smaller with positive probability. The benefits of using BV thus become more substantial and $\epsilon \leq \epsilon^{crit}(N)$ is a sufficient condition for WI agents to prefer BV over SM. For very small $N_s$, however, $\epsilon^{SM}(N, N_s)$ is more restrictive than $\epsilon^{crit}(N)$. When most of the society consists of WI agents, these agents’ probability of winning in the second stage becomes very similar under BV and SM, thus weakening the advantage

\textsuperscript{16}Further properties of $\epsilon^{SM}(N, N_s)$ are given in Table C.1.
presented by BV over SM. Hence, for WI agents to prefer BV over SM, the inclination towards A or B must be correspondingly small.

We observe that for $N_s = 1$ and $N$ odd, $\Lambda(N, 1) = P(N)$ from Fact 1 and therefore, $\epsilon^{SM}(N, N_s) = 0$. WI agents face the same probability of winning in the second stage as with SM, but have a lower probability of winning in the first stage compared to SM. Thus, in this case WI agents strictly prefer SM to BV.

**For SI agents if $N_s = N$**

In this case, SI agents prefer BV to SM if and only if

$$0 \leq Q(N) := P(N) \left\{ \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} - 1 \right\} + (1 - P(N)) \Theta(N).$$

(19)

To examine whether (19) holds, we plot $Q(N)$ in Figure B.2. We note that $Q(N)$ is negative for all $N$.\(^{17}\) Therefore, when the whole society is comprised of SI agents, these agents strictly prefer SM to BV. We note that the probability of winning in the first stage is the same under SM and BV. In the second stage, losers of the first stage have a higher probability of winning under BV, while this probability is lower for winners. The welfare gains from protecting the minority, however, do not offset the welfare losses resulting from the loss of voting rights for the majority.

\(^{17}\)This follows from the observation that $P(N)$ is a monotonically-decreasing sequence bounded by $\frac{1}{2}$. We further note that $Q(N)$ converges to 0. This follows from the fact that $P(N)$ and $\Theta(N)$ converge to $\frac{1}{2}$ for $N \to \infty$ while preserving $\Theta(N) > P(N)$ for all $N$. 

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For SI agents if $0 < N_s < N$

SI individuals prefer BV to SM if and only if

\[ P(N)(H + 1) \leq P(N_s) \left( \frac{1}{2} + H \right) + (1 - P(N_s))\Phi(N, N_s), \]

which is equivalent to

\[ (P(N_s) - P(N))H \geq P(N) - \frac{P(N_s)}{2} - (1 - P(N_s))\Phi(N, N_s). \] (20)

When $P(N_s) \neq P(N)$, this yields

\[ H \geq H^{SM}(N, N_s) := \frac{P(N) - \frac{P(N_s)}{2} - (1 - P(N_s))\Phi(N, N_s)}{P(N_s) - P(N)}. \] (21)

The plots of $H^{SM}(N, N_s)$ for $N = 20$ and $N = 200$ are given in Figure B.3.\(^{18}\)

\[^{18}\]Further properties of $H^{SM}(N, N_s)$ are given in Table C.1.
We observe that for small $N_s$, SI individuals prefer BV over SM, since $H > 1$. BV restricts the number of voters in the first stage to $N_s$, thus yielding a higher probability of winning for SI agents, which is particularly significant for small groups of SI individuals. The majority of these agents, however, face a lower probability of winning in the second stage. This probability becomes more undesirable as $N_s$ increases and the probability of winning in the first stage approaches the one under SM. Therefore, SI agents must have a stronger inclination towards a fundamental direction to find BV more favorable despite the risk of losing their voting right for the second stage.

We note that $H^{SM}(N, N_s)$ is undefined for $P(N_s) = P(N)$ as the denominator becomes zero. This occurs when $N_s = N - 1$ and $N$ is odd. In this case, Inequality (20) does not hold, as the right-hand side is positive for all $N$. Hence, if $N_s = N - 1$ and $N$ is odd, SI agents strictly prefer SM over BV. The result is intuitive, because in such circumstances, BV does not offer any additional benefits for SI individuals in the first stage, as they face the same probability of winning as under SM. A large fraction of the society, however, loses its voting rights for the second stage, and this utility loss is not compensated by the increase in the probability of winning for the minority.

\footnote{This conclusion follows from the observation that $Q(N) + P(N) - \frac{P(N_s)}{2} - (1 - P(N_s))\Phi(N, N_s) > 0$ while $Q(N) < 0$ for all $N$.}
B.2.3 Aggregate Utility Comparison

We now compare the aggregate expected utility under BV to the one under SM. Rearranging the Expression (17) yields

\[
W^{BV} \geq W^{SM} \iff \sum_{N_s=1}^{N-1} \frac{\binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)}}{N_s} \left[ N_s \{P(N_s) - P(N)\} H - (N - N_s) \left( P(N) - \frac{1}{2} \right) \epsilon \right]
\]

\[
\geq \sum_{N_s=1}^{N-1} \frac{\binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)}}{N_s} \left[ (N - N_s) \{P(N) - \Lambda(N, N_s)\} + N_s \left\{ P(N) - \frac{P(N_s)}{2} - (1 - P(N_s))\Phi(N, N_s) \right\} \right]
\]

\[
+ p^N N \left[ P(N) \left\{ 1 - \frac{2^{N-1} - 1}{2^N} - \frac{P(N)}{2^{N-1}} \right\} - (1 - P(N))\Theta(N) \right]
\]

\[
\iff H \geq M(N, p) \epsilon + C(N, p),
\]

where \( M(N, p) \) and \( C(N, p) \) are given by

\[
M(N, p) := \frac{\sum_{N_s=1}^{N-1} \frac{\binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)}}{N_s} \left( N - N_s \right) \{P(N) - \frac{1}{2}\}}{\sum_{N_s=1}^{N-1} \frac{\binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)}}{N_s} N_s \{P(N_s) - P(N)\}}
\]

and

\[
C(N, p) := \frac{\overline{C}(N, p)}{\sum_{N_s=1}^{N-1} \frac{\binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)}}{N_s} N_s \{P(N_s) - P(N)\}},
\]

where

\[
\overline{C}(N, p) := \sum_{N_s=1}^{N-1} \frac{\binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)}}{N_s} \left[ (N - N_s) \{P(N) - \Lambda(N, N_s)\} + N_s \left\{ P(N) - \frac{P(N_s)}{2} - (1 - P(N_s))\Phi(N, N_s) \right\} \right]
\]

\[
+ p^N N \left[ P(N) \left\{ 1 - \frac{2^{N-1} - 1}{2^N} - \frac{P(N)}{2^{N-1}} \right\} - (1 - P(N))\Theta(N) \right].
\]

We have verified numerically that \( M(N, p) \) and \( C(N, p) \) are finite and positive.\(^{20}\) To

\(^{20}\)It was verified for the ranges \( N \in [3, 1000] \) and \( p \in [0.01, 0.99] \) in steps of 0.01.
illustrate this with an example, we plot the equality of (22) in Figure B.4 for \( N = 20 \) and for different values of \( p \). We also denote the corresponding \( \epsilon^{\text{crit}}(N) \) and \( H = 1 \) values, and shade the area in which Proposition 1 is satisfied.

The reason why \( H \) has to increase when \( \epsilon \) increases for BV to be welfare-superior to SM is as follows: An increase in \( \epsilon \) means that \( WI \) agents may prefer SM over BV when \( N_s \) is small. To maintain that welfare under BV is superior to that under SM, \( H \) must increase analogously to ensure that more \( SI \) agents prefer BV over SM when \( N_s \) is large.

Moreover, we observe that for small values of \( p \) (e.g. \( p = 0.3 \)), welfare is superior under BV to welfare under SM. As \( p \) increases, \( H \) must increase as well to ensure the superiority of BV over SM. An increase in \( p \) indicates an expected increase in the number of \( SI \) agents in the society. As explained in the preceding analysis of Section B.2.2, as \( N_s \) increases, \( H \) has to simultaneously increase for \( SI \) agents to maintain these agents’ preference for BV over SM.

Figure B.4: \( H \) vs. \( \epsilon \) for \( W^{BV} = W^{SM} \) to hold when \( N = 20 \), according to (22).
B.3 Welfare Comparison of BV and ST

B.3.1 Welfare Expressions

Suppose the society adopts ST as the voting scheme. For ease of reference, we summarize the probabilities of winning for each group of agents in Table B.2, first in both stages and then in the second stage only.

<table>
<thead>
<tr>
<th></th>
<th>BV</th>
<th>ST</th>
</tr>
</thead>
<tbody>
<tr>
<td>For WI</td>
<td>Win in both stages</td>
<td>$P(N)P(N)$</td>
</tr>
<tr>
<td>when $N_s = 0$</td>
<td>Win only in 2nd stage</td>
<td>$(1 - P(N))P(N)$</td>
</tr>
<tr>
<td>For WI</td>
<td>Win in both stages</td>
<td>$\frac{1}{2} \Lambda(N, N_s)$</td>
</tr>
<tr>
<td>when $0 &lt; N_s &lt; N$</td>
<td>Win only in 2nd stage</td>
<td>$\frac{1}{2} \Lambda(N, N_s)$</td>
</tr>
<tr>
<td>For SI</td>
<td>Win in both stages</td>
<td>$P(N) \left( (1 - \frac{1}{2N-s}) \frac{1}{2} + \left( \frac{1}{2N-s} \right) P(N) \right)$</td>
</tr>
<tr>
<td>when $N_s = N$</td>
<td>Win only in 2nd stage</td>
<td>$(1 - P(N))\Theta(N)$</td>
</tr>
<tr>
<td>For SI</td>
<td>Win in both stages</td>
<td>$P(N_s) \frac{1}{2}$</td>
</tr>
<tr>
<td>when $0 &lt; N_s &lt; N$</td>
<td>Win only in 2nd stage</td>
<td>$(1 - P(N_s))\Phi(N, N_s)$</td>
</tr>
</tbody>
</table>

Table B.2: Ex-ante Probability of Winning: BV vs. ST.

Welfare under ST is given by

$$W^{ST} = \sum_{N_s=0}^{N-1} \frac{N}{N_s} p^{N_s} (1 - p)^{(N - N_s)} \left[ N_s \left\{ P(N_s)H + \frac{1}{2} \right\} + (N - N_s) \left\{ P(N - N_s) + \frac{\epsilon}{2} \right\} \right] + p^N N \left[ P(N) (H + 1) \right] + (1 - p)^N N \left[ P(N) (\epsilon + 1) \right].$$

The first expression in square brackets denotes the expected utility of agents when $0 < N_s < N$. The second and third square brackets describe the cases $N_s = N$ and $N_s = 0$, respectively.
BV yields a higher welfare than ST if and only if

\[ \sum_{N_s=1}^{N-1} \binom{N}{N_s} p_{N_s}(1-p)^{(N-N_s)} N_s \left[ P(N_s) \left( \frac{1}{2} + H \right) - \left( P(N_s) H + \frac{1}{2} \right) \right] 
+ \left( 1 - P(N_s) \right) \Phi(N, N_s) \]

\[ + \sum_{N_s=1}^{N-1} \binom{N}{N_s} p_{N_s}(1-p)^{(N-N_s)} (N - N_s) \left[ \Lambda(N, N_s) + \frac{\epsilon}{2} - \left( P(N - N_s) + \frac{\epsilon}{2} \right) \right] 
+ (1 - P(N_s))^N N \left[ P(N)(\epsilon + 1) - P(N)(\epsilon + 1) \right] 
+ p^N N \left[ P(N) \left\{ \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} - 1 \right\} + (1 - P(N)) \Theta(N) \right] \geq 0. \quad (25)\]

The first expression in square brackets captures the welfare difference for SI individuals if \(0 < N_s < N\), while the second set of square brackets indicates the welfare difference for WI agents for the same situation. The third expression in square brackets is the welfare difference for WI individuals if \(N_s = 0\), which is zero. The remaining expression displays the welfare difference for SI agents if \(N_s = N\).

### B.3.2 Utility Comparison for Agents

We first compare the expected utility under BV to the one under ST for different groups of agents.

#### For WI agents if \(N_s = 0\)

WI individuals are indifferent between ST and BV in this case.

#### For WI agents if \(0 < N_s < N\)

We note that \(\Lambda(N, N_s) < P(N - N_s)\), as \(\Lambda(N, N_s)\) gives the ex-ante probability of winning when the committee comprises the WI agents and the losers from the first stage, while \(P(N - N_s)\) is the probability of winning when the committee consists only of WI agents. Therefore, WI individuals strictly prefer ST to BV if \(0 < N_s < N\). Their probability of winning is higher under ST, as there are no losers from the first stage who take part in voting in the second stage.
For SI agents if $N_s = N$

In this case, SI agents prefer BV to ST if and only if

$$0 \leq P(N) \left\{ \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} - 1 \right\} + (1 - P(N))\Theta(N) = Q(N).$$

From Figure B.2, we observe that $Q(N)$ is negative for all $N$. Thus, when $N_s = N$, SI agents strictly prefer ST to BV. ST is identical to SM when $N_s = N$, and, as explained in Section B.2, BV is inferior to SM when $N_s = N$. As $N$ becomes larger, $P(N)$ tends to $\frac{1}{2}$, and the gap between losses and gains is reduced, driving $Q(N)$ closer to zero.

For SI agents if $0 < N_s < N$

The SI agents are strictly better off with BV – as opposed to ST – if $0 < N_s < N$. The reason is that BV provides them with the same benefits as ST, with the additional feature of better protection, should they belong to the minority of the first stage.

B.3.3 Aggregate Utility Comparison

Next we compare the aggregate expected utility under BV to the one under ST. We rearrange (25) to yield

$$W_{BV} \geq W_{ST} \iff W_{BV} \geq W_{ST} \iff K(N, p) \geq 0.$$ 

We denote the entire expression on the left-hand side of Inequality (26) by $K(N, p)$, i.e.

$$W_{BV} \geq W_{ST} \iff K(N, p) \geq 0.$$

In Figure B.5, we plot $K(N, p)$ against $p$ for different values of $N$. 

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Figure B.5: $K(N, p)$ vs. $p$.

We observe that (26) holds for sufficiently large $N$ or sufficiently small $p$. We have verified numerically that for each $N > 3$, there is some $p$ which yields $K(N, p) = 0$.\footnote{The analysis was conducted for $N \in [4, 1000]$ and $p \in [0.01, 0.99]$ in steps of 0.001.} For $N = 3$, welfare properties of ST are superior to BV for all values of $p$. From Figure B.2, we note that if $N_s = N$, the social losses under BV are rather large if $N = 3$, contributing to the poor welfare performance. We also note that the welfare losses for $N_s = N$ rapidly become smaller as $N$ increases. Hence, for $N > 3$, BV is superior to ST as long as $p \leq 0.6$. As $p$ increases, however, $N$ must increase analogously to keep welfare under BV more desirable than under ST. For $p = 0.9$ and $p = 0.99$, for example, $N > 8$ and $N > 51$ must be satisfied, respectively, for BV to be superior to ST. An increase in $p$ means there is a larger probability that the committee will be comprised of SI agents. Hence, the case $N_s = N$ has a higher impact on the overall welfare. Thus, as $p$ increases, $N$ must also increase to ensure $W^{BV} \geq W^{ST}$.

We define the threshold on $N$ that yields $K(N, p) \geq 0$ for a given value of $p$ as $N_{st}(p)$, i.e.

$$K(N, p) \geq 0 \quad \text{if} \quad N \geq N_{st}(p).$$

(27)

For $p \in [0.6, 0.99]$ in steps of 0.01, we calculate $N_{st}(p)$, which determines the threshold on $N$ that yields $K(N, p) \geq 0$. In Figure B.6, we plot $N_{st}(p)$ against $p$. 

\footnote{The analysis was conducted for $N \in [4, 1000]$ and $p \in [0.01, 0.99]$ in steps of 0.001.}
Thus, the welfare under BV is higher than the welfare under ST for $N \geq N_{st}(p)$. We note that the welfare comparison between BV and ST imposes a restriction on the number of agents that depends on $p$ for BV to be superior to ST. The intuition is as follows: A large $p$ indicates a high probability that the entire society consists of $SI$ agents. Consider the case where the entire society does consist of $SI$ agents indeed. Then, ST allows all individuals to vote in both stages, while under BV, the majority is not allowed to vote in the second stage. When $N$ is low, this effectively means that the majority loses voting rights on a decision for which it would have had a high chance of being pivotal. This leads to large welfare losses under BV. As $N$ increases, however, the chances of being pivotal in the second stage decrease, and the utility losses under BV diminish. Thus, for sufficiently large $N$, BV is superior to ST from a utilitarian welfare perspective.

**B.4 Welfare Comparison of BV and MV**

**B.4.1 Welfare Expressions**

Now assume that MV is the voting scheme used for a collective decision. For ease of reference, we summarize the probabilities of winning for each group of agents in Table
B.3, first in both stages and then in the second stage only.

<table>
<thead>
<tr>
<th></th>
<th>BV</th>
<th>MV</th>
</tr>
</thead>
<tbody>
<tr>
<td>For WI</td>
<td>Win in both stages</td>
<td>$P(N)P(N)$</td>
</tr>
<tr>
<td>when $N_s = 0$</td>
<td>Win only in 2nd stage</td>
<td>$(1 - P(N))P(N)$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$P(N) \left( (1 - \frac{1}{2^{N-1}}) \frac{1}{2} + (\frac{1}{2^{N-1}}) P(N) \right)$ (1 - P(N)) \Theta(N) \right)$</td>
</tr>
<tr>
<td>For WI</td>
<td>Win in both stages</td>
<td>$\frac{1}{2} \Lambda(N, N_s)$</td>
</tr>
<tr>
<td>when $0 &lt; N_s &lt; N$</td>
<td>Win only in 2nd stage</td>
<td>$\frac{1}{2} \Lambda(N, N_s)$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$P(N) \left( (1 - \frac{1}{2^{N-1}}) \frac{1}{2} + (\frac{1}{2^{N-1}}) P(N) \right)$ (1 - P(N)) \Theta(N) \right)$</td>
</tr>
<tr>
<td>For SI</td>
<td>Win in both stages</td>
<td>$P(N) \left( (1 - \frac{1}{2^{N-1}}) \frac{1}{2} + (\frac{1}{2^{N-1}}) P(N) \right)$ (1 - P(N)) \Theta(N) \right)$</td>
</tr>
<tr>
<td>when $N_s = N$</td>
<td>Win only in 2nd stage</td>
<td>$P(N_s) \frac{1}{2}$</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$P(N) \left( (1 - \frac{1}{2^{N-1}}) \frac{1}{2} + (\frac{1}{2^{N-1}}) P(N) \right)$ (1 - P(N)) \Theta(N) \right)$</td>
</tr>
<tr>
<td>For SI</td>
<td>Win in both stages</td>
<td>$(1 - P(N_s)) \Phi(N, N_s)$</td>
</tr>
<tr>
<td>when $0 &lt; N_s &lt; N$</td>
<td>Win only in 2nd stage</td>
<td>$(1 - P(N_s)) \Phi(N, N_s)$</td>
</tr>
</tbody>
</table>

Table B.3: Ex-ante Probability of Winning: BV vs. MV.

Welfare under MV is given by

$$W^{MV} = \sum_{N_s=0}^{N} \binom{N}{N_s} p^{N_s} (1 - p)^{(N - N_s)} \left[ N_s \left\{ P(N) \left[ \left( 1 - \frac{1}{2^{N-1}} \right) \left( \frac{1}{2} + H \right) + \left( \frac{1}{2^{N-1}} \right) (P(N) + H) \right] + [1 - P(N)] \Theta(N) \right\} 
+ (N - N_s) \left\{ P(N) \left[ \left( 1 - \frac{1}{2^{N-1}} \right) \left( \frac{1}{2} + \epsilon \right) + \left( \frac{1}{2^{N-1}} \right) (P(N) + \epsilon) \right] + [1 - P(N)] \Theta(N) \right\} \right] 
= \sum_{N_s=0}^{N} \binom{N}{N_s} p^{N_s} (1 - p)^{(N - N_s)} \left[ N_s \left\{ P(N) \left( \frac{2^{N-1} - 1}{2^{N-1}} + \frac{P(N)}{2^{N-1}} + H \right) + (1 - P(N)) \Theta(N) \right\} 
+ (N - N_s) \left\{ P(N) \left( \frac{2^{N-1} - 1}{2^{N-1}} + \frac{P(N)}{2^{N-1}} + \epsilon \right) + (1 - P(N)) \Theta(N) \right\} \right].$$
Welfare under BV is higher than welfare under MV if and only if

\[ W_{BV} \geq W_{MV} \iff \sum_{N_s=1}^{N-1} \binom{N}{N_s} p^{N_s}(1 - p)^{(N-N_s)} N_s \left[ P(N_s) \left( \frac{1}{2} + H \right) + (1 - P(N_s))\Phi(N, N_s) \right] - P(N) \left( \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} + H \right) - (1 - P(N))\Theta(N) \]

\[ + \sum_{N_s=1}^{N-1} \binom{N}{N_s} p^{N_s}(1 - p)^{(N-N_s)} (N - N_s) \left[ \Lambda(N, N_s) + \frac{\epsilon}{2} - (1 - P(N))\Theta(N) \right] - P(N) \left( \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} + \epsilon \right) \]

\[ - (1 - p)^N \left[ P(N) \left( \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} - 1 \right) + (1 - P(N))\Theta(N) \right] \geq 0. \quad (28) \]

The first expression in square brackets captures the welfare difference for SI individuals if \( 0 < N_s < N \), while the second pair of square brackets comprises the welfare difference for WI agents in the same case. The third expression in square brackets shows the welfare difference for WI individuals if \( N_s = 0 \).

**B.4.2 Utility Comparison for Agents**

We first compare the expected utility under BV with the one under MV for different groups of agents.

**For WI agents if \( N_s = 0 \)**

WI individuals prefer BV to MV in this case if and only if

\[ P(N) \geq P(N) \left( \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} \right) + (1 - P(N))\Theta(N), \]

or equivalently,

\[ 0 \geq P(N) \left( \frac{P(N)}{2^{N-1}} - \frac{1}{2} - \frac{1}{2^N} \right) + (1 - P(N))\Theta(N) = Q(N). \quad (29) \]

Recall that Figure B.2 gives the plot of \( Q(N) \). Hence, Inequality (29) holds for all \( N \).

When the entire society consists of WI agents, everyone votes in both stages under BV,
while under MV, only losers of the first stage can vote in the second stage. For the majority, the loss of voting rights on the decision they would have preferred to exert more influence on results in a welfare loss under MV, thus making BV strictly more desirable.

**For WI agents if** $0 < N_s < N$

In this case, BV is preferred to MV by WI individuals if and only if

$$\Lambda(N, N_s) + \frac{\epsilon}{2} - P(N) \left( \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} + \epsilon \right) - (1 - P(N))\Theta(N) \geq 0 \quad (30)$$

$$\epsilon \leq \frac{1}{P(N) - \frac{1}{2}} \left[ \Lambda(N, N_s) - P(N) \left( \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} \right) - (1 - P(N))\Theta(N) \right].$$

$$=: \epsilon^{MV}(N, N_s) \quad (31)$$

We note that for a given $N$, $\Lambda(N, N_s)$ is monotonically increasing in $N_s$. Therefore, so is the right-hand side of Inequality (31). Since we have assumed $\epsilon \leq \epsilon^{crit}(N)$ throughout the paper, we examine if Inequality (31) holds for the least possible value of $N_s$, which is $N_s = 1$, when $\epsilon = \epsilon^{crit}(N)$. In Figure B.7, we plot $\epsilon^{MV}(N, 1) - \epsilon^{crit}(N)$ for $N \in [3, 200]$ and observe that it is positive if $N$ is not too small, i.e. if $N > 7^{22}$.

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22The generalization of the result to all $N$ follows from the observation that for all $N_s$, the left-hand side of Inequality (30) is positive and tends to zero as $N \to \infty$. 

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Thus, our assumption $\epsilon \leq \epsilon^{crit}(N)$ is sufficient for WI agents to prefer BV over MV when $N > 7$. Under MV, WI individuals vote with the rest of the society in the first stage, but face the possibility of losing their right to vote in the second stage when the voting body is much smaller. This leads to a welfare loss that is not offset by the comparatively higher probability of winning in the first stage, which is small if the society is large.

When $N \leq 7$, the probability of winning in the first stage, $P(N)$, is much larger than $\frac{1}{2}$, which renders participation in the first stage more attractive. Therefore, $\epsilon$ must satisfy the more stringent criteria $\epsilon \leq \epsilon^{MV}(N,1) < \epsilon^{crit}(N)$ for WI individuals to find BV more attractive than MV.

For SI agents if $N_s = N$

SI individuals are indifferent between BV and MV if $N_s = N$, as BV and MV coincide in this case.
For SI agents if $0 < N_s < N$ 

BV is preferred to MV by SI individuals in this case if and only if

$$P(N_s) \left( \frac{1}{2} + H \right) + (1 - P(N_s)) \Phi(N, N_s) - P(N) \left( \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} + H \right)$$

$$- (1 - P(N))\Theta(N) \geq 0$$

$$\Rightarrow H(P(N_s) - P(N)) \geq P(N) \left( \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} \right) + (1 - P(N))\Theta(N)$$

$$- (1 - P(N_s))\Phi(N, N_s) - \frac{P(N_s)}{2}.$$  \hspace{1cm} (32)

When $P(N_s) \neq P(N)$ this means,

$$H \geq \frac{1}{P(N_s) - P(N)} \left[ P(N) \left( \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} \right) + (1 - P(N))\Theta(N)$$

$$- (1 - P(N_s))\Phi(N, N_s) - \frac{P(N_s)}{2} \right] =: H^{MV}(N, N_s).$$ \hspace{1cm} (33)

Since the relationship between $H^{MV}(N, N_s)$ and $N_s$ is not straightforward, we numerically calculate the maximum value of $H^{MV}(N, N_s)$ for each $N \in [3, 200]$ and plot it in Figure B.8.
We note that (33) holds if $H > H^{MV}(N, N_s) \leq 1.26$. Since we have assumed $H >> 1$, it is therefore possible to conclude that (33) holds for all $N$. Under MV, the entire society participates in the first stage, while only $SI$ agents do so under BV. This gives them a better chance of winning in the decision that matters more to them. MV, however, offers a higher probability of winning in the second stage. Yet, the benefits of BV still outweigh those of MV. Therefore, $SI$ agents strictly prefer BV over MV when $0 < N_s < N$.

We note that $H^{MV}(N, N_s)$ is undefined for $P(N_s) = P(N)$, that is, when $N_s = N - 1$ and $N$ is odd. In this case, Inequality (32) does not hold, as the right-hand side is strictly positive for all $N$ and tends to zero as $N \to \infty$. Hence, if $N_s = N - 1$ and $N$ is odd, $SI$ agents strictly prefer MV over BV. Although there is one agent less who votes in the first stage under BV, $SI$ individuals face the same probability of winning as the one under MV, since $P(N - 1) = P(N)$. In the second stage, however, the $WI$ agent participates in the voting under BV, which decreases the $SI$ minority’s chances of winning.

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23The generalization of the result to all $N$ follows from the observation that the right-hand side of Inequality (33) tends to zero as $N \to \infty$, since $\Phi(N, N_s) \approx \Theta(N)$ for large $N$ and $N_s$. A large value of $N_s$ is considered, since the trend of $H^{MV}(N, N_s)$ is increasing with $N_s$. 

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B.4.3 Aggregate Utility Comparison

Next, we compare the aggregate expected utility under BV to the one under MV. We rearrange (28) to obtain

\[
W_{BV} \geq W_{MV} \iff \sum_{N_s=1}^{N-1} \binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)} \left[ N_s H(N_s) - (N-N_s) (P(N) - \frac{1}{2}) \epsilon \right] \\
\geq \sum_{N_s=1}^{N-1} \binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)} N_s \left[ (1-P(N))\Theta(N) - (1-P(N_s))\Phi(N,N_s) \right] \\
+ \sum_{N_s=1}^{N-1} \binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)} (N-N_s) \left[ P(N) \left( \frac{2^{N-1}-1}{2^N} + \frac{P(N)}{2^{N-1}} \right) \right] \\
+ (1-P(N))\Theta(N) - \Lambda(N,N_s) \\
+(1-p)^N N \left[ (1-P(N))\Theta(N) - P(N) \left( 1 - \frac{2^{N-1}-1}{2^N} - \frac{P(N)}{2^{N-1}} \right) \right]
\]

\[\iff H \geq M(N,p) \epsilon + D(N,p), \quad (34)\]

where \(M(N,p)\) is given in (23) and \(D(N,p)\) is defined by

\[
D(N,p) := \frac{\mathcal{T}(N,p)}{\sum_{N_s=1}^{N-1} \binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)} N_s (P(N_s) - P(N))},
\]

\[\quad (35)\]
where

$$D(N, p) := \sum_{N_s=1}^{N-1} \binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)} \left[ (N - N_s) \left\{ P(N) \left( \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} \right) \right. \\
+ (1 - P(N))\Theta(N) - \Lambda(N, N_s) \right\} \\
+ N_s \left\{ P(N) \left( \frac{2^{N-1} - 1}{2^N} + \frac{P(N)}{2^{N-1}} \right) + (1 - P(N))\Theta(N) \\
- \frac{P(N_s)}{2} - (1 - P(N_s))\Phi(N, N_s) \right\} \right] \\
+ (1-p)^N N \left[ (1 - P(N))\Theta(N) - P(N) \left( 1 - \frac{2^{N-1} - 1}{2^N} - \frac{P(N)}{2^{N-1}} \right) \right].$$

We note that $D(N, p) < C(N, p)^{24}$ and therefore $D(N, p)$ is finite.\(^{25}\) To illustrate, we plot the Equality (34) in Figure B.9 for $N = 20$ and for different values of $p$. We also plot the values of $H = 1$ and $\epsilon^{\text{crit}}(20)$, and mark the area in which $H$ and $\epsilon$ must lie to satisfy Proposition 1. We have verified that for all $N \in \{3, 5, 7\}$, welfare under BV is always superior to the welfare under MV.\(^{26}\) In Section B.4.2, we showed that in almost all situations, individuals either strictly or weakly prefer BV over MV, given $H >> 1$ and $\epsilon \leq \epsilon^{\text{crit}}(N)$ are satisfied. This results in the welfare under BV being strictly better than under MV.

For $N \in \{3, 5, 7\}$, welfare under BV is superior to welfare under MV only if $H$ and $\epsilon$ satisfy Expression (34). In Section B.4.2, we illustrated that $\epsilon \leq \epsilon^{\text{crit}}(N)$ is not sufficient for WI agents to prefer BV over MV for $N \leq 7$. Furthermore, we showed that when $N$ is odd and $N_s = N - 1$, SI agents strictly prefer MV to BV. The combination of these two effects yields the result that welfare under BV is not always superior to welfare under MV for $N \in \{3, 5, 7\}$. Welfare properties of BV are better only if $\epsilon$ is sufficiently low, or analogously, if $H$ is sufficiently high, such that Expression (34) is satisfied.

\(^{24}\)This observation follows from the fact that the denominator is the same for both $C(N, p)$ and $D(N, p)$, and $D(N, p)$ is finite and is strictly smaller than $C(N, p)$, since $Q(N)$ is negative but finite for all $N$.

\(^{25}\)This assertion holds for all $N \in [3, 1000]$ and $p \in [0.01, 0.99]$, since $C(N, p)$ was verified to be finite in these ranges.

\(^{26}\)This was verified numerically for the ranges $N \in [3, 1000]$ and $p \in [0.01, 0.99]$ in steps of 0.01.
Figure B.9: $H$ vs. $\epsilon$ to satisfy $W_{BV} \geq W_{MV}$ for $N = 20$. 
Appendix C: Summary of Properties of Key Expressions

In this appendix, we summarize the properties of the key expressions used in the main text. Specifically, we analyze each expression at the limit, and state the results obtained. When analytical verification is not possible, we provide the ranges for which an expression has been numerically verified to fulfill the properties considered in the main text.
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<th>Formula</th>
<th>Analytical Results</th>
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<td></td>
<td>vs $N$ for $N \in [1, 20]$ Figure 1</td>
</tr>
<tr>
<td>$\Theta(N), \Lambda(N, n), \Phi(N, n)$</td>
<td>$\Theta(N) = (4)$ $\Lambda(N, n) = (3)$ $\Phi(N, n) = (2)$</td>
<td>$\lim_{N \to \infty} \Theta(N) = \frac{1}{2}$ $\forall n, \lim_{N \to \infty} \Lambda(N, n) = \frac{1}{2}$ $\forall n, \lim_{N \to \infty} \Phi(N, n) = \frac{1}{2}$</td>
<td></td>
<td>vs $n$ for $N = 20$ Figure 2</td>
</tr>
<tr>
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<td>Proposition 1</td>
<td>$\lim_{N \to \infty} \varepsilon^{\Theta}(N) = 0$</td>
<td></td>
<td>vs $N$ for $N \in [3, 200]$ Figure 3</td>
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<tr>
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<td>Lemma 1</td>
<td>$\lim_{N \to \infty} \varepsilon^{\Theta}(N) = 0$ $\lim_{N \to \infty} H^{\Theta\Lambda \Phi}(N) = \infty$</td>
<td></td>
<td>vs $N$ for $N \in [3, 200]$ Figure 4</td>
</tr>
<tr>
<td>$\varepsilon^{SM}(N, N_s)$</td>
<td>Equation (18)</td>
<td>$\forall N_e$ when $N$ even and $\forall N_o \neq 1$ when $N$ odd, $\lim_{N \to \infty} \varepsilon^{SM}(N, N_s) = \infty$</td>
<td></td>
<td>vs $N_s$ for $N = 20$ and $N = 200$ Figure B.1</td>
</tr>
<tr>
<td>$Q(N)$</td>
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<td></td>
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<tr>
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<td>Equation (21)</td>
<td>$\forall N_e$ when $N$ even and $\forall N_o \neq N - 1$ when $N$ odd, $\lim_{N \to \infty} H^{SM}(N, N_s) = \infty$</td>
<td></td>
<td>vs $N_s$ for $N = 20$ and $N = 200$ Figure B.3</td>
</tr>
<tr>
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<td>Equation (22)</td>
<td>$N \in [3, 1000]$ $p \in [0.01, 0.99]$, in steps of 0.01 $H$ vs $\epsilon$ for $N = 20$, $p = \frac{1}{30}, \frac{1}{3}, \frac{4}{30}$</td>
<td></td>
<td>Figure B.4</td>
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<tr>
<td>$K(N, p)$</td>
<td>Equation (26)</td>
<td>$N \in [4, 1000]$ $p \in [0.01, 0.99]$, in steps of 0.001 $K$ vs $p$ for $N = 3, N = 4, N = 8, N = 16, N = 23, N = 52$</td>
<td></td>
<td>Figure B.5</td>
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Table C.1: Summary of Properties of Key Expressions.
<table>
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<tbody>
<tr>
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<td>vs $p \in [0.6, 0.99]$</td>
<td>Figure B.6</td>
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<td>$\epsilon_{MV}(N, 1) - \epsilon_{crit}(N)$</td>
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<td>$\forall N_s$, $\lim_{N \to \infty} \epsilon_{MV}(N, N_s) = \infty$</td>
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<td>Figure B.7</td>
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<tr>
<td>$\text{max}<em>{N_s} H</em>{MV}(N, N_s)$</td>
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<td>vs $N$ for $N \in [3, 200]$</td>
<td>Figure B.8</td>
</tr>
<tr>
<td>$H = M(N, p) \epsilon + D(N, p)$</td>
<td>Equation (34)</td>
<td>$N \in [3, 1000]$, $p \in [0.01, 0.99]$, in steps of 0.01</td>
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<tr>
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<td>Equation (13)</td>
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<td>$H_{\text{crit}}(N)$ and $\epsilon_{\text{crit}}(N)$</td>
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<tr>
<td>$M_0(N), M_3(N, N - 2), M_3(N, 1), M_4(N)$</td>
<td>Equation (16)</td>
<td>$\lim_{N \to \infty} M_0(N), M_3(N, 1) = 0$, $\lim_{N \to \infty} M_3(N, N - 2), M_4(N) = \infty$</td>
<td>vs $N$ for $N \in [3, 200]$</td>
<td>Figure A.4</td>
</tr>
</tbody>
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Table C.2: Summary of Properties of Key Expressions
Appendix D: Detailed Calculations

Derivation of $\Theta(N)$

$\Theta(N) :=$ Ex-ante probability of winning in the second stage under MV for losers of the first stage.

We begin by defining the following probabilities.

$Prob(N_L)$ := Probability that the first stage results in $N_L$ losers,

$Prob(Y)$ := Probability that the first stage results in at least one loser,

$Prob(N_L|Y)$ := Probability that the first stage results in $N_L$ losers, given that $N_L \geq 1$.

We now obtain

Lemma 3

$$\Theta(N) = \sum_{N_L=1}^{\lfloor \frac{N}{2} \rfloor} P(N_L) \cdot Prob(N_L|Y).$$

We analyze two cases:

- Case 1: $N$ is odd

  Now, $1 \leq N_L \leq \lfloor \frac{N}{2} \rfloor$. Losers can either prefer $A$ or $B$.

  $$Prob(N_L) = \binom{N}{N_L} \frac{2}{2^N} = \binom{N}{N_L} \frac{1}{2^{N-1}}.$$ 

  $$Prob(Y) = \sum_{N_L=1}^{\lfloor \frac{N}{2} \rfloor} \binom{N}{N_L} \frac{1}{2^{N-1}}.$$
• Case 2: $N$ is even

Now, $1 \leq N_L \leq \frac{N}{2}$. If $N_L = \frac{N}{2}$, the winner is chosen by tossing a fair coin.

$$Prob(N_L) = \begin{cases} \left( \frac{N}{N_L} \right) \frac{1}{2^{N-1}} & \text{for } 1 \leq N_L < \frac{N}{2}, \\ \left( \frac{N}{N_L} \right) \frac{1}{2^{N}} & \text{for } N_L = \frac{N}{2}. \end{cases}$$

$$Prob(Y) = \sum_{N_L=1}^{\frac{N}{2}-1} \left( \binom{N}{N_L} \frac{1}{2^{N-1}} \right) + \left( \frac{N}{2} \right) \frac{1}{2^{N}}.$$  

Using Bayes’ Rule, we obtain

$$Prob(N_L|Y) = \frac{Prob(Y|N_L)Prob(N_L)}{Prob(Y)}.$$  

We note that $Prob(Y|N_L) = 1$, given that $N_L \geq 1$. Substituting the values for $Prob(N_L)$ and $Prob(Y)$ obtained above in the expression for $\Theta(N)$ in Lemma 3 yields the expression of $\Theta(N)$ in the main text.

**Derivation of** $\Phi(N, n)$

We next derive the expression for $\Phi(N, n)$ for which we need $\Theta(N)$ calculated above.

$$\Phi(N, n) := \text{Ex-ante probability of winning in the second stage under BV for losers of the first stage.}$$

The derivation of $\Phi(N, n)$ follows the same steps as the derivation of $\Theta(N)$, with the following changes:

• Substituting $n$ for $N$ (since only $n$ individuals vote in the first stage under BV),

• Substituting $P(N - n + N_L)$ for $P(N_L)$ (since $N - n$ agents who abstain from the first stage are also given the right to vote in the second stage under BV).
Derivation of $\Lambda(N, n)$

Next we derive the expression for $\Lambda(N, n)$.

$\Lambda(N, n) :=$ Ex-ante probability of winning in the second stage under BV for absentees of the first stage.

$\Lambda(N, n)$ deals with the case $N_L = 0$. Hence, its derivation is straightforward.

$$\Lambda(N, n) = \left\lfloor \frac{n}{2} \right\rfloor \sum_{N_L=0}^{\left\lfloor \frac{n}{2} \right\rfloor} P(N - n + N_L) \cdot \left(\text{probability of } N_L \text{ losers in the first stage}\right)$$

$$= \left\lfloor \frac{n}{2} \right\rfloor \sum_{N_L=0}^{\frac{n}{2}} P(N - n + N_L) \cdot \text{Prob}(N_L).$$

$\text{Prob}(N_L)$ is given by

- Case 1: $n$ is odd

$$\text{Prob}(N_L) = \left( \frac{n}{N_L} \right) \frac{2}{2^n} = \left( \frac{n}{N_L} \right) \frac{1}{2^{n-1}}.$$

- Case 2: $n$ is even

$$\text{Prob}(N_L) = \begin{cases} 
\left( \frac{n}{N_L} \right) \frac{1}{2^{n-1}} & \text{for } 0 \leq N_L < \frac{n}{2}, \\
\left( \frac{n}{N_L} \right) \frac{1}{2^n} & \text{for } N_L = \frac{n}{2}. 
\end{cases}$$

Substituting these values yields the expression for $\Lambda(N, n)$ in the main text.
Derivation of $W^{BV}$

\[ W^{BV} = \text{Aggregate expected utility for SI individuals when } 0 < N_s < N + \text{Aggregate expected utility for WI individuals when } 0 < N_s < N + \text{Aggregate expected utility for SI individuals when } N_s = N + \text{Aggregate expected utility for WI individuals when } N_s = 0 \]

\[
= \sum_{N_s=1}^{N-1} \binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)} \left[ N_s \left\{ P(N_s) \left( \frac{1}{2}(1 + H) + \frac{1}{2}(0 + H) \right) \right. \right.
\]
\[ + (1 - P(N_s)) \Phi(N, N_s) \right\} \right.
\]
\[ + (N - N_s) \left\{ \frac{1}{2} \left( \Lambda(N, N_s)[1 + \epsilon] + (1 - \Lambda(N, N_s))[0 + \epsilon] \right) + \frac{1}{2} \Lambda(N, N_s) \right\} \right]
\]
\[ + p^N N \left[ P(N) \left\{ \left( 1 - \frac{1}{2^{N-1}} \right) \left( \frac{1}{2}(1 + H) + \frac{1}{2}(0 + H) \right) \right. \right.
\]
\[ + \left. \left( \frac{1}{2^{N-1}} \right) \left( P(N)(1 + H) + (1 - P(N))H \right) \right\} + (1 - P(N)) \Theta(N) \right\] \]
\[ +(1 - p)^N N \left[ P(N) \left( P(N)(1 + \epsilon) + (1 - P(N))(\epsilon) \right) + (1 - P(N))P(N) \right]. \]

Simplifying this expression yields

\[
W^{BV} = \sum_{N_s=1}^{N-1} \binom{N}{N_s} p^{N_s} (1-p)^{(N-N_s)} \left[ N_s \left\{ P(N_s) \left( \frac{1}{2} + H \right) + (1 - P(N_s)) \Phi(N, N_s) \right\} \right.
\]
\[ + (N - N_s) \left\{ \Lambda(N, N_s) + \frac{\epsilon}{2} \right\} \right]
\]
\[ + p^N N \left[ P(N) \left\{ \left( 1 - \frac{1}{2^{N-1}} \right) \left( \frac{1}{2} + H \right) + \left( \frac{1}{2^{N-1}} \right) (P(N) + H) \right\} \right.
\]
\[ + (1 - P(N)) \Theta(N) \right\] \]
\[ +(1 - p)^N N P(N)(\epsilon + 1). \]
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