

# A Model of Two Party Representative Democracy: Endogenous Party Formation\*

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## Abstract

This paper presents a two party representative democratic model in which voters choose their parties in order to influence the choice of party representative. After two candidates are selected as the medians of the parties' support groups, Nature plays to determine the candidates' competence. Based on the candidates' political positions and competence, voters vote for more preferable candidate without being tied by their party choice. We show that there exists a nontrivial equilibrium under some conditions, and show that dependent on voter's distribution over their political positions, the equilibrium party line and the ex ante probability of a party's candidate wins are biased. In particular, we show that if a party has a strong subgroup with extreme positions, then the party tends to alienate the moderate group from the party, and the probability of winning in the final election is reduced.

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