Re-election Through Division

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Motivation

- One of the major decisions a politician faces is over how to allocate time across competing goals.
- While much work done on political competition, less on politician’s multi-task issues.
- Why do politicians focus on polarizing rather than common values issues?
- Why don’t politicians necessarily focus on issues viewed as most important?
- Does improved transparency make it more likely that politicians will focus on more important issues?
“I guess I just keep asking for the sake of the economy, “Can’t we wait on the things that we’re going to yell at each other about and start on the things that we agree on?””
– Austan Goolsbee, Meet the Press, August 7, 2011.

“Most citizens want a secure country, a healthy economy, safe neighborhoods, good schools, affordable health care, and good roads, parks, and other infrastructure. These issues do get discussed, of course, but a disproportionate amount of attention goes to issues like abortion, gun control, the Pledge of Allegiance, medical marijuana, and other narrow issues that simply do not motivate the great majority of Americans.”
– Fiorina et. al. 2006.
This Paper

- Two period model.
- Incumbent politicians have to decide how to allocate their time between two issues.
- One issue is common values and the other issue is divisive.
- Common values issue more important.
- Voters are unsure of the incumbent’s preferences.
- Voters decide whether to re-elect the incumbent or not based on the inferences drawn from first period actions.
- Main idea: politicians focus effort on the divisive issue rather than common value issue as there is more room for updating about the politician’s preferences in that dimension.
Summary of Results

- When re-election concerns dominate all politicians focus on the more divisive issue, even if it is less important.
- In order to show that they are not in the minority on the divisive issue politicians over-provide effort to supporting the majority position on the divisive issue.
- This “posturing” can lead to pareto dominated first period effort choices.
- While transparency can be beneficial it can sometimes be harmful both in terms of discipline and sorting.
Examples

- Focus on social issues (e.g. Terri Shiavo, same-sex marriage) rather than issues considered more important (e.g. economy, deficit, foreign affairs).
- School prayer/pledge of allegiance vs. improving the education system.
- Arresting drug addicts/illegal immigrants vs. violent criminals.
- Focus on small, divisive issues (e.g. PBS funding) at expense of more common values ones (e.g infrastructure, veterans).
- Drone attacks vs. Afghanistan withdrawal.

Anti-minority policies: Acemoglu et al. (2010), Fox and Stephenson (2012).


Outline

1. Model
2. Results with Transparent Effort
3. Results with Non-Transparent Effort
4. Conclusion
Incumbent has to decide how to allocate $w^A \in [0, 1]$ and $w^B \in [0, 1]$, effort on issue $A$ and effort on issue $B$, under constraint $w^A + w^B \leq W$, $W \in (0, 2)$.

Status quo policies are 0, but we get $p^A = 1$ with prob $w^A$ and $p^B = 1$ with prob $w^B$.

$W$ index of how much power the politician has to pursue her agenda when in office.

$w^A$ and $w^B$ reflect effort or other scarce resources (money, personnel, etc.)
In each period, \( t \in \{0, 1\} \) the stage game utility of voter \( i \) is

\[-\gamma(\theta_t - p_t^A)^2 - (1 - \gamma)(x_i^B - p_t^B)^2 + v_j^{ij},\]

\( v_j^{ij} \) is the valence of the politician, which is learned when the politician is in office.

\( v_j^{ij} \) is normal, mean-0, with small, positive variance.

\( \gamma > 1/2 \), so that the common value policy counts more for everybody.

Assume \( \theta_t \in \{0, 1\} \) and \( \theta_0 = 1 \) so effort desirable on the \( A \) issue in initial period. This makes the first period multi-task problem non-trivial.

Discount factor of second period \( \delta \in (0, 1) \).
The A issue is common values. Assume $\theta_1 = 1$ with prob $q$, $\theta_1 = 0$ otherwise.

The B issue is divisive: $x_i^B = 1$ for a fraction $m > 1/2$ of voters and $x_i^B = 0$ for $1 - m$ of the voters.

$q < 1$ guarantees opportunity for disagreement in the second period.
Model – politicians

- Stage game utility of politician $j$ if $p_t^A$ and $p_t^B$ are implemented is

$$\phi - \gamma (\theta_t - p_t^A)^2 - (1 - \gamma)(x_j^B - p_t^B)^2,$$

if in office, and

$$-\gamma (\theta_t - p_t^A)^2 - (1 - \gamma)(x_j^B - p_t^B)^2,$$

if not.

- Politicians drawn from a subset of electorate so no heterogeneity in preferences on the $A$ dimension. Assume fraction of $x_j^B = 1$ politicians is $m^P \in (1/2, 1)$.

- Voters update beliefs:

$$\mu(x|w^A, w^B) = Pr(x_j^B = x|w^A, w^B).$$
Timing

1. In period 0 a politician randomly selected.

2. The politician decides how to allocate effort ($w^A$ and $w^B$). The voters observe the effort decision (or outcomes).

3. The incumbent’s valence $v^j$ is realized and publicly observed; $v^j$ is constant across periods.

4. All players receive their utilities for period 0.

5. Election by majority rule. If the politician is not re-elected a random replacement is drawn.

6. $\theta_1$ is realized, and the politician decides how to allocate effort in period $t = 1$.

7. All players receive their payoff for period 1.
Equilibrium in period 1

Lemma 1 – Politician Action in the Second Period:

1. A politician of the majority type will choose $w^A = \min\{W, 1\}$ and $w^B = W - w^A$ when $\theta_1 = 1$, and $w^B = \min\{W, 1\}$ and $w^A = 0$ when $\theta_1 = 0$.

2. A politician of the minority type will choose $w^A = \min\{W, 1\}$ when $\theta_1 = 1$ and $w^A = 0$ when $\theta_1 = 0$, and $w^B = 0$ for either $\theta_1 \in \{0, 1\}$.

- Second period behavior different for different types with positive probability. This means that the politician’s type is relevant to the voters.
Lemma 2 – Re-election Outcomes The probability of the incumbent being re-elected is strictly increasing in $\mu(1|w^A, w^B)$.

- Whether incumbent re-elected or not depends on whether majority-type voter wants to retain them. Re-elected for a larger set of valence realizations when perceived as more likely to be a majority type.
First Period Behavior

- Large multiplicity of equilibrium depending on the voters’ beliefs.
- Majority type politicians have a greater incentive to choose $B$ than minority types do.
- Criterion D1 (Cho and Kreps 1987): seeing “too much” $B$ indicates the majority type, and “too little” indicates minority.
- With D1 equilibrium is unique.
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Policy-Motivated Politicians

- When \( \delta \) and \( \phi \) are low, main concern of politicians is with policy chosen today.
- Majority type of politician can separate by putting a little effort on \( B \).
- With D1 get the minimally separating equilibrium \( (w^B = w_*(\phi)) \).
Theorem 1: Part 1

There exist, $\hat{\phi}$ and $\bar{\phi}$ with $\bar{\phi}(\delta) \geq \hat{\phi} \geq 0$ such that when $\phi \in (\hat{\phi}, \bar{\phi}]$ the majority type chooses

$$w^B = w_*(\phi) > 0, w^A = W - w^B$$

and the minority type chooses $w^A = \min\{W, 1\}, w^B = 0$.

- For such parameters, we have a separating equilibrium.
- $\hat{\phi} > 0$ only if $m^P$ is large.
- $\bar{\phi} > \hat{\phi}$ unless $W \approx 2$ and $\gamma \approx 1$. 
Office-Motivated Politicians

- When $\phi$ is large, politicians’ primary concern is to secure re-election.
- Minority types would have an incentive to mimic the majority type.
- Both types keep putting effort on $B$ as far as possible.
- Pooling equilibrium with primary focus on $B$. 
Theorem 1: Part 2

There exists $\phi^*(\delta) \geq \bar{\phi}(\delta)$ such that, if $\phi \geq \phi^*$ all politicians choose $w^B = \min\{W, 1\}$ and $w^A = W - w^B$.

- Strong electoral concerns, then both politicians focus first on the divisive issue.
Higher probability of re-election from $B$ in separating equilibrium than pooling one.

With mixed strategies the probability of re-election after focusing effort on $B$ varies continuously in probability of randomization.

Partial-pooling equilibrium.
Theorem 1: Part 3

If \( \phi \in (\bar{\phi}, \phi^*) \), the majority type chooses

\[ w^B = \min\{W, 1\}, \quad w^A = W - w^B, \]

and the minority type randomizes with a non-degenerate probability between that and \( w^A = \min\{W, 1\}, \quad w^B = 0. \)
Summary

- When $\phi$ is small, separating equilibrium with focus on the most important issue ($A$).
- When $\phi$ is large, posturing equilibrium with everyone focusing first on divisive issue ($B$).
- Posturing equilibrium bad both for first period behavior and for selection of majority types.
Comparative Statics

Theorem

$\bar{\phi}$ and $\phi^*$ strictly increasing in $W$ for $W \in (0, 1)$ and strictly decreasing for $W \in (1, \bar{W})$.

- Greatest incentive to posture when $W$ low, and $W$ high. When $W \approx 1$ effort decisions are starkest, so posturing is less likely.
1. Model

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Sometimes it may not be possible for voters to observe politician effort allocations, but instead only outcomes.

Degree of transparency could be influenced by institutional factors:

- Detailed audits of how resources/personnel are allocated across departments.
- Cameras in congressional, cabinet, or committee deliberations.
- What documents are released by White House.
Effect of Non-transparency

- Voters can no longer see the effort allocation, only the resulting policy: \((p^A, p^B)\).
- With transparency politicians can signal with effort choices, and know that may not effect policy.
- Signaling value of \(B\) only received if the \(B\) policy is.
- Non-transparency can make posturing less desirable for politicians.
- Equilibrium selection still an issue. Focus on equilibria in which majority type behaves as in the transparent case, analyze minority type behavior for case in which re-election motive is strong.
Non-Transparency when Office-Motivated and $W < 1$

- With transparency all emphasize $B$ in equilibrium.
- Cannot have a pooling equilibrium with Non-Transparency, since then the voters couldn’t update based on outcomes.
- Effort on $A$ still reveals the minority type.
- In equilibrium minority types randomize between $B$ and nothing.
- Bad for first period welfare, good for sorting. Opposite to standard results (e.g. Dewatripont et al. 1999, Fox 2007)
When $W > 1$

- With transparency only any deviation reveals minority type; not always the case with non-transparency.
- Main cost of doing $B$ to minority type is not doing $A$.
- Other possible deviation: minority type chooses $w^A = 1$, $w^B = W - 1$, and re-elected with positive probability if $B$ happens.
- $\phi_{NA} > \phi^*$ necessary to prevent this deviation.
Non-Transparency when $W > 1$

**Theorem**

There exists $\phi_{NA}^* > \phi^*$ such that, for $\phi \geq \phi_{NA}^*$, in equilibrium all politicians choosing $w^B = 1$, $w^A = W - 1$. If $\phi \in (\phi^*, \phi_{NA}^*)$ the minority type chooses $w^B < 1$, $w^A = W - w^B$ with positive probability.

- Non-transparency beneficial for both first period welfare and for sorting on interval $\phi \in (\phi^*, \phi_{NA}^*)$.
- Often tradeoff between behavior and learning. Prat (2005) the exception.
- Cable news and political posturing.
Transparency and $W$

- Less transparency makes “posturing” by putting effort on $B$ less desirable.
- By reducing posturing, non-transparency can be welfare enhancing; if it breaks pooling equilibrium, can also increase learning about the candidates.
- Doing $B$ is socially efficient, but not if it comes at the expense of $A$.
- When $W < 1$ accomplishing $A$ reveals didn’t focus on $B$ – minority types choose to do nothing instead.
- When $W > 1$ possibility of $A$ even if focus on $B$ – minority types do more $A$. 
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Politicians posture by focusing on divisive issue.

Voters agree on important issue (A) but are polarized about the issues politicians focus their time on.

If the incumbent’s re-election determined by someone other than majority-type voter, posture to the pivotal individuals.

- e.g. Politicians from different parties posture to the base/primary electorate (Chafee, Specter, Lugar, Lincoln all lost re-election after primary challenge).

Costs of such incentives that it distracts politicians from important issues.
Conclusion

- Considered how politicians divide their effort between different policies.
- Politicians will over-provide effort on divisive issues because of their signaling value.
- In addition to distortions over how an issue is addressed (previous literature), distortions in terms of which issues are addressed.
- Transparency can be good or bad.
- With efficient institutions and patient/office-motivated politicians transparency can increase posturing, leading to worse outcomes both in the current period and the future.