Discussion:
Multitask, Accountability, and Institutional Design

Ashworth & Bueno de Mesquita

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2 Period Tradeoffs

Under a unitary instead of divided executive...

- **Period 1**: (Effort, no selection)
  - Higher total effort
  - Misallocate effort to unimportant issues to signal competency
    - ★ Bad when correlation $\rho$ is high
    - ★ Bad when relative importance $\gamma$ is extreme

**Bundling Optimal**

**Unbundling Optimal**

0.2 0.4 0.6 0.8 1.0

$\rho$

0.2 0.4 0.6 0.8 1.0

$\gamma$

Figure 1: Optimal institution for first period welfare as a function of $\rho$ and $\gamma$. 
2 Period Tradeoffs

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- **Period 2: (Selection, no effort)**
  - Better signal of competences, if correlated
  - If competences differ, no flexibility to only kick out low one
    - ★ Good when correlation $\rho$ is high
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**Figure 2:** Optimal institution for second-period welfare as a function of $\rho$ and $\gamma$. Comparative statics as those for first-period welfare, suggesting an important tension in designing optimal institutions. We return to this in the conclusion. First we provide intuitions for the second-period comparative statics.

The intuition already provide for Proposition 6.1 explains why more correlation makes bundling more attractive relative to unbundling. Now consider the comparative static that shows that bundling is more attractive (for second-period welfare) when the Voter preferences are more extreme. The value of unbundling is that it allows the Voter to select good types flexibly—separating her retention decision on the two dimensions. The value of this flexibility decreases the more the Voter cares only about one task. But the cost of unbundling, which is a decrease in Voter information, is unaffected by changes in Voter preferences.
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**Figure 3:** Optimal institution for first- and second-period welfare as a function of $\rho$ and $\gamma$. 
How to interpret the importance of Period 1 vs. 2?

We think of the second period as, in a stylized way, representing the future. As such, it is unclear how much weight the Voter should put on the first period versus the second. Depending on the Voter’s patience and the expected length of the future, any weight between zero and infinity might be appropriate.
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- For Politician, relative importance given by $\frac{R}{k}$,
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Question:
What does the model say about patience of Politician vs. Voter?

- Patient Voter, Impatient Politician $\Rightarrow$ Comparative statics of Period 2?
  Bundle with high $\rho$, extreme $\gamma$
- Impatient Voter, Patient Politician $\Rightarrow$ Comparative statics of Period 1?
  Bundle with low $\rho$, moderate $\gamma$
Add more periods?

- With term limits – very little difference
- No term limits – effort + selection in each period
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- No term limits – effort + selection in each period

  - Patient politicians - Effort becomes more important
    - ★ Politicians work hard to keep their jobs
    - ★ Pushes towards Period-1 comp statics?
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This paper gives us an intuition for thinking about these issues. Possible to formalize?


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      Bundle if low $\rho$, moderate $\gamma$
  - Patient voters - Selection becomes more important
    ★ Voters have high threshold for reelecting a politician
    ★ Pushes towards Period-2 comp statics?
      Bundle if high $\rho$, extreme $\gamma$
Add more periods?

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Another (simple) extension

Current model:

- Outcome:

\[ s_j = a_j + \theta_j + \epsilon_j \]

- Noise \( \epsilon_j \sim \mathcal{N}(0, 1) \)
- Competence \( \theta_j \sim \mathcal{N}(0, 1) \)
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  - Identical variances
- If \( \text{Var}(\epsilon) < \text{Var}(\theta) \), competence signal gets more precise
- Comparative statics on increasing this precision:
  - One benefit of bundling was more precise signals
  - Extra precision for free \( \Rightarrow \) Unbundling?

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Summing up

- The paper shows results about the benefit of bundling vs unbundling
  - Period 1 results opposite of Period 2
  - No strong predictions about when to bundle

- The results give us some new intuitions for what happens outside the model

- Are these intuitions accurate, or misleading?