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Pandering and electoral competition

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ABSTRACT

We study an election with two perfectly informed candidates. Voters share common values over the policy outcome of the election, but possess arbitrarily little information about which policy is best for them. Voters elect one of the candidates, effectively choosing between the two policies proposed by the candidates. We explore under which conditions candidates always propose the voters' optimal policy. The model is extended to include strategic voting, policy-motivated candidates, imperfectly informed candidates, and heterogeneous preferences.

The secret of the demagogue is to appear as dumb as his audience so that these people can believe themselves as smart as he.
[Kraus (1990, p. 113)]

A truth that's told with bad intent
Beats all the lies you can invent.
[William Blake, 'Auguries of Innocence']

1. Introduction

Proponents of representative democracy argue that voters are poorly informed about which policy is best for them, whereas candidates are better informed. Candidates propose platforms that reflect voters' preferences and lead the voters to the correct choice. Skeptics counter that office-seeking candidates pander to voters' beliefs, proposing whatever voters believe to be best. We show that even though incentives to pander exist, under mild conditions candidates propose the best policy for the voters.

For concreteness, suppose there are only two policies, 0 and 1, each equally likely to be optimal for the voters. Two candidates observe which policy is best for the voters. Voters privately observe one of two signals, 0 or 1. They observe signal 1 with probability .9 if the optimal policy is 1 and .6 if the optimal policy is 0.

Each candidate makes a proposal to the voters. Voters choose between the candidates by majority vote and the winner's proposal is implemented. Candidates are *office-motivated*: they only want to win the election. Voters want to choose the best policy.

Is there an equilibrium where the optimal policy for the voters is always implemented? At a bare minimum, at least one candidate in each state must propose the optimal policy. Yet, candidates might be tempted to pander to the majority of the voters, who always observe signal 1 and believe that policy 1 is optimal. That is, policy 0 might never be proposed by any candidate.

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We now show that there exist equilibria where both candidates propose the optimal policy and, if one deviates, she loses.[1] For example, when the two proposals are equal, voters vote for each candidate with probability 1/2. If the proposals are different, a voter who observes signal 1 votes for the candidate proposing policy 1 with probability 2/3; a voter who observes signal 0 votes for the candidate proposing policy 0. To see why this is an equilibrium, note that if the candidates propose two different policies, the expected share of votes for the candidate proposing policy 1 is $.9 \times (2/3) = .6$ if policy 1 is optimal and $.6 \times (2/3) = .4$ if policy 0 is optimal. That is, whenever the candidates make differing proposals, the one optimal for the voters wins. Thus, whatever the strategy of her opponent, a candidate prefers to propose the policy optimal for the voters.

This equilibrium relies on voters' beliefs off the equilibrium path, when the two proposals are different. The chosen beliefs might seem arbitrary. Yet, if with positive probability candidates are of a *truthful* type that always proposes the voters' optimal policy, then all candidates propose the optimal policy in all equilibria. The basic intuition is as follows. Suppose that voters expect office-motivated candidates to pander and always propose policy 1. Whenever a candidate proposes another policy, the most likely scenario is that she is of the truthful type. Voters must then conclude that her proposal is optimal. Thus, in all sequential equilibria, candidates propose the optimal policy for the voters.

This paper generalizes this intuition to a generic environment with finitely many states and policies. Our results are robust to several extensions. Section 5.1 considers a finite number of strategic voters (voters who take into account the probability that their vote is pivotal between two candidates). This layer of strategic interaction selects among the fully revealing equilibria by imposing restrictions on the equilibrium voting strategies. Section 5.2 shows that the results hold if the candidates observe a common imperfect signal. In this case, candidates propose what the voters would choose if they too could observe the candidates' signal. Section 5.3 relaxes the assumption that candidates are solely office-motivated and shows that the results are robust to the introduction of a limited amount of policy-motivation. Finally, Section 5.4 allows voters to have heterogeneous preferences.

To appreciate how various features of the model contribute to the results, let us first compare our model to the closely related ones in Heidhues and Lagerlöf (2003) and Leslier and Van der Straten (2004). Both papers study a model with binary states, signals, and policies, and imperfectly informed candidates. Consider first the implications of their models for the case of perfectly informed candidates. In the example above, Heidhues and Lagerlöf (2003) show that, if voters have no private information, there exist only equilibria where the candidates propose the same policy across states. This is because the expected share of votes for the candidate proposing policy 1 is fixed across states. It is a majority when 1 is optimal if and only if it is a majority also when 0 is optimal. It follows that, in contrast with our results, there is at least one state where the optimal policy for the voters is not proposed by any candidate.[2]

Leslier and Van der Straten (2004) show that both candidates propose the optimal policy, but only when voters possess sufficiently precise information. They assume that a majority of voters always receive the correct signal.[3] In equilibrium, if the two proposals are different, a voter who observes signal 1 votes for the candidate proposing 1; a voter who observes signal 0 votes for the candidate proposing policy 0. Candidates are then induced to propose the optimal policy in each state. It is worth noticing that this argument does not hold in our numerical example: if voters play this strategy, a candidate who proposes policy 1 expects a share of votes equal to .9 in state 1 and .6 in state 0.

We build upon this intuition and show that even when voters posses arbitrarily imprecise information, they can coordinate their vote and induce the candidates to propose the optimal policy in each state. We do this at the expense of assuming that each candidate is perfectly informed about what her opponent knows. This does not mean that independent trembles of the candidates would destroy a fully revealing equilibrium. On the contrary, vanishingly small independent trembles are exactly what imposes restrictions on voters' beliefs in the fully revealing equilibrium.[4]

The key feature of our model is that voters have information that is arbitrarily imprecise, but sufficient to collectively choose the best among two policies. This closely relates to the Condorcet Jury Theorem literature.[5] In the jury environment, voters choose between *two* fixed policies and are uncertain about which one is best. Feddersen and Pesendorfer (1997) show that strategic voters coordinate their votes and choose the best of the two policies. We show that the introduction of strategic competition among candidates allows for simple, sincere voting strategies that guarantee that both candidates propose the optimal policy among *any number* of alternatives. With this comparison in mind, our message can be thought of as follows. Since voters have sufficient information to choose the best among two policies, office-motivated candidates have an incentive to choose the best proposals among any number of policies: when the two proposals are different, voters choose the best of the two.

[1] We focus on this kind of revealing equilibria. Equilibria where candidates propose the optimal policy because all policies win with probability 1/2 are not robust to any small amount of candidates' policy-motivation.

[2] To be precise, these are the only equilibria where, if a candidate deviates, she loses. There also exists an equilibrium where candidates propose the optimal policy because whenever the two proposals are different, voters vote for each candidate with probability exactly 1/2.

[3] More precisely, after observing their signals, the majority of voters always prefers the correct policy. "Of course, it does not mean that our conclusion remains valid if, for instance, one state is very unlikely or has very important consequences in terms of utility compared to the other." (p. 433)

[4] Our solution concept is Sequential Equilibrium. As shown by Kohlberg and Reny (1997), in consistent assessments, events are independent in relative probability. Our equilibria are also perfect, meaning that the best responses of the voters (and not only their beliefs) are robust to independent trembles of the candidates (see Section 2, Online Appendix).

[5] Originally formulated by Marquis de Condorcet (1785), this has been extended to strategic voting by Austen-Smith and Banks (1996), Duggan and Martinelli (2001), Feddersen and Pesendorfer (1997), McLennan (1998), and Meirowitz (2002).