Partially Binding Platforms and the Advantages of Being an Extreme Candidate

Yasushi Asako
University of Wisconsin-Madison

June 6, 2009
The Econometric Society
Campaign Platforms

- Before an election, candidates announce platforms, and the winner implements policy after the election. Politicians usually betray their platforms, but if the winner betrays his platform, such betrayal should be costly.

- The Cost of Betrayal: A decrease of the approval rating and the probability of winning in the next election, Discipline from a party or the Congress.
Partially Binding Platforms

- **Completely Binding Platforms**
  A politician cannot implement any policy other than the platform.

- **Nonbinding Platforms**
  A politician can implement any policy freely.

- **Partially Binding Platforms**
  A politician can choose any policy, but that betrayal is costly, and the cost of betrayal increases with the degree of betrayal.
Asymmetric Information

- A candidate knows his own ideal policy, but voters and the opposition have uncertainty about the candidate’s ideal policy.
  - New Candidates
  - Economic, political and social conditions change.
The Main Result

If partially binding platforms are considered, and there is asymmetric information about the candidate’s ideal policy, an extreme candidate may have a higher probability of winning than a moderate candidate.
Past Studies

- **Austen-Smith and Banks (1989):**
  Office-motivated candidates

- **Grossman and Helpman (2005, 2006):**
  Different decision-makers on platforms and policy.

- **Banks (1990), Callander and Wilkie (2007):**
  Nonbinding Platforms with a cost to lie
The policy space is $\mathbb{R}$. There are two candidates, $L$ and $R$. For each candidate, there are two types of candidates, moderate and extreme types.

The median voter’s ideal policy is $x_m$.

$x_i^M$ and $x_i^E$: the ideal policies for the moderate and extreme types. $x_L^E < x_L^M < x_m < x_R^M < x_R^E$. Assume $|x_L^t - x_m| = |x_m - x_R^t|$.
Ideal Policies

Moderate Types \((M)\)

\[x^E_L \quad x^M_L \quad x_m \quad x^M_R \quad x^E_R\]

Extreme Types \((E)\)
For both candidates, the prior probabilities about candidate’s type are

- $p^M$: Moderate
- $p^E = 1 - p^M$: Extreme

A campaign platform: $z_i^t \in \mathbb{R}$

An implemented policy: $\chi_i^t(z_i^t)$

where $i = L$ or $R$ and $t = M$ or $E$. 
The Cost of Betrayal and the Disutility

- The cost of betrayal:
  \[ c(|z_i - \chi|) \]

- The disutility from the policy:
  \[ v(|\chi - x^t_i|) \]
The Cost of Betrayal and the Disutility

\[ c(.) \text{ and } v(.) \text{ satisfy:} \]

- \[ c(0) = 0 \text{ and } c'(0) = 0 \]
- \[ c'(d) > 0 \]
- \[ c''(d) > 0 \text{ when } d > 0. \]
- \[ \frac{c'(d)}{c(d)} \text{ strictly decreases as } d \text{ increases.} \]

(e.g. \[ c(d) = d^k \text{ where } k > 1, \])
Political Equilibrium

Proposition 1 There exists $\bar{p}^M$ such that;

- If the prior belief of being moderate is high ($p^M \geq \bar{p}^M$), only a pooling equilibrium exists.

- If $p^M < \bar{p}^M$, only semi-separating equilibria exist.

A separating equilibrium does not exist.
Pooling Equilibrium

- A moderate type chooses $z_i^{M*}$ under which he is indifferent between winning or losing. If an extreme type also announces $z_i^{M*}$, it is a pooling equilibrium.
- However, there may exist a profitable deviation by approaching the median policy for an extreme type.
$p^M$ is HIGH

$z_R' \rightarrow x_m \rightarrow \chi_R(z_R^M) \rightarrow z_R^{M'} \rightarrow E(\chi_R) = \chi_R^E(z_R')$

An extreme type wins against an unknown type

$z$: platform, $\chi$: implemented policy

$M$: Moderate, $E$: Extreme
An extreme type wins against an unknown type

\[ p^M \text{ is LOW} \]

\[ E(\chi_R) = \chi^E_R(z'_R) \]

\[ x_m \]

\[ z'_R \]

\[ z^M_R \]

\[ \chi^M_R(z_R^M) \]

\[ \chi^E_R(z_R^M) \]

\( z \): platform, \( \chi \): implemented policy

\( M \): Moderate, \( E \): Extreme
Semi-separating Equilibrium

A moderate type chooses a pure strategy, $z_i^{M*}$. An extreme type chooses a mixed strategy. He mimicks a moderate type with some probability and reveals its type by approaching the median policy with remaining probability.
A Two-policy Semi-separating equilibrium

A compromising extreme

\[(1 - \sigma_M)\]

\[\bar{z}_R\quad z^*_R\quad \chi^M_R(z^*_R)\quad \chi^E_R(z^*_R)\]

\[x_M\]

Moderate and a mimicking extreme \((\sigma_M)\)
Which candidate wins?

- Voters still face uncertainty about a type of a candidate with $z_i^{M*}$.
  Voters give up on choosing a moderate type, in order to avoid picking a mimicking extreme type, and choose a compromising extreme type instead.

- A compromising extreme type wins over a moderate (uncertain) type. Thus, an extreme type has a higher expected probability of winning than a moderate type.
Conclusion

- In the model of partially binding platforms with incomplete information about the candidate’s ideal policy, a pooling equilibrium or a semi-separating equilibrium exists.

- An extreme type may have a higher probability of winning than a moderate type.

- Partially binding platforms can induce *ex post* inefficiency since an extreme candidate will implement a policy farther from the median policy than would a moderate candidate.
Thank you very much!
Separating Equilibrium

- An extreme type has a higher cost of betrayal as it betrays more severely.

  The implemented policy becomes more extreme.

- An extreme type wants to prevent the opposition from winning since its ideal policy is further from the opposition’s policy.

  The platform becomes more moderate.
Separating Equilibrium

\[ \chi_R^E(z_M^R) \]

\[ x_m \]

\[ z_M^R \quad \chi_R^M(z_M^R) \quad x_M^R \]

\[ x_E^R \quad \chi_R^E(z_E^R) \quad x_E^R \]

\textit{M}: Moderate  
\textit{E}: Extreme

\( z \); platform, \( x \): ideal policy  
\( \chi(\cdot) \): implemented policy
Separating Equilibrium cont.

A separating equilibrium does not exist.

- An extreme type mimics a moderate type since
  - it increases the probability of winning.
  - an extreme type can implement more extreme policy which is closer to his ideal policy.
A Continuous Semi-separating Equilibrium

A compromising extreme

$$((1 - \sigma_M) F(.) )$$

Moderate and a mimicking extreme ($\sigma_M$)