

# Political Economy

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# Political Parties

- Political parties are groups of like-minded citizens who collectively organize to elect candidates.
- Party members provide support to their candidates in the form of money and time.
- Through their nominations, parties also provide candidates with a brand name which provides useful information to voters about candidates' ideologies (see Snyder and Ting "An Informational Rationale for Political Parties" *AJPS* 2002).

- In this lecture, we briefly consider how parties impact candidate competition.
- We take as given party membership, which seems a reasonable short-cut.
- For models with endogenous party membership, see Jackson and Moselle, *JET* 2002, Levy, *JET* 2004, Roemer “Modeling Party Competition in General Elections” in B. Weingast and D. Wittman, *Oxford Handbook of Political Economy*, Oxford University Press 2006.

# Parties and Candidate Competition

- In some countries, political parties select candidates through primary elections (US, Italy, UK (Conservative Party), France).
- This is distinct from a system in which candidates are selected by party elites.
- The type of primary elections vary.
- In closed primaries only party members are allowed to vote, in open primaries voters can choose in which primary to vote on the day of the election.
- Primaries perform the function of reducing the set of candidates down to two, one from each party (in case of two-party systems).

- Primary elections can be straightforwardly incorporated into our earlier models of campaign competition.
- We just need to categorize voters according to whether they are registered left-wing party supporters, registered right-wing party supporters, or unaffiliated.
- We assume that citizens have ideologies distributed over the interval  $[0, 1]$  and we let  $F(i)$  be the fraction of voters with ideology  $\leq i$ .
- We classify each voter as either a registered left-wing party supporter (L), a registered right-wing party supporter (R), or unaffiliated.

- Let  $\gamma_L$  be the fraction of voters who are registered as L and  $\gamma_R$  be the fraction of voters who are registered as R.
- Let  $F_L(i)$  be the fraction of L citizens with ideology  $\leq i$  and  $F_R(i)$  be the fraction of R citizens with ideology  $\leq i$ .
- It is natural to assume that L citizens are to the left of the median voter and R citizens to the right.
- We can identify a L median voter  $i_{mL}$  and a R median voter  $i_{mR}$ :

$$F_L(i_{mL}) = \frac{1}{2} \quad \text{and} \quad F_R(i_{mR}) = \frac{1}{2}.$$

- It will be the case that  $i_{mL} < i_m < i_{mR}$ , where  $i_m$  is the aggregate median voter.

- We also need to make an assumption as to how voters in primary elections vote.
- In particular, in primary elections the distinction between simple and sophisticated sincere voting is important.
- With simple sincere voting, voters in the primary just vote for the candidate who they like the best.
- With sophisticated sincere voting, voters take into account how well candidates are going to perform in the general election.
- This may involve voting for a less preferred candidate because he has a better chance in the general election.

# Downsian Candidates and Primaries

- With simple sincere voting, the Downsian model predicts that candidates in closed primary elections would adopt the ideology of the median party member and then the ideology of the median voter in the general election.
- This is indeed quite consistent with the conventional wisdom concerning candidate behavior in primaries and general elections. Candidates are often said to be moving to the center after primary victories.
- Nonetheless, the idea that candidates can completely change their positions once they win the primary is not very plausible.



- With sophisticated sincere voting, whatever candidates said about their ideologies during the primary elections would be irrelevant as primary voters would anticipate that the candidates would move to the center once elected.
- Thus, the Downsian perspective does not lend much insight in this case.

# Policy-motivated Candidates and Primaries

- Most natural way to incorporate primaries into the model of policy-motivated candidates is to assume that primaries determine the true ideologies of the two candidates competing in the general election.
- In a model with policy-motivated candidates, denote these true ideologies by  $t_A$  and  $t_B$ .  
We can think of primary voters choosing between candidates on the basis of their true ideologies.
- The winning candidates will then moderate their true ideologies in the general election as in the model with policy-motivated candidates.

- With either form of voting, primary voters will want to vote for candidates who share their true ideologies.
- In a two-candidate closed primary race, therefore, the candidate whose true ideology is closest to that of the party median voter will win.
- This provides some motivation for assuming that the true ideologies  $t_A$  and  $t_B$  in the model with policy-motivated candidates reflect those of the party median voters; i.e.,  $t_A = i_{mL}$  and  $t_B = i_{mR}$ .
- Under this assumption, for any given specification of voters' party affiliations, we obtain a complete model of electoral competition which incorporates both primary and general elections.

# Citizen-Candidates and Primaries

- In a citizen-candidate model with closed primaries, party members would select a candidate from those citizens who have chosen to run in their party's primary election.
- In the general election, all voters would vote between the candidates chosen in the two primaries.
- Primaries would actually simplify the model because they would ensure that the general election would only involve two candidates (assuming the costs of running as an independent candidate are prohibitive).

- Whether primary voters vote sincerely in a simple or sophisticated way will matter in the citizen-candidate model.
- With simple sincere voting, primary voters will vote for the candidate whose true ideology is closest to their own.
- With sophisticated sincere voting, primary voters will take into account that the true ideology of the winning candidate will determine his success in the general election. They will therefore prefer candidates more moderate than themselves.

Jackson, Mathevet, and Mattes *QJPS* (2007) provide a formal treatment of this model.

# Open versus Closed Primaries

- The logic of both the policy-motivated candidate and the citizen-candidate models suggests that open primaries will be more likely to produce candidates closer to the center than closed primaries.
- This is because moderate candidates in, say, the left-wing party, can pick up votes from Independents and moderate right-wing party supporters.
- There is some empirical evidence in support of this prediction from both Congressional and state-level elections (see, for example, Gerber and Morton *JLEO* 1998).

# Open versus Closed Primaries

- On the other hand, in open primaries there is the fear that, say, right-wing party supporters might vote for the weakest left-wing party candidate thereby paving the way for an easy victory for the right-wing party nominee.

There is some anecdotal evidence of this type of “crossover voting”, but not systematic evidence that it is significant.

- Primaries are one key component of the future political economy literature.
- Room to push the frontier: see recent work by Jim Snyder  
Primaries especially good at selecting “high-quality” nominees when effective two-party competition is lacking (safe district), Hirano and Snyder, *QJPS* 2014.



# Outline of the class

Introduction

Lecture 2-5: Tools of political economics with applications

**Lecture 6: Comparative Politics**

**Part II: Dynamic Political Economy**