Voters and the Policy Stability versus Responsiveness Tradeoff
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Abstract

We consider a dynamic election model in which a voter faces a trade off between the need to adapt the policy to a changing state and a desire for policy stability. In each period, the voter observes an imperfect signal about the state, and then delegates the policy making to one of two parties. Each party is more informed than the voter, but is ideologically biased relative to her preferences.

In the static model, the voter faces two delegation inefficiencies: 1. the elected party may inefficiently leave the policy in place, and 2. the elected party may inefficiently change the policy. Facing the tradeoff between these two inefficiencies, we show, the voter exhibits a status-quo bias: she tends to elect the party whose ideology is aligned with the status quo. In the dynamic model, expecting this electoral bias, the party in office becomes less responsive to the state in order to be reelected, and instead too frequently implements the policy it is ideologically aligned with. Hence, the electoral strategy of the voter, though optimal ex post, exacerbates both delegation distortions and leads to an apparent polarization of the parties.

Delegation distortions are largest when the need for delegation is the largest, that is, when the voter is least informed about the state. Delegation distortions also increase with parties' office motivation. In particular, even if parties are ideologically arbitrarily close, office motivation can induce them to behave in a strongly polarized way.