

⇒ Representative Democracy
(Αντιπροσωπική Δημοκρατία) } Parties

⇒ Electoral Competition model [Downs, 1957]
Basic Assumptions

- ① Two parties / candidates
- ② Candidates are office-seekers.
They want to be in office because this ensures a given amount of utility.

2: Ego-interests

- ③ When a party comes in office it implements the pre-electoral agenda. [No cheating]
(We don't care about the so-called)
Political Agency issue

TIMING OF EVENTS

PARTY A → g_A

PARTY B → g_B

First, the parties make statements simultaneously and non-cooperatively ^{on} their political agendas

Second, voters compare the proposed political agendas g_A , g_B and they vote the political agenda which is closer to their preferences.

Voter i votes g_A if $U_i(g_A) > U_i(g_B)$

Third, The elected candidate implements its pre-electoral agenda

* We define $P(g_A, g_B)$ the probability of PARTY A to win the election.
→ $1 - P(g_A, g_B)$ is the probability of PARTY B to win the election

What is the maximization Problem of PARTY A?

$$\max_{g_A} P(g_A, g_B) \cdot R$$

$$\max_{g_B} 1 - P(g_A, g_B) R$$

Strategic interdependence.

Electorate / Voters

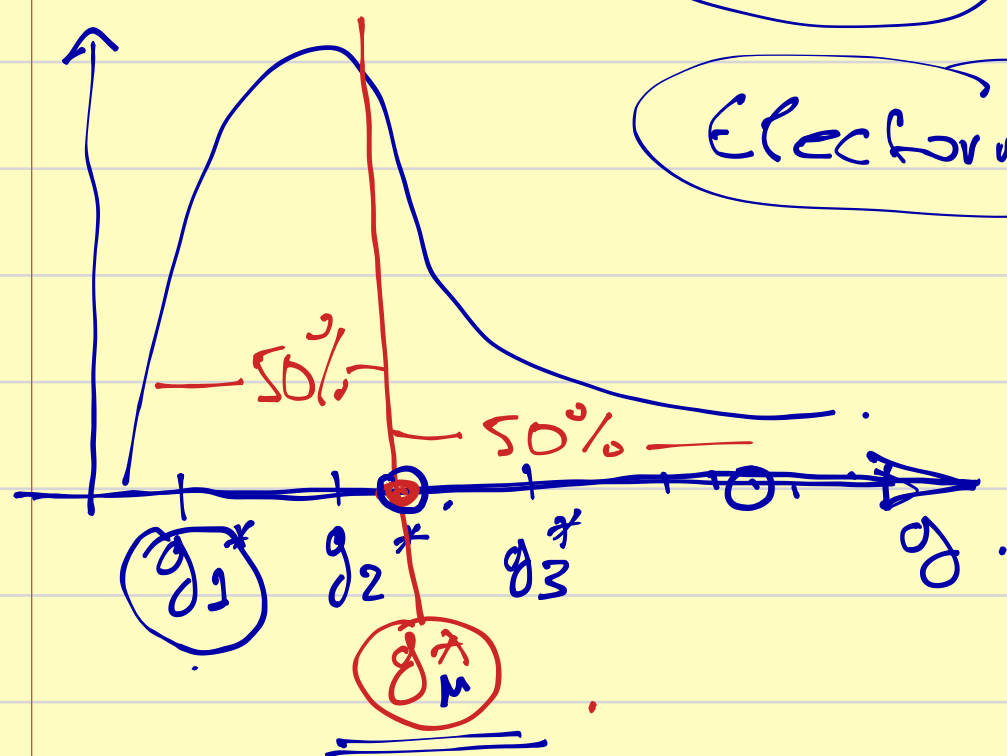
[ECONOMIC VOTING]

$U_i(g_A) > U_i(g_B) \rightarrow$ VOTE PARTY A

$U_i(g_A) < U_i(g_B) \rightarrow$ VOTE PARTY B

$U_i(g_A) = U_i(g_B) \rightarrow$ Indifferent between PARTY A / PARTY B

What is the majority in this model?



Electorate.

g_M^* : The policy preferred by the median.

⇒

if $U_M(g_A) > U_M(g_B) \rightarrow$ The majority votes Party A.

if $U_M(g_A) < U_M(g_B) \rightarrow$ The majority votes PARTY B

if $U_M(g_A) = U_M(g_B) \rightarrow$ The majority is formed randomly

$$\rightarrow P(g_A, g_B) \begin{cases} 1 & \text{if } U_M(g_A) > U_M(g_B) \\ 1/2 & \text{if } U_M(g_A) = U_M(g_B) \\ 0 & \text{if } U_M(g_A) < U_M(g_B) \end{cases}$$

⇒ The dominant strategy for both parties on this setup is to suggest a pre-electoral agenda g_M^* : bliss point of the median voter.

Optimal point

- This strategy ensures a 'good' scenario, $P=1$ and a "bad" scenario, $P=1/2$
- Every other strategy ensures a good scenario $P=1/2$ and leaves open a bad scenario $P=0$.

→ Nash Equilibrium $g_A = g_B = g_M^*$
Policy convergence to the preferences of the median voter.