Candidate quality, pressure group endorsements and the nature of political advertising

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Abstract

Candidates may vary in quality, where quality is some characteristic orthogonal to policy. This “simple modification” has for the most part defied integration into the Downsian framework. Here we add the following complicating factors. We consider the possibility that there are uninformed voters who are ignorant of the candidates’ relative quality. However, a pressure group with inside information regarding the quality of the candidates may endorse one of the candidates as the high-quality candidate. We assume that the uninformed voters behave rationally in the presence of this endorsement. We demonstrate that truth telling by the pressure group is an equilibrium outcome. We also show that campaign endorsements by the pressure group are generally welfare improving even though the pressure group takes advantage of its private information.

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1. Introduction

Political advertising presents the following conundrum: if voters are informed, then there is no need for advertising; and if voters are uninformed, then advertising may be dishonest and the voters would not be able to tell. So, why would voters pay any attention to political advertising?

To add substance to the puzzle, suppose that a pressure group has inside information on a candidate’s integrity or some other characteristic that is valued by the voters, independent of the
policy position taken by the candidate. The pressure group might agree to publicly endorse one of the candidates as the high-quality candidate even though this was not the case if the candidate’s policy position were sufficiently close to the pressure group’s preferred position to make up for the lower quality. So, again we are led to ask why would the voters pay attention to such endorsements.

This paper provides the following answer. Competition between the candidates results in a set of choices, such that the pressure group will always want to tell the truth about the relative quality of the candidates.

This paper also provides a different perspective on the role of pressure groups in the democratic process. In general, the role of pressure groups is viewed as negative. Here, we show that pressure group endorsements are likely to improve the welfare of the median voter, and, under plausible assumptions, pressure group endorsements improve the welfare of all voters.

2. Literature review

This paper differs from previous work on voting in the presence of pressure group endorsements or contributions. Congleton (1989), Baron (1994), Mueller and Stratmann (1994) and Grossman and Helpman (1996) assume functional (reduced) form behavior by uninformed voters—uninformed voters are assumed to have a higher probability of voting for the candidate doing more advertising (even if these voters would be better off voting for the other candidate). They find that pressure groups on average reduce the welfare of the median voter. Here, in contrast, the uninformed voter is fully rational and votes for the candidate who maximizes the voter’s expected utility. The results are contrary, as well. In this paper, pressure groups are shown to generally aid the democratic process rather than harm it. None of the above papers consider differences in candidate quality.

Lohmann (1998) shows that candidates respond more to informed voters than to uninformed voters. If informed voters tend to be members of pressure groups, then the power of pressure groups is explained. Unlike this paper, she does not deal with the role of endorsements or how the uninformed are influenced by such endorsements. Grossman and Helpman (1999) do deal with endorsements, but their analysis is confined to the effect of the pressure group’s endorsements on its members and not on those uninformed voters who are not members of the pressure group. Neither of these articles deals with inferential thinking and strategic behavior by uninformed voters whose interests are not allied with pressure groups. In contrast to the present paper, these two articles find that pressure groups have more negative implications for the welfare of the median voter. Neither article considers differences in candidate quality.

1 These are sometimes termed valence properties. See Stokes (1992) who argues for the importance of these valence properties and Wittman (2005) for a formal presentation. The 2000 U.S. presidential election was often characterized as a choice between integrity and competence. Pressure groups are likely to know the valence characteristics of the candidates as the pressure groups have lobbyists that are actively engaged in the political process.

2 An easy way of ducking the conundrum is to assume that the voters respond positively to advertising regardless of the true impact on their welfare. But our intent here is to deal with rational voters.

3 Unlike the others, Congleton models the uninformed voters as responding to both position and advertising.
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