

Alesina-Rosenthal Balancing Model

① Party Ideal Points Fixed $\Theta_D < \Theta_R$

② Policy a compromise b/w maj-elected pres & PR-legislature
(full turnout & vote share = seat share)

$$\Rightarrow X^D = \alpha \Theta_D + (1-\alpha)[V_R \Theta_R + (1-V_R)\Theta_D]$$

$$X^R = \alpha \Theta_R + (1-\alpha)[V_R \Theta_R + (1-V_R)\Theta_D]$$

Notes: • α = power of pres ; $(1-\alpha)$ = power of legislature

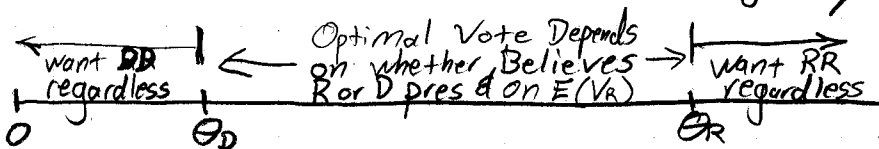
$$\bullet 0 < X^D < X^R < 1$$

③ Voters ~ uniform $[0, 1]$ & distribution known (for now)

Notes: \Rightarrow • median = $1/2$ • uniform for simplicity only

The Game:

① Voters b/w Θ_R & Θ_D must vote strategically:



\Rightarrow EQBM CONCEPTS

② Conditional Sincerity: Eqbm \Leftrightarrow no voter would prefer decrease in expected vote of party for which she voted, in either contest.

\rightarrow At most two eqba, one w/D pres, one w/R

③ No Credible Flip:

- Nash \Rightarrow No single voter wants to Δ vote, given others' votes
- NCF \Rightarrow No group of voters that would want to Δ pres. elect. outcome would also continue to have all its members satisfy conditional sincerity in its legislative vote.

OUTCOMES:

① $\tilde{\Theta}_j = X^j$ i.e., cutpoint coincides w/ policy
FIGURE 3.2a

② $\Theta_D < \tilde{\Theta}_j = X^j < \Theta_R$ i.e., cutpoint b/w party ideals
FIGURE 3.2b (b/c policy is)

③ $\Theta_D < \tilde{\Theta}_D = X^D < \tilde{\Theta}_R = X^R < \Theta_R$ i.e., R pres policy right of L pres pol.

④ $\tilde{\Theta}_D = \frac{\Theta_D + K}{1+K}$ $\tilde{\Theta}_R = \frac{\Theta_R}{1+K}$ in this specification

IMPLICATIONS: ① Party receives more votes in legis. elections when it does not hold pres. than when it does.

• w/o Uncertainty, voters know who will win pres. & seat share in legis, so will just determine both optimally the same way in both elections. In particular...

⇒ One or Both of Following EQBA:

① R wins Pres; $\tilde{\theta}_R$ cutpoint & policy in both periods

$$\tilde{\theta}_R = X^R = \frac{\theta_R}{1+K} = \frac{\theta_R}{1+(1-\alpha)(\theta_R-\theta_D)}$$

② D wins Pres; $\tilde{\theta}_D$ cutpoint & policy in both periods

$$\tilde{\theta}_D = X^D = \frac{\theta_D + K}{1+K} = \frac{\theta_D + (1-\alpha)(\theta_R-\theta_D)}{1+(1-\alpha)(\theta_R-\theta_D)}$$

IMPLICATIONS:

- ② Moderation, $\theta_D < \tilde{\theta}_D < \tilde{\theta}_R < \theta_R$, increasing
 - (a) in $(1-\alpha)$, power of legislature, and
 - (b) $(\theta_R - \theta_D)$, polarization of parties

③ Less moderation in a tie (not an eqbm), ⇒ less moderation with uncertainty (FIGURE 3.3)

④ w/ ^{sufficient} Symmetry, 2 EQBA ; 1 Eqbm if sufficient asymmetry & party closer to median gets pres & party farther has majority in legislature

FIGURES 3.4 - 3.7

⑤ Predictions About Frequency of Divided Govt and of R or L party Pres or Legis Control As Functions of Exec./Legis. Power & Party Positions FIGURE 3.8

⑥ Split Ticket Voting: (Not Fully Explored)

- Only Moderates Split Tickets
- Only D-R or R-D in 1 elect.
- No Splits counter the outcome.

Conditionally Sincere/Cutpoint: $\frac{[\theta_R + \theta_D + K(1-\tilde{\theta}_R)]}{2}$
Pres.

Fig 3.3: Why ties not an eqbm:

- Given coin toss, moderate lefts & rights less willing to vote for opposite legis. party ⇒ less moderation.
- But this ⇒ X_T^D & X_T^R more extreme than $\tilde{\theta}_D$ & $\tilde{\theta}_R$
- But this ⇒ a stable coalition $> 1/2$ prefers to coord. on $\tilde{\theta}_D$ & another to coord. on $\tilde{\theta}_R$

Fig 3.4: Both parties one side of median ⇒ closer wins pres

⇒ stable coal. prefers RR to all other outcomes

But they can't get it given that all voters left of $\tilde{\theta}_R$ want some D in legis

Fig 3.5: Parties symmetric about median

⇒ Symmetric equilibria

Fig 3.6: Parties a little asymmetric about median ⇒ 2 EQBA

• Majority prefers R pres, D leg., but no credible coalition to overturn D pres, R leg.

→ All voters right of $\tilde{\theta}_D + \tilde{\theta}_R / 2$ prefer RD

→ This greater than $1/2$, so they could get R pres, but to get $\tilde{\theta}_R$ from this they also need....

→ They also need voters from $\tilde{\theta}_D$ to $\frac{\tilde{\theta}_D + \tilde{\theta}_R}{2}$ to ^{agree to} switch their legis vote from R to D,

→ but these voters like $\tilde{\theta}_D$ better, so they would not abet overturning of $\tilde{\theta}_D$

⇒ Conditions for Cred. Coal. to overturn farther-party pres:

① Cannot include any voters left of $\tilde{\theta}$, voter indiff. b/w $\tilde{\theta}_D$ & X^R

② Only voters who can credibly shift legis vote R to D are voters left of X^R

③ Voters not in coalition assumed to follow $\tilde{\theta}_D$ strat.

⇒ Fig. 3.7

FIGURE 4.1

THE MIDTERM CYCLE: • Key is uncertainty of Pres in on-year vs. certainty in off-year.

- The Voters who induce the cycle are those unwilling to balance under uncertainty but desire to do so under certainty

FIGURE 3.3

⇒ ↑ Unexpectedness of outcome ⇒ ↑ Midterm loss

[Notes]

IMPLICATIONS: FIGURE 4.8

- ① Mid-term cycles always expected; ② their magnitude increase w/ the "presidential electoral surprise;" ③ the probability of their reversal is increasing in $V(\hat{p})$.
- ② Split-ticket ④ Always occur unless θ_R & θ_D symmetric about median ⑤ increasing in asymmetry? in $|\theta_R + \theta_D - 1|$?
- ③ Divided Govt: Any combo but divided → unified possible.

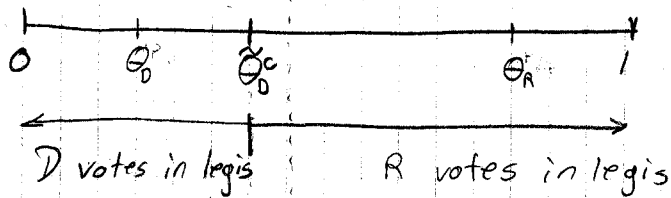
Scheve-Tomz Test: Vote-switching Individuals

• Based on Three Conclusions of Model:

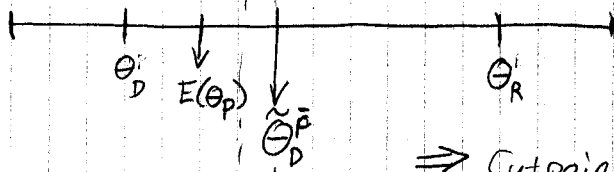
- ① Only those b/w θ_R & θ_D switch; in fact, more middle ⇒ ↑ p(switch)
- ② Only those surprised switch ⇒ ③ those who predict correctly & ④ with confidence do not; v.v. those ⑤ more surprised & ⑥ had hedged more (more uncertain) ~~switch~~ w/ greater probability

- Alternatives: ① Regression to the mean: ^{A&R Notes} too regular
- ② Surge & Decline (coattails) : some tails negative
- ③ Referendum on Pres. Performance
- ④ Presidential Penalty: ⑤ negative voting - curse of power ⑥ Balancing

① Suppose D win pres w/ certainty, then $\tilde{\theta}_D^c$



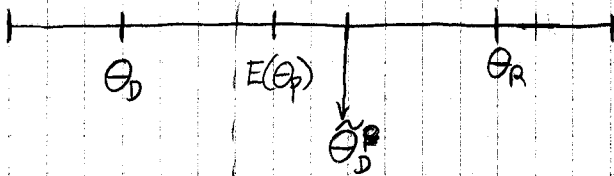
② Suppose D win pres w/ prob. $\bar{p} \gg .5$, then $\tilde{\theta}_D^{\bar{p}}$, then D wins:



\Rightarrow Cutpoint slightly rightward

\rightarrow Voters unwilling to balance on-year, but become willing to balance w/ pres = D

③ Suppose D win pres w/ prob. $p > .5$, then $\tilde{\theta}_D^p$, then D wins:



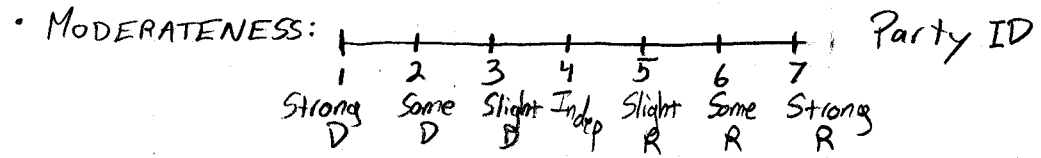
\rightarrow Voters unwilling to balance at $E(\theta_p)$ who balance at θ_D

The Scheve-Tomz Empirical Model: Data: NES '56-'58, '72-'74, '92-'94 panels
→ before & after on-year, and after off-year

DEPVAR: $\begin{cases} 1 & \text{if vote for pres party in off-year} \\ 0 & \text{in not} \end{cases}$

$Y=1$ in 44.3% ; 48.8% in on-year \Rightarrow 4.5% loss among consistent voters.
n.b. loss = 6.9% if include abstentions (note 6)

KEY INDEPVAR: (Moderateness)(Surprise)



\Rightarrow MOD: $\begin{cases} 4 & \text{for PID} = 4 \\ 3 & \text{for PID} = 3, 5 \\ 2 & \text{for PID} = 2, 6 \\ 1 & \text{for PID} = 1, 7 \end{cases}$

FIG 1

• SURPRISE: ① Who do you think will win? Correct=1; Wrong=0
② Do you think it will be close? Yes=1 No=0

SURPRISE = $\begin{cases} 4 & \text{if } \textcircled{a}=0 \ \& \ \textcircled{b}=0 \\ 3 & \text{if } \textcircled{a}=0 \ \& \ \textcircled{b}=1 \\ 2 & \text{if } \textcircled{a}=1 \ \& \ \textcircled{b}=1 \\ 1 & \text{if } \textcircled{a}=1 \ \& \ \textcircled{b}=0 \end{cases}$

FIG 2

- CONTROLS:
- ① Vote for pres party in on-year (0,1)
 - ② Party ID w/ Winner (1-7)
 - ③ Personal Income $\begin{cases} 1 & \text{if Income } \uparrow \\ 0 & \text{if Income Unch.} \\ -1 & \text{if Income } \downarrow \end{cases}$
 - ④ Incumbency $\begin{cases} 1 & \text{if incumbent of pres. party} \\ 0 & \text{if no in cumb.} \\ -1 & \text{if incumb. of opp. party} \end{cases}$

→ Mapping from controls to alternative hypotheses?

RESULTS: Table 1, Fig 3, 4, 5 Footnote 12
Footnote 11

• Footnote 10: In nested model, of turnout first then vote, "the interaction does not affect p(turnout) but

Discussion: Alternative techniques does affect "p(vote pres party) [meaning?]

Scheve & Slaughter, "... Trade-Policy Preferences."

• Classical Debate in Trade-policy Preferences hinges on Factor Mobility Across Sectors (ie, inverse, Factor Specificity)

- ① If mobile, $CA \Rightarrow HO \Rightarrow SS \Rightarrow RR$ Coalitions
- ② If not mobile, $CA \Rightarrow RV \Rightarrow$ Sector/Industry Coalitions to which S&S add ASSET-derived Preferences

INNOVATIONS: ① Measure Trade Pref's Directly (Survey)
② Add Asset-based Preferences

PAST RESULTS: Mixed

- IRWIN: '23 & '06 British Elections \Rightarrow Industry
- MAGEE: House W&M Testimony on TRA '73 \Rightarrow 17/21 Industry
- but
- Beaulieu: '88 Canadian Elections \Rightarrow Factor Survey Pref's CAFTA \Rightarrow Factor (Balistreri concurs on latter)
- RR & Midford: Coalitions \Rightarrow Factor
- Kemper & Marks: House Votes Corr. w/ Wage, but not Senate \Rightarrow factor?

ISSUES:

\rightarrow Problem w/ actions as pref's:

- \rightarrow votes
- \rightarrow lobbying
- \rightarrow coalition formation

NEED MODEL OF Pref. Agg. & Policy Form. ~~Directing~~ to get pref's from actions.

- \rightarrow Asset Ownership
- \rightarrow Direct Horse-race

ASSET-VALUE THRY: • Housing neither current-factor or current-production ^{Really?}

- Supply (short-term) perfectly inelastic & local \Rightarrow Local-demand-driven value

DATA: DEPVAR "Do you favor or oppose new limits on imports...?" (7)

[-- → What do you do w/ no responses?]
1992 NES

Assumptions/Issues:

- No reference to specific country or trade agreement
⇒ not about China's human rts, etc... [REALLY?]
- Assume resp. thinks new tariffs on comp-disad sects...
- [→ "new" ⇒ control for current level?]

INDEP VAR:

• Skill (Factor Thry): { Occupation Wage^①
Education Years

[ISSUES: ① Endog & Not Spec-Fact?]

② Human-Cap Measure Exhausts Factors?]

• Sector (R-V Thry): { Resp. Sector Net^① Export Share: $\frac{X-M}{X+M}$
Sector-Avg. Tariff Rate^②

[ISSUES
① Set to zero for Non-tradeables...?
② Tariff assumed to reveal comp-disad.
a) Endogeneity, esp. when
b) Quest. about "new" tariffs]

• ASSET: → House = 1 if Homeowner, 0 else

↙ County Exp. 1: Share of County ^{Empl.} MFG in high-tariff

↘ County Exp 2: Share of County Empl. Net-Imp. Industries

METHOD:

Multiple-Imputation Logit

(An II) Unclear

RESULTS & DISCUSSION: → Pref's & Models of Policy Formation v. Surveys

→ What Gained By All This Bi-, Tri-, & Never Full?

→ Why "simulate" when Analytic Var. Known?

→ Interactions w/ 2 of 3 terms → Good & Bad Measures in Reg.