A 344035

Political Competition

Theory and Applications

JOHN E. ROEMER

Harvard University Press
Cambridge, Massachusetts
London, England
2001

Contents

Preface *xi*

Introduction *1*

1. Political Competition over a Single Issue: The Case of Certainty *13*
   - 1.1 Citizens, Voters, and Parties *13*
   - 1.2 The Downs Model *16*
   - 1.3 The Wittman Model *28*
   - 1.4 Conclusion *36*

2. Modeling Party Uncertainty *38*
   - 2.1 Introduction *38*
   - 2.2 The State-Space Approach to Uncertainty *39*
   - 2.3 An Error-Distribution Model of Uncertainty *45*
   - 2.4 A Finite-Type Model *47*
   - 2.5 Conclusion *51*

3. Unidimensional Policy Spaces with Uncertainty *52*
   - 3.1 Introduction *52*
   - 3.2 The Downs Model *52*
   - 3.3 The Wittman Model: An Example *55*
   - 3.4 Existence of Wittman Equilibrium *61*
   - 3.5 Properties of Wittman Equilibrium *69*
   - 3.6 Summary *71*

4. Applications of the Wittman Model 73
4.1 Simple Models of Redistribution: The Politics of Extremism 73
4.2 Politico-Economic Equilibrium with Labor-Supply Elasticity 76
4.3 Partisan Dogmatism and Political Extremism 81
4.4 A Dynamic Model of Political Cycles 82
4.5 Conclusion 89

5. Endogenous Parties: The Unidimensional Case 90
5.1 Introduction 90
5.2 Average-Member Nash Equilibrium 91
5.3 Condorcet-Nash Equilibrium 94
5.4 Conclusion 101

6. Political Competition over Several Issues: The Case of Certainty 103
6.1 Introduction 103
6.2 The Downs Model 103
6.3 The Wittman Model 116
6.4 Conclusion 122

7. Multidimensional Issue Spaces and Uncertainty: The Downs Model 124
7.1 Introduction 124
7.2 The State-Space and Error-Distribution Models of Uncertainty 124
7.3 The Coughlin Model 127
7.4 The Lindbeck-Weibull Model 130
7.5 Adapting the Coughlin Model to the Case of Aggregate Uncertainty 134
7.6 Conclusion 144

8. Party Factions and Nash Equilibrium 145
8.1 Introduction 145
8.2 Party Factions 148
8.3 PUNE as a Bargaining Equilibrium 155
8.4 A Differential Characterization of PUNE 159
8.5 Regular Wittman Equilibrium 163
8.6 PUNEs in the Unidimensional Model 166
8.7 PUNEs in a Multidimensional Euclidean Model 167
8.8 Conclusion 170

9. The Democratic Political Economy of Progressive Taxation 172
9.1 Introduction 172
9.2 The Model 173
9.3 The Equilibrium Concepts 178
9.4 Analysis of Party Competition 179
9.5 Calibration 186
9.6 Conclusion 187

10. Why the Poor Do Not Expropriate the Rich in Democracies 189
10.1 The Historical Issue and a Model Preview 189
10.2 The Politico-Economic Environment 192
10.3 Analysis of PUNEs 195
10.4 Empirical Tests 198
10.5 Proofs of Theorems 202
10.6 Concluding Remark 207

11. Distributive Class Politics and the Political Geography of Interwar Europe 209
11.1 Introduction 209
11.2 The Luebbert Model 212
11.3 Testing Luebbert's Theory 218
11.4 Introducing the Communists: A Three-Party Model 230
11.5 Conclusion 241
11.6 Methodological Coda 242
Appendix 11A 244

12. A Three-Class Model of American Politics 251
12.1 Introduction 251
12.2 The Model 253
12.3 Characterization of PUNEs 254
12.4 Results 256
12.5 Conclusion 257

13. Endogenous Parties with Multidimensional Competition 259
13.1 Introduction 259
13.2 Endogenous Parties 260
13.3 Taxation and Race 261
13.4 Fitting the Model to U.S. Data 263
13.5 Quadratic Taxation 269
13.6 Private Financing of Parties 276
13.7 A Technical Remark on the Existence of PUNEs 277
13.8 Conclusion 279
13.9 Why the Poor Do Not Expropriate the Rich: Reprise 279

14. Toward a Model of Coalition Government 281
14.1 Introduction 281
14.2 The Payoff Function of a Wittman Party 282
14.3 An Example of Coalition Government: Unidimensional Wittman Equilibrium 290
14.4 Multidimensional Three-Party Politics 296
14.5 Coalition Government with a Multidimensional Issue Space: An Example 299
14.6 Conclusion 304

Mathematical Appendix 309
A.1 Basics of Probability Theory 309
A.2 Some Concepts from Analysis 318
References 323
Index 327