Policy Expectations Voting in Different Institutional Settings

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Abstract

In theory, voters should base their choice of candidates in executive elections on the policy outcomes they expect from each candidate in government rather than on the personal policy positions of the candidates. Furthermore, voters’ expectations about the relative influence of the executive in policymaking and the possibility of divided government affect voters’ decisions to assess candidates based on their personal positions or on the policies they are likely to produce in government. We develop a general voter utility function to capture voter preferences for candidates’ personal positions, the policy expectations associated with those positions, and uncertainty about the candidates’ positions and policy expectations. The utility function implies that a voter’s relative utility for a candidate increases as the policymaking influence of the executive increases, provided certain conditions are met. Also, voter utility increases as a result of divided government since divided government reduces uncertainty about policy outcomes. Finally, we derive equilibrium strategies in a two-candidate election, showing that the candidates will adopt identical positions, but not necessarily at the position of the median voter.
Introduction

In the idealized world of democratic theory – both positive and normative – people choose the candidates they will support in an election based on issues. At least in theory, the foundations of issue-voting are the expectations voters hold about the policies the government will adopt under each of the candidates. As Downs (1957, 39) writes:

When a man votes ... he makes his decision by comparing future performances he expects from the competing parties. But if he is rational, he knows that no party will be able to do everything that it says it will do. Hence he cannot merely compare platforms; instead he must estimate in his own mind what the parties would actually do were they in power.

A Downsian – or, to avoid confusion, what we call policy expectations – theory of vote choice implies that voters compare the policies they expect the competing candidates to produce if elected, rather than the candidates’ personal positions or campaign platforms. In a democratic system in which an elected official has few constraints on implementing policy, a candidate’s platform is likely to be very similar to the policies she produces. But in a democratic system based on a separation of powers and checks and balances in which multiple political institutions interact to make policy, a candidate’s personal position or electoral platform may be a poor indicator of the policies that candidate will produce in office.

Very few models of voting behavior in the political science literature examine true policy voting in line with Downs’s theory. Grofman (1985) proposes a “discounting model” where voters are aware of limitations upon candidates’ ability to enact their most preferred policies and so expect only a partial movement from the status quo in each candidate’s preferred direction. Grofman’s (1985) model represents an important step in linking institutions to voters’ behavior because it recognizes that voters consider the constraints faced by candidates after they are elected. But in Grofman’s model these constraints are modeled as a “stickiness” in the status quo that candidates have limited ability to change rather than as
an explicit institutional constraint placed on candidates by the other actors in government.

Fiorina (1988) develops a model of voting in which voters select their preferred combinations of parties across the executive and legislative branches of government. In Fiorina’s model, a voter expects that a policy outcome (X) is a convex combination of the positions of the executive (E) and legislature (L), \( X, E, L \in \mathbb{R}^1 \), such that:

\[
X = wE + (1 - w)L = w(E - L) + L
\]  

where \( w \in [0, 1] \) is the relative influence in policymaking of the executive branch. Voters’ behavior is then guided by their preference for the expected policies of government given a particular combination of legislative and executive control. Fiorina’s model marks a notable departure from traditional models of voter choice by taking seriously the impact of the separation of powers on the decisions made in the voting booth.

Alesina and Rosenthal (1995) extend Fiorina’s (1988) model (equation 1) to specify the legislative component of the model in terms of the vote shares of each party such that

\[
L = V_R \theta_R + (1 - V_R) \theta_D
\]  

where \( V_R \) is the Republican Party’s vote share or proportion of seats and \( \theta \) represents the ideal point of each party. This model is more demanding of voters than Fiorina’s because it requires not only that voters recognize the majority party in the legislature, something that roughly one-third of the American electorate is unable to do (Delli Carpini and Keeter 1996, 117), but also that they are attuned to how the degree of partisan balance in the legislature may foster or hinder compromise by allowing different minorities to sustain vetoes or “Filibaba” bills to death. We will also show below that it is an important condition in a pure policy expectations model. Furthermore, voters are presumed to vote upon their expectations of how others in the electorate will behave, voting strategically, if necessary, to achieve their preferred policy outcome. Mebane (2000) has found empirical support for a model similar to Alesina and Rosenthal’s in U.S. national elections from 1976-1996.
In Alesina and Rosenthal's (1995) two-period model of voting in a presidential election followed by a mid-term legislative election, voters balance an executive by selecting legislators of the opposite party at mid-term. But since each voter can be pivotal in at most one legislative race out of the 435 that produce a House of Representatives (leaving the Senate aside), it seems strange to believe the balancing occurs at midterm elections. In other words, a voter's ability to effect the policy position of a legislature is far lower than her ability to affect the policy position of the executive, which, strictly speaking, is not that great in the first place.\(^1\) In the model we develop below, voters choose a candidate for executive office whose policy position, constrained by that of the legislature, is closest to the voter's own, conditional upon voters' beliefs about the ideological preferences of the legislature.

Other policy expectations models of voting include Austen-Smith and Banks (1991), Lacy and Niou (1998), and Smith, Brown, Bruce and Overby (1999), Mebane (2000). The common ground in all of these models is that voters evaluate candidates based on the policies they expect those candidates to produce in office, not on the policy platforms or personal positions of the candidates.

Many theoretical questions about policy expectations models still need to be resolved. Fiorina's and Alesina and Rosenthal's models differ, for instance, with respect to the degree to which outcomes in legislative elections influence voters' perceptions of expected policy outcomes. Fiorina's model defines the policy position of the legislature as the position of the majority party. Alesina and Rosenthal, on the other hand, develop a model in which the policy position of the legislature is a function of the proportion of seats held by each party. Both models also assume that beliefs about the policy influence of the executive are constant across all voters. Grofman's model of policy "stickiness" implies that the precise policy positions of the legislature and executive may not matter as much as the position of the status quo in constraining the policy expectations voters associate with candidates. All of these models are also based on the premise that voters believe the candidates they

\(^1\)It is likely, however, that the Electoral College imposes some of the same effects upon voters' decision-making in this regard as legislative districts.
are electing have some influence over policy. But it is also possible that voters believe some office-holders have very little ability to influence policy, in which case their voting decisions may be based on choosing the candidate whose announced platform is most appealing in order to send a signal to other office-holders about the policy preferences of the electorate. In this sense, elections are less about voters' engineering policy outcomes than about revealing their policy preferences.

In this paper, we develop a decision-theoretic model of voting based on policy expectations. Our purpose is to generalize existing utility functions describing voter preferences over policy outcomes. By describing a mixed utility function in which voters are concerned about personal positions of the candidates as well as the policies they expect each candidate to produce in office, we allow for the possibility that voters will, in some institutional settings, vote based on candidates' personal positions. We also incorporate uncertainty about candidates' positions and policy expectations.

A Model of Voter Decision-Making in Different Institutional Settings

Assume voter $i$, with ideal point $V_i$, chooses between two candidates, $D$ and $R$, whose platforms the voter believes are $D$ and $R$, respectively. To simplify the model for purposes that will become clear later, assume that $V, D, R \in \mathbb{R}^1$. Since $D$ and $R$ represent candidates from the parties that compete in most U.S. elections, also assume $D \leq R$. The voter further believes that the policy outputs conditional on $D$'s and $R$'s election will be $X_D$ and $X_R$, respectively. Voter $i$’s expected utility for candidate $D$ can be written as:

$$E[U_i(D)] = -\alpha_i(V_i - E_i[D])^2 - \beta_i(V_i - E_i[X_D])^2 - \gamma_i \text{Var}_i(D) - \delta_i \text{Var}_i(X_D)$$

(3)

Where $\alpha_i, \beta_i, \gamma_i, \delta_i \geq 0$ are weights the voter attaches to each of the components in her utility function.\textsuperscript{2} There are several features of this model worth noting. First, the model

\textsuperscript{2}Lacy and Padino (1998) estimate a statistical model of voting in the 1996 U.S. presidential election
is general so as to allow voters to evaluate each candidate based only upon candidates’ positions, $D$, or policy outcomes associated with D's election, $X_D$, or some mixture of the two. Second, voters penalize uncertainty about candidates’ personal positions, $\text{Var}(D)$ and policy expectations, $\text{Var}(X_D)$.

We include terms for the candidate’s announced position as well as the policy expectations associated with that candidate since a voter may penalize a candidate for what she says as well as for what she may do in office. In a perfect world, the candidate’s personal position and the policy she would produce in office would coincide with the voter’s ideal point. But a voter penalizes a candidate for either having a personal position different from the voter’s own or for producing policies in office that differ from the voter’s ideal point.\footnote{In empirical models (e.g. Lacy and Paolini 1998), we have attached different weights to these two terms to capture potential differences in their importance to each voter.} Furthermore, if a voter believes a candidate will have no influence over policy, $\text{E}_i[X_D] = \text{E}_i[X_R]$, she may still have a preference for the candidate whose personal position is closer to her own. Because candidates may be ambiguous about their preferences, voters are not perfectly informed, and policy outcomes depend upon things other than what a candidate would like to do, we assume that the last terms are not zero.

Taking the first term of equation 3 and dropping $i$:

$$
(V - E[D])^2 = V^2 - 2VE[D] + (E[D])^2
$$

(4)

For the time being, we will ignore the third term in equation 3 and focus upon the terms that involve policy expectations. Accordingly, the second term in equation 3 can be expanded to:

$$
(V - E[X_D])^2 = V^2 - 2VE[X_D] + (E[X_D])^2
$$

(5)

Treating $w$ as a constant for each voter, the second term in equation 5 reduces to:

$$
2VE[X_D] = 2V[E[wD + (1 - w)L]]
$$

where $\alpha$ and $\beta$ are assumed identical across voters, but measures of $\gamma$ and $\delta$ are unavailable. They find that $\beta > \alpha$.\footnote{In empirical models (e.g. Lacy and Paolini 1998), we have attached different weights to these two terms to capture potential differences in their importance to each voter.}
\[ E[U_D] = \alpha \{ V^2 - 2wVE[D] + (E[D])^2 \} - \beta \{ V^2 - 2wVE[D] - 2VE[L] + 2wVE[L] + w^2(E[D])^2 + 2(w - w^2)E[D]E[L] + (1 - w)^2(E[L])^2 \} - \gamma \text{Var}(D) - \delta \{ w^2 \text{Var}(D) + (1 - w)^2 \text{Var}(L) + 2w(1 - w)\text{Cov}(D, L) \} \]  

Since we are interested in the difference in utilities between the two candidates, we can subtract the expected utility of candidate R from that of candidate D. In doing this, we assume that the weight that voter i places on the proximity of her ideal point to candidate
D is the same as the weight she places on the proximity of her ideal point to candidate R. The same logic applies to the other three weights in the model. Taking the difference in the expected utilities of the candidates produces:

\[
E[U_D] - E[U_R] = 2V\alpha [E(D) - E(R)] - \alpha \{[E(D)]^2 - [E(R)]^2\} + \\
2 w V\beta [E(D) - E(R)] - w^2 \beta \{[E(D)]^2 - [E(R)]^2\} + \\
2 \beta E(L)(w^2 - w)[E(D) - E(R)] - \gamma [\text{Var}(D) - \text{Var}(R)] - \\
w^2 \delta [\text{Var}(D) - \text{Var}(R)] + 2 \delta (w^2 - w)[\text{Cov}(D, L) - \text{Cov}(R, L)]
\]

(11)

Equation 11 implies several interesting and, in some cases, counterintuitive results about the impact on vote choice of an executive’s power, the position of the legislature, and voter uncertainty about candidate positions and policy expectations. Since at this point we take the position of the legislature, L, as independent of the voter’s behavior and are concerned only about how a voter votes in a two-candidate executive election, the utility model also provides insights into strategic choice since every voter facing a single binary vote will have a dominant strategy to vote for the candidate whose position produces the highest utility.

**Result 1** The effect of the difference between the candidates upon a voter’s expected utility for a candidate increases as the policy influence of the executive increases, provided that the voter perceives the position of the legislature to be between the ideal points of the executive candidates. (If \(E[D] < E[L] < E[R]\), then \(E[U_D] - E[U_R]\) is strictly increasing in \(w\).)

The first line of Equation 11 shows that a voter’s relative utility for a candidate is a function of the relative closeness of the voter to her perception of each candidate’s ideal point. The terms in equation 11 related to the voter’s proximity to the policy expectations (i.e. those terms weighted by \(\beta\)) are also a function of the difference between the ideal points of both candidates, only weighted by the executive’s influence over policy, \(w\). For the time being, let’s assume that we have a pure policy expectations model; that is, \(\alpha, \gamma, \delta = 0\). With no loss of generality, we also set \(\beta = 1\). Then,
\[ E[U_D] - E[U_R] = 2wV[E(D) - E(R)] - w^2([E(D)]^2 - [E(R)]^2) + 2E(L)(w^2 - w)[E(D) - E(R)] \]  
(12)

Recognizing that \([E(D)]^2 - [E(R)]^2\) can be factored into \([E(D) - E(R)][E(D) + E(R)]\), we rewrite equation 12 as:

\[ E[U_D] - E[U_R] = [E(D) - E(R)]\{2wV - w^2[E(D) + E(R)] + 2E(L)(w^2 - w)\} \]

(13)

Because \([E(D) - E(R)] < 0\) by construction, we can maximize \(E[U_D] - E[U_R]\) with respect to \(w\) by taking the partial derivative of \(2wV - w^2[E(D) + E(R)] + 2E(L)(w^2 - w)\) with respect to \(w\), setting the result equal to zero, and solving for \(w\), provided that the resulting value of \(w\) produces a negative value of \(2wV - w^2[E(D) + E(R)] + 2E(L)(w^2 - w)\).

\[
\frac{\partial [2wV - w^2[E(D) + E(R)] + 2E(L)(w^2 - w)]}{\partial w} = 2V - 2w[E(D) + E(R)] + 4wE(L) - 2E(L) \]

(14)

By setting equation 14 equal to zero, it is easy to confirm that

\[
w = \frac{E(L) - V}{2E(L) - [E(D) + E(R)]} \]

(15)

maximizes \(E[U_D] - E[U_R]\) under the following conditions:

1. \(2wV - w^2[E(D) + E(R)] + 2E(L)(w^2 - w) < 0\) so that the multiplication of this term with \([E(D) - E(R)] < 0\) means an increased utility differential in equation 12.

2. \(E(L) > \frac{E(D) + E(R)}{2}\), insuring that the second derivative of the value we were minimizing is greater than zero. Substantively, this means that the voter perceives the legislature’s position to be closer to the more conservative candidate than the more liberal candidate.

\[\footnote{We analyze only the case for maximizing the more liberal candidate’s utility differential, but the same logic holds for the conservative candidate by symmetry.}\]
3. With item 2 imposing a condition that the denominator be positive, then the numerator must also be positive, or $E(L) > V$, or else the value of $w$ would be outside of the [0,1] boundary. Substantively, this means that the voter sees the legislature as more conservative than she is.

4. Finally, $V > E(D) + E(R) - E(L)$ insures that $w$ will be less than one. These conditions imply that $E(L) > V > E(D) + E(R) - E(L)$.

This result, however, leads to some strange conclusions. To illustrate, take an example where $V = .2$, $D = .4$, $R = .6$, and $L = .9$. Under this situation, it would seem reasonable that the voter’s utility would be maximized when D has maximal power, $w = 1$, compared to any situation where D must share power with the legislature. But this is not the case under the model. From equation 15, we can see that the relative utility for D over R is maximized when $w = .875$. With the parameters set as above, the utility difference in equation 13 is .1225. If $w = 1$, that difference decreases to .120. In other words, if there are two voters with similar positions and perceptions on everything but the influence of the executive over policy, the one who believes that policy outcomes under candidate D’s administration are further away from her ideal point will get greater utility for D compared to R.\footnote{Policy outcomes when $w = .875$ and the more liberal candidate as executive will be .4625 compared with an expected outcome of .4 if $w = 1$.}

If, however, we place a restriction that $E(D) < E(L) < E(R)$, then $E(L) > V > E(D) + E(R) - E(L)$ is violated because it implies that $E(R) > E(D) + 2E(L) > E(R)$, which does not make sense unless $E(R) = E(D) + 2E(L)$. But then that violates the condition that $w$ maximizes $[E[U_D] - E[U_R]]$ only if $E(L) > [E(D) + E(R)]/2$. But if we eliminate the condition that the maximum value of $w$ cannot exceed 1, while holding the restriction that $E(D) < E(L) < E(R)$, we then get an acceptable relationship that $E(R) > E(L) > [E(D) + E(R)]/2$. This means, however, that $w$ is maximized on a value greater than 1, but implies that the effect of $w$ on the utility differential between the candidates related to the difference in ideal points between the candidates is increasing as
$w \to 1$. To illustrate, move the position of the legislature to .55, satisfying the conditions that the legislature is seen as more conservative than the voter, less conservative than R, but closer to R than D. In this case, the utility differential for D is maximized at $.35/.1 = 3.5$, clearly beyond the boundary. But when we compare the relative utility of two voters with identical perceptions, except that one believes $w = .875$, while the other thinks $w = 1$, the former voter’s utility difference is .227 compared with the latter’s of .240.

This illustrates an important part of the controversy between Fiorina (1992) and Alesina and Rosenthal (1995) concerning the majoritarianism implicit in Fiorina’s model. If we are more willing to allow majority control of the legislature to move the legislature’s ideal point outside of the positions of the party’s candidates for the executive branch, we can end up with some very puzzling results.\textsuperscript{6} On the other hand, we believe that it is overly restrictive to assume that the legislature’s ideal point is a convex combination of the party positions and, therefore, inside of the executive’s ideal points when researchers internally homogeneous positions. Particularly in state legislatures where a few senior leaders are responsible for much of the business and where their policy preferences may not be well known to the public, it is plausible that the legislature will act as though the chamber has preferences much more extreme than a governor from either party whose positions are better known by the public. It is, however, not clear to us at this time how to make the policy expectations model – and, by implication, the versions offered by Fiorina (1992) and Alesina and Rosenthal (1995) – always produces sensible results in situations where the legislature is more extreme than the executive candidates.

\textbf{Result 2} Regardless of the voter’s position, her expected utility for the liberal candidate (D) increases as the legislature becomes more conservative and decreases as the legislature becomes more liberal, and her expected utility for the conservative candidate (R) decreases as the legislature becomes more liberal. (If $E[D] \neq E[R]$, then $E[U_D] - E[U_R]$ is increasing in $E[L]$ for all $V$).

\textsuperscript{6}We recognize that Alesina and Rosenthal (1995) allow the legislature’s position to be outside of the executive’s when parties have heterogeneous positions, but we believe that our result still holds under these conditions.
We describe this result as the **direct benefit of an opposition legislature.** The third line of equation 11 includes the impact of the position of the legislature, $E(L)$. Note that $w^2 - w \leq 0$ and, by construction, $E(D) - E(R) \leq 0$. Exclude the uninteresting cases $E(D) - E(R) = 0$ or $w = 0, 1$, it is easy to see that with two negative numbers multiplied by $E(L)$, voter $i$’s utility for candidate D increases monotonically as she perceives the legislature to be more conservative, while her utility for candidate R increases monotonically as she perceives the legislature to be more liberal. This is true for all voters, no matter where they are located on the ideological space. Traditional models of policy balancing imply that moderate voters are most affected by balancing considerations (Fiorina 1988; Fiorina 1992), but our policy expectations model demonstrates that even extreme voters’ utility functions are affected, even though this effect can be overwhelmed by other parts of the utility function, such as their relative proximity to the candidates’ ideal points. In considering which voters are likely to split their tickets, this result suggests that more than just moderate voters may have incentives to vote a split ticket.

**Result 3** For any given legislature, the effect of the legislature’s position upon the difference in the voter’s expected utilities from candidates D and R is greatest when the legislature and executive have equal influence over policy. ($\partial (E[U_D] - E[U_R]) / \partial L \partial w$ is maximized when $w = .5$).

The location of the legislature becomes more important as the executive and the legislature share more influence over policy since the absolute value of $w^2 - w$ is maximized at $w = .5$ and declines symmetrically as $w$ approaches 1 (the executive has complete control over policy) or 0 (the legislature has complete control). As the executive and the legislature have more equal influence over policy, voter $i$ will have greater relative utility for candidate D with a more conservative legislature than a more liberal one, and the reverse is true for candidate R.

Again, none of this is to say that a very conservative voter will necessarily vote for a liberal executive because the legislature is more conservative. As before, other terms in the
model would still provide a negative relative utility for candidate D. Like the other results presented thus far, note that this conclusion is inherent in the pure policy expectations model where voters derive utility from a candidate’s ideal point only through its effect upon policy outcomes. By allowing voters to receive utility from proximity to candidates’ ideal points, it becomes more likely that an extremely conservative voter will support the conservative candidate no matter how conservative the legislature.

While the next two terms in equation 11 reiterate the point that voters punish uncertainty about the candidates’ positions and that punishment increases as the executive is seen as more influential, the last term implies the following result:

**Result 4** A voter’s relative utility for a candidate increases when the opposition party controls the legislature. (If $E[D] \neq E[R]$, then $E[U_D] - E[U_R]$ is increasing in $\text{Cov}(DL)$ and decreasing in $\text{Cov}(RL)$).

This result describes the *indirect benefit of an opposition legislature*. The voter’s expected utility for D increases relative to R as the covariance between D and L increases relative to the covariance between R and L. Even though the sign on the covariance is positive, $(w^2 - w)$ must be negative when $w \in (0, 1)$. Assuming that the covariance between a candidate’s position and that of the legislature is determined by whether government will be unified or divided under the candidate, then agreement suggests positive covariation or unified government, while disagreement implies negative covariation or divided government. Therefore, the last term implies that if candidate D will face an opposition legislature (negative covariance) while R will face a copartisan legislature (positive covariance), then the voter’s relative utility for D will be higher, consistent with the implication of result 2. As with the earlier implication, this effect is greatest when $w = .5$; that is when the executive and legislature share influence over policy.

This result of the policy expectations model provides some interesting insights into the American constitutional system. If voters punish candidates when ambiguity reduces voters’ certainty about the candidates’ positions, then voters may prefer divided government
because it reduces their uncertainty about policy outcomes. This finding is counterintuitive because one might think that voters would be most certain when unified actors in the executive and legislature would be able to get their preferred policies passed without having to negotiate with other actors. But this is not necessarily so.

Uncertainty about D’s position is proportional to the variance around D’s position. Uncertainty about policy outcomes under a government led by D is proportional to the variance around those outcomes. Above, in equation 9, we saw that

\[
\text{Var}(X_D) = w^2 \text{Var}(D) + (1 - w)^2 \text{Var}(L) + 2w(1 - w) \text{Cov}(D, L)
\]  

(16)

When the executive is very powerful, \( w \to 1 \), the variance surrounding outcomes will be very similar to the variance surrounding candidate D’s policy preferences. But a voter’s uncertainty about candidate D’s policy preferences will be less than her uncertainty about the policy expectations associated with a government led by D when:

\[
\text{Var}(D) < \frac{(1 - w)^2 \text{Var}(L)}{1 - w^2} + \frac{2w(1 - w) \text{Cov}(D, L)}{1 - w^2}
\]  

(17)

Because \((1 - w)^2 < 1 - w^2\) and \(2w(1 - w) < 1 - w^2\), we know that any positive contribution of either the variance of \(L\) or the covariance of \(D\) and \(L\) will be discounted relative to the variance of D’s position.

To illustrate, let’s take the case where the executive and the legislature share influence over policy, \( w = .5 \) and the policy preferences of the executive and legislature are orthogonal, \( \text{Cov}(D, L) = 0 \). In this case, for uncertainty about the candidate’s position to be less than uncertainty about policy outcomes, voters’ uncertainty about the position of the legislature would have to be more than three times greater than uncertainty about the candidate’s position. If the executive’s and legislature’s positions covary, then divided government, with a negative covariance between the executive and the legislature, works to reduce uncertainty around policy outcomes.

Empirically we do not know if voters are much more uncertain about the legislature’s policy preferences and, if so, by how much. This does suggest, however, that the separation of powers that the Framers instituted to keep policy stable across administrations may
also provide the conditions under which voters not only believe that policy is more stable within administrations as well as the conditions that encourage them to act to maintain that stability — separate, staggered elections for the legislature and the executive — assuming that they behave in line with the predictions of the policy expectations model.

The policy expectations model in this paper, like those of Fiorina (1992) and Alesina and Rosenthal (1995), provides value over the basic proximity model because voters’ utility for candidates depends not only on relative proximity to the candidates, but also on their beliefs about the executive’s influence over policy and the ideological position of the legislature. Furthermore, the policy expectations model supports previous work (Fiorina 1992; Alesina and Rosenthal 1995) arguing that voters may balance the parties in different branches of government. We extend that work by showing explicitly how the influence of the executive affects voters’ utility from voting for a divided government, and we add voter uncertainty about policy expectations, which produces new results about the effect of divided government on voters’ decision making. Finally, the policy expectations model recognizes that some people may not place any weight upon the structure of government when voting.

The policy expectations model also produces clear hypotheses about how voters will behave when presented with different institutional arrangements. Consider two degenerate cases. If the executive is a dictator ($w = 1$) who can implement whatever policy she desires, then the policy expectations associated with each candidate will coincide with their personal positions. In this case, voting based on policy expectations and voting based on personal position will be indistinguishable. If the executive is a figurehead ($w = 0$), then the policy expectations do not vary across candidates. In this case, voters may vote for candidates based on personal position as a “popularity contest” or in order to send a signal to the more potent policymaking institution about the policy preferences of the electorate. In both degenerate cases, candidate position is a more important determinant of the vote than policy expectations, and should remain mostly indistinguishable as the executive is seen as very weak or very strong.

When the executive branch has some but not total influence over policy, then policy
expectations come into play. Voters anticipate how different candidates will interact with the legislature to produce policy. Interaction with the legislature will be determined in part by whether the executive and legislature are from the same party or from opposing parties.

Candidate Strategies in a Policy Expectations Model

We now consider the positions adopted by D and R when facing a set of N voters whose voting strategies are derived from the utility function described in equation 11. Assume for convenience N is odd. A voter’s strategy set is given by \{D,R\}, meaning everyone votes for one of the two candidates, and the candidates’ identical strategy sets are to announce positions in \( \mathbb{R}^1 \). The candidate with the most votes wins the election. Since every voter faces a binary choice in a majority rule election, every voter has a dominant strategy to vote for the candidate that yields the highest utility. In the case where D and R yield the same utility to a voter, the voter randomizes with equal probability assigned to each candidate. Each candidate adopts a strategy, D and R, respectively, for candidates D and R, in order to maximize the proportion of the vote she receives. We further assume that the candidates have no prior positions and can move costlessly in \( \mathbb{R}^1 \) and that \( w \in (0,1] \) so that the candidates have some ability to influence policy.

Result 5 \((D^*, R^*)\) is a Nash equilibrium if and only if \( D^* = R^* = V^m - \frac{L}{w} + L \), where L is the position of the median legislator and \( V^m \) is the position of the median voter.

We omit the proof, but as an example of the equilibrium, suppose voters are distributed uniformly in \([0,1]\) with a legislature designated by its median member, at 0.7. Further suppose that \( w = 0.5 \). Now suppose candidates D and R locate at 0.3. Can either candidate move and do better? If candidate R moves to 0.5, then she gets the votes of all voters in \([0.55,1]\), or only 0.45 of the votes. Candidate D gets the remaining 0.55 votes. If candidate R moves to the other direction, to 0.2, then she gets the votes in \([0,0.475]\), which is less than half of the votes.
When candidates for the executive face a sitting legislature with median member \( I \), the candidates adopt the same position, but this position is not confined to the median voter, as traditional models of electoral competition suggest (Downs 1957). Instead, candidates will balance the position of the legislature. If the median legislator has a position different from the median voter, candidates will be forced away from the median as well, though in the opposite direction.

This result explains an interesting stylized fact from the past several U.S. presidential elections. In 1992, when Democrats held a majority of seats in the House of Representatives, the Democratic presidential candidate, Bill Clinton, ran as a conservative Democrat and adopted many of the policy positions of his Republican opponent, including welfare reform, reducing the deficit, and supporting free trade. In 2000, when Republicans hold a majority of seats in the House of Representatives, Republican presidential candidate George W. Bush is running as a “compassionate conservative” who is actively courting minority group voters, supporting gays in the military, favoring increased spending on education, and avoiding connections with his party in the House. Some pundits describe this as a product of changing times or changing public opinion since the early 1990s. Our model suggests the only change is the position of \( I \), which causes the candidates in the presidential election to seek positions that balance the legislature.

The model implies several interesting results, but it also implies that candidates will seek to present identical platforms to voters in order to avoid being beaten by the opponent. If \( D=R \), then voters will have no difference in utility between the two candidates, and most of the results in the first part of the paper will be uninteresting.

**Further Implications of the Results**

A fuller investigation of the policy expectations model, even beyond what we have tried to do here, is important because we believe that a well-constructed policy-based model of voting can contribute to many controversies about policy voting. Once understood better,
the model implies several additional results about policy-balancing in elections, campaign
effects, and the foundations of directional voting.

That voters cast their votes based on policy expectations rather than candidate po-
sitions is one of the cornerstones of Fiorina’s (1988, 1992) theory of divided government.
This conception of voters as hyper-rational engineers who attempt to create optimal policy
outcomes using the separation of powers has been a common criticism of Fiorina’s model.

All existing studies of the origins of divided government, and all existing tests of Fio-
rina’s policy-balancing model, focus on split-ticket voting (Alvarez and Schousen 1993;
Born 1994; Brown, Bruce, Overby and Smith 1997; Lacy 1997; Sigelman, Wahlbeck and
Buell 1997). Split-ticket voting is neither a necessary nor a sufficient condition for a person
to intentionally divide government for policy-balancing reasons. A voter who prefers divided
government may actually cast a straight ticket. If a voter expects the Republicans to control
the legislature, she may vote for a Democratic governor in order to divide the government.
But she may also vote for a Democratic legislator, whom she prefers for district service,
since she knows that her legislator’s election will not tip the balance of the legislature in
favor of Democrats. To test whether voters intentionally divide government, we should not
necessarily focus on split-ticket voting.

Divided government may also become institutionalized even if such an outcome is not
an intentional act of voters. When a slightly conservative legislature is elected, a moderate
voter may favor the policy outcome produced by a liberal governor over that produced by
a slightly conservative governor. This voter does not prefer divided government; in fact,
her ideal government is a government that is unified with both branches advocating her
ideal point. But given the policy position of the legislature, she chooses an executive who is
not necessarily the candidate closest to her ideal point. Instead, she chooses the candidate
whose policy position, combined with that of the legislature, will produce optimal outcomes.

Previous studies of the origins of divided government have constructed the policy out-
comes voters should expect from each combination of partisan control of the presidency
and Congress (Alvarez and Schousen 1993; Born 1994). Constructing policy expectations
using the midpoints of the positions of the Republican and Democratic parties in a national election may mis-represent the expectations of voters.

A second area where a policy expectations model may help our understanding of elections is with respect to campaign effects. Students of voting behavior have long been preoccupied with the effects of political campaigns on vote choice. The findings have to date point to the conclusion that if campaigns matter at all, they matter primarily to non-partisan voters in low-information races. This finding is unsettling given the great resources spent on campaigns. One reason campaigns may not matter is that the separation of powers attenuates their effect. Candidates in a separation of powers system must convince voters not only of the candidate's policy positions, but also of the feasibility of those positions given the other actors in government. Even if during a campaign a voter perceives changes in a candidate's position, the voter may not believe that the changing position will translate into different policy outcomes. In the extreme, voters may not pay attention to candidates' pronouncements since they may not believe the candidates will be able to change policy.

Finally, much controversy has appeared in the political science literature over the directional theory of voting and its explanatory power in vote choice models relative to that of the standard candidate proximity model (Rabinowitz and MacDonald 1989).\footnote{For an excellent summary and empirical critique of the controversy, see Lewis and King. (2000).} The controversy focuses on an illustration such as the following. Suppose a voter is located at 3 on a seven-point ideology scale, that a liberal candidate is located at 1 and a moderate candidate at 4. According to a candidate proximity model, the voter should vote for the moderate candidate since she is closer. According to directional theory, the voter should vote for the liberal candidate since they are on the same side of a neutral point. Further revisions of the theory hold that a voter follows this logic until a candidate falls outside of a "region of acceptability."

One problem with the directional theory of voting has been the rather arbitrary nature of the neutral point and the region of acceptability. The neutral point may be the center of a policy or ideological scale. In most U.S. elections, the status quo is rather moderate,
so the neutral point may be the current status quo. Often issue questions in the American National Election Study will make explicit that the midpoint of the scale is the status quo, such as with questions about whether certain spending programs should be increased a lot (7) or decreased a lot (1) relative to a midpoint of “stay the same.”

If the neutral point in directional voting is somewhere close to the status quo, then directional voting is observationally equivalent to voting based on policy expectations. Suppose we take the status quo or the position of the legislature as roughly equal to the midpoint of the policy scale, at, in the previous example, 4 on a seven-point scale. Then a voter at 3 may choose a candidate at 1 rather than a candidate at 4 since the voter believes that the candidate at 1 will be able to move policy only to 3 and no further, which is the voter’s ideal point. The candidate at 4, however, will keep policy at 4, thus representing a policy expectation that is farther from the voter than the policy expectation associated with the candidate at 1. The voter may appear to be voting directionally, but she is actually voting based on policy expectations. A voter may prefer an extremist on her side of an issue not for directional reasons, but because she believes the extremist can move policy, but only so far. Directional voting is then a variant of proximity-based policy expectations voting when the status quo is “sticky,” and evidence in favor of directional voting may be artifactual since policy expectations were not included in the models.
References


