I will be presenting the theory of this paper along with current research that tests the theoretical predictions.
Leadership and Pandering: A Theory of Executive Policymaking

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Abstract

We develop an informational theory that analyzes conditions under which a reelection-seeking executive will act in the public interest. The theory considers factors such as executive competence, challenger quality, and the likelihood that voters will learn the consequences of policy decisions before an upcoming election. We find that an executive who has information suggesting that a popular policy is contrary to voters' interests may or may not pander to voters by choosing it; under certain conditions, the executive can actually increase his probability of reelection by choosing an unpopular policy that is in the public interest. However, we also show that an executive will sometimes face electoral incentives to enact a policy that is both unpopular and contrary to voters' interests. We illustrate our model with examples involving President Abraham Lincoln, California Governor Earl Warren, and President Gerald Ford.

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“There are some who would be inclined to regard the servile pliancy of the Executive to a prevailing current...as its best recommendation. But such men entertain very crude notions, as well of the purposes for which government was instituted, as of the true means by which the public happiness may be promoted...When occasions present themselves, in which the interests of the people are at variance with their inclinations, it is the duty of the persons whom they have appointed to be the guardians of those interests.”
Alexander Hamilton, Federalist Paper 71

1 Introduction

In Federalist 71, Alexander Hamilton argues that a chief executive is duty-bound to support the true interests of his electorate even when these interests differ from voters’ inclinations. However, this duty presents a fundamental incentive problem: an executive’s prospects for reelection may depend on catering to voters who are potentially ill-informed about public policy. The incentive problem is exacerbated by the fact that presidents, governors, and other executives are generally privy to information not available to the public. In particular, they have advisors, privileged information on security matters, and vast bureaucratic resources dedicated to providing data on optimal policy choices. Moreover, executives often have the capacity to enact policies unilaterally, e.g., through executive orders or command of the military (Carey and Shugart 1998, Moe and Howell 1999). This combination of electoral incentives, private information, and capacity for unilateral action makes it plausible that policymaking by reelection-seeking executives will often fail to comply with Hamilton’s conception of duty.

In light of Hamilton’s injunction and the associated incentive problem, we seek to identify conditions under which a reelection-seeking executive will choose policies that are in his electorate’s best interests and when, conversely, he will try to satisfy public opinion. Specifically, we develop a game-theoretic model in which an executive has more accurate information than voters do about the expected consequences of policy choices, or what is commonly referred to as “policy expertise”
(Gilligan and Krehbiel 1987, Bawn 1995). The executive enacts a policy and then faces a challenger in an election, at which time voters may or may not have learned whether the previously chosen policy was truly in their interests. In addition, while voters know the incumbent executive has expertise, they are aware that the value of this expertise depends upon the executive's competence, which is also his private information. Thus, in our model there exist two types of agency problems: a moral hazard problem created by the electorate's inability to ensure that enacted policies reflect the public interest and a selection problem created by the electorate's incomplete information about executive competence.

Our analysis produces three main contributions. First, we characterize an executive's policy choice when his private information suggests that a popular policy option is not truly in the public interest. In this circumstance, the executive can either pandering by following popular opinion despite what he believes or he can exercise true leadership by acting on his private information and disregarding public sentiment.

Second, we show that an executive whose private information implies that a popular policy is indeed in the public interest will not necessarily enact that policy. Under certain conditions, the executive will have the incentive to enact an unpopular policy that he believes is contrary to voters’ well-being. We call this behavior fake leadership because voters cannot distinguish it from true leadership when the unpopular policy is chosen. Thus, it follows from our first two contributions that Hamilton’s conception of executive duty is marred not only by pandering but also by fake leadership.

Our third contribution is more technical; it consists of two modeling features that allow us to analyze comparative statics on executive policymaking. First, we allow incumbent and challenger quality pools to differ and thus can examine how an incumbent’s incentives to lead or pandering are affected by a perceived gap, or the lack thereof, in incumbent and challenger quality.¹ Second, in

¹Existing formal models of elected politicians' use of policy expertise do not allow for differences in incumbent
the incumbent executive in our model does not know whether voters will learn the consequences of an enacted policy before an upcoming election, and we allow the probability of such uncertainty resolution to vary as a function of the executive's policy choice. We can therefore analyze how the amount of time until the next election affects policymaking.

In addition to these two features, our model is distinct from existing electoral models for several reasons. Most importantly, the vast majority of models do not assume that an incumbent executive has private information about what policy choices best serve voter interests. Moreover, even the two models that allow incumbents and voters to have different information about optimal policy, Harrington (1993) and Downs and Rocke (1994), do not capture the phenomena we call leadership and pandering. In Harrington, the executive and voters have different beliefs, but the executive does not have more accurate information than voters. Therefore, the behavior we call leadership is not possible in Harrington's model. In Downs and Rocke, the executive does have policy expertise and hence more accurate information than voters, but voters in the Downs and Rocke model precommit to retaining or removing the executive depending on policy outcomes. Thus, by construction the executive cannot be tempted to pander to voters by enacting a policy they currently favor but that will probably produce an outcome they dislike.

Our paper proceeds as follows. In section two, we describe key components of our theory. In

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2 For reviews of relevant literature, see Fiorina and Shepsle (1989) and Fearon (1999). Many models in this literature, including those with adverse selection and moral hazard such as Banks and Sundaram (1993), build on principal-agent models from economics and assume that voters cannot observe the executive's level of effort. It is not possible to study leadership and pandering using these models because the executive does not have private information about optimal policy choices.

3 Specifically, a voter in the Harrington model will never perceive her utility as being maximized by the incumbent following his beliefs instead of enacting the policy that the voter believes is correct.

4 In a related article, Schultz (1998) focuses on informational asymmetries across executives in different countries. Voters, however, are not active players (nor are they rational) in the Schultz model.
section three, we present a basic version of our model, one that assumes the executive’s policy choice does not affect the probability that voters learn before the election whether the policy was in the public interest. We relax this assumption in section four. In section five, we provide empirical examples of true leadership, pandering, and fake leadership to illustrate each behavior and the circumstances under which it is predicted by our theory. These examples involve, respectively, President Abraham Lincoln and the Civil War, California Governor Earl Warren and Anti-Communism, and President Gerald Ford and Rhodesia. Section six concludes.

2 Theoretical Issues

Information. The most important component of our theory is information asymmetry between an incumbent executive and voters. As mentioned in the introduction, the executive in our model has private information on two key factors: (1) the relationship between policies and outcomes, and (2) his level of policy expertise.

In the model there are two possible states of the world and two possible policies, each of which is better in one state of the world. Voters have information indicating which state of the world is more likely, but the executive has additional information, the accuracy of which depends on his level of policy expertise. The executive’s information may or may not corroborate the publicly available information. For example, consider a hypothetical crisis involving a foreign country. It may be the case that the foreign country will acquiesce if confronted, in which case the optimal policy is confrontation. Alternatively, the foreign country may start a costly war if confronted, in which case the optimal policy is acquiescence. Voters might believe that the foreign country would immediately acquiesce if attacked, but the executive’s information from military and diplomatic advisors might not corroborate this belief.

We assume that the executive’s private information cannot be credibly transmitted directly to the public, an assumption that is justified if the information or the process by which it is gathered
is unobservable. For instance, as we illustrate in Section Five, at the beginning of the Red Scare a politician could not readily transmit information proving that communism did not pose an internal security threat. He could issue a report or argue through a speech that the threat was minimal to non-existent, but such claims would be subject to the criticism that existing counter-information had been omitted.

These assumptions about policy information allow for four types of executive behavior. If the executive’s private information diverges from that of the public, he can either exercise true leadership by acting on his information or he can panderm by following the public’s inclinations despite what he believes. When the executive’s private information corroborates the beliefs of the public, the executive can either be responsive by following his beliefs or he can exercise fake leadership by going against them.\(^5\) We do not claim that these four behaviors capture all possible facets of executive policymaking. Our definition of true leadership does not, for example, encompass an executive’s ability to rally citizens behind a given policy (Geer 1996), to utilize the veto (Cameron 2000), or to bargain with Congress (Sullivan 1990, Groseclose and McCarty 2001). Our goal is not to dispute the significance of these other forms of leadership but rather to provide insight into an important type that has received less attention.

Within our model, the incumbent executive and his electoral challenger may be one of two types with regards to policy expertise: high quality or low quality. High quality executives receive perfect information about the state of the world while low quality executives receive private information that, while more accurate than publicly available information, may be erroneous.\(^6\) Voters do not

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\(^5\) This distinction between pandering and responsiveness differs from other work. In particular, Jacobs and Shapiro (1999) employ intuition from a distributive politics setting and describe pandering as following centrist voters’ preferences. However, as Jacobs and Shapiro note, another word for such pandering is responsiveness. In our model, the concepts are distinct due to information asymmetry.

\(^6\) This definition of quality or competence is different from definitions used in other models, where quality is defined as having preferences aligned with voters (e.g., Fearon 1999) or being able to produce high levels of public goods for a given amount of spending (e.g., Rogoza and Sibert 1988).
know the incumbent executive’s quality but can make inferences about it when observing his policy choices. In addition, if the true state of the world becomes publicly known before the next election, voters can determine whether the incumbent made the correct policy choice. Importantly, the quality of the challenger may differ from the quality of the incumbent, and we do not assume that voters have the same prior beliefs about the incumbent’s and challenger’s quality levels.

Our assumptions about executive policy expertise reflect the fact that, while some sources of expertise are institutional, others are unique to the individual. For example, all executives have advisors and a bureaucracy that can generate policy expertise, but executives differ in their abilities to choose competent advisors and manage this bureaucracy. Therefore, like Greenstein (2000), we allow that institutional and personal factors may affect an executive’s behavior.

Interests. Voters in our model are rational, forward-looking, and policy-motivated. We assume that they have common interests and can thus be formally treated as a single representative voter. As in other models without distributive conflict among voters (e.g., Persson and Tabellini 1990, Fearon 1999) this assumption is technically useful because it keeps the formalization relatively uncluttered.

The model takes place over two time periods with an election after period one. In each period the incumbent executive chooses a policy. As described below, the key characteristic of the second period is that a high quality executive is more likely than a low quality executive to pick a policy in the public interest. This means that voters, after the first period, want to reelect high quality incumbents and remove low quality ones. Thus, the problem facing voters is inferring from an executive’s first period policy choice the probability that he is high quality.

We assume that executives receive utility by enacting policies that are in the public interest. This assumption captures two established motivations for political executives: reelection and building a legacy (Moe 1985). The executive is not purely policy-motivated; if the challenger wins the election the incumbent gets no utility from the second period policy, regardless of what policy is
chosen. Nor is the incumbent a single-minded seeker of reelection.\textsuperscript{7} He does not get any utility simply by holding office; rather, he must also build a legacy of correct policy choices. Sometimes the executive’s concern over legacy will motivate him to choose \textsuperscript{rst} period policies that he believes are correct insofar as being in the public interest. Sometimes, however, this concern will motivate him to choose \textsuperscript{rst} period policies that are probably incorrect in order to get reelected and have a second chance to choose a correct policy and hence build a legacy.

The incumbent also faces a more subtle tension, the tradeoff between short- and long-run voter evaluations. We show that, in equilibrium, the incumbent has an incentive to choose the policy the voters initially believe is correct because this will increase their estimate of the probability that he is high quality. However, once uncertainty about the true state of the world is resolved, he would most likely be better off if he had followed his private signal about which policy was in the voters’ best interest. Exactly how these tradeoffs play out depends on two key political variables: the probability that the state of the world will be revealed prior to the election and the quality of the challenger that the incumbent faces.

3 The Basic Model

Setup. In each of two time periods nature draws the state of the world; in period one \( \mathcal{A}, \mathcal{B} \) and in period two \( \neg \mathcal{A}, \neg \mathcal{B} \). States of the world are independent across time, with \( \Pr(\mathcal{A}) = \frac{1}{2} > \frac{1}{2} \). The executive’s policy choices are \( \mathcal{A}, \mathcal{B} \) in period one and \( \neg \mathcal{A}, \neg \mathcal{B} \) in period two. The “correct” policy for each period is the one that matches the state of the world, i.e., \( \mathcal{A} = \neg \mathcal{A} \) and \( \mathcal{B} = \mathcal{B} \) are correct whereas \( \mathcal{B} = \neg \mathcal{A} \) and \( \mathcal{A} = \mathcal{B} \) are incorrect. After the \textsuperscript{rst} period a representative voter chooses either to reelect the incumbent executive or to remove her from office by electing a challenger. The sequence of action is as follows:

\textsuperscript{7}At the conclusion of Section 3, we discuss the findings of the basic model when executives are primarily motivated by reelection.
1. Nature determines quality of incumbent and challenger.
2. Nature determines first period state of the world \( \omega \).
3. Incumbent observes first period signal \( s \).
4. Incumbent picks first period policy \( x \).
6. Election: voter either reelects incumbent \( I \) or elects challenger \( C \).
7. Nature determines second period state of the world \( \tilde{\omega} \).
8. Executive (\( I \) or \( C \), the winner of the election) observes second period signal \( \tilde{s} \).
9. Executive (\( I \) or \( C \), the winner of the election) chooses second period policy \( x \).

Actors and Information. There are three actors in the model, an incumbent executive \( I \), a challenger \( C \), and a representative voter \( V \). We use female pronouns for the incumbent and challenger and male pronouns for the voter.

The incumbent and challenger are either high quality (type \( H \)) or low quality (type \( L \)). The quality of each is her private information and is determined by nature. The probability that the incumbent is high quality is an exogenous parameter \( \cdot \) \( 2 \) \( (0;1) \) and the probability that the challenger is high quality is \( \circ \) \( 2 \) \( (0;1) \). We do not require \( \circ = \cdot \). If \( \circ < \cdot \); the incumbent faces a weak challenger who is ex-ante less likely than the incumbent to be high quality, so in this case we say that the incumbent is ahead of the challenger. Likewise, if \( \circ > \cdot \), the incumbent is behind the challenger.

As noted earlier, the difference between high quality and low quality executives is that a high quality executive receives more accurate information. Specifically, the executive in office in each period receives a signal \( s \in \{A; B\} \) in period one and \( \tilde{s} \in \{A; \tilde{B}\} \) in period two. A high quality executive’s signal is perfect: \( s = ! \) and \( \tilde{s} = \tilde{!} \). A low quality executive’s signal is informative but not perfect: \( \Pr(s = !| f) = \Pr(s = !| \tilde{f}) = q \) \( 2 \) \( (\frac{1}{2};1) \).\(^8\)

\(^8\)The assumption that \( q > \frac{1}{2} \) ensures that a low quality incumbent believes \( ! \) is probably \( B \) when \( s = B \). If \( q < \frac{1}{2} \)
The incumbent executive and challenger receive utility by choosing correct policies while in office. The incumbent's utility is:

\[ U_I = \begin{cases} 1 \text{ if } x = 1 \\ 0 \text{ if } x \neq 1 \end{cases} + \pm \begin{cases} 1 \text{ if reelected and } x = 1 \\ 0 \text{ if not reelected or if reelected and } x \neq 1 \\ 0 \text{ if not reelected or if reelected and } x \neq 1 \end{cases}, \]

where we assume that the discount factor \( \pm \) is strictly between zero and one.\(^9\) The challenger's utility is similar:

\[ U_C = \begin{cases} 1 \text{ if elected and } x = 1 \\ 0 \text{ if not elected or if elected and } x \neq 1 \end{cases} + \pm \begin{cases} 1 \text{ if elected and } x = 1 \\ 0 \text{ if not elected or if elected and } x \neq 1 \end{cases}. \]

Since the model ends after the second period and all executives prefer \( x = 1 \) to \( x \neq 1 \), whoever holds office in the second period will follow her signal and choose \( x = s \).\(^10\)

The voter in our model is policy motivated with utility:

\[ U_V = \begin{cases} 1 \text{ if } x = 1 \\ 0 \text{ if } x \neq 1 \end{cases} + \pm \begin{cases} 1 \text{ if } x = 1 \\ 0 \text{ if } x \neq 1 \end{cases}. \]

Of course, in deciding whether to elect the incumbent or challenger after the first period only the second part of this utility function matters; the voter votes prospectively for the candidate, I or C, who he believes is more likely to choose the correct policy in the second period. Because the executive, regardless of type, follows her signal in the second period, and because high quality executives receive better information than low quality executives, it follows that the voter elects the candidate who he believes is more likely to be high quality.

In making this choice the voter does not observe directly the quality of the incumbent. However he does observe the first period policy \( x \), which may tell him something about the incumbent's quality. In addition, we assume that with some exogenous probability \( \frac{1}{2} \) (0; 1) uncertainty about the state of the world resolves and the voter learns \( \omega \) before the election.

**Strategies and Beliefs.** For the incumbent in the first period, we specify (possibly mixed) strategies in four information sets: the incumbent is high or low quality and receives a signal \( s = A \) or \( s = B \): Let \( \frac{3}{2} \) be the probability that a type H incumbent who observes signal \( s = A \) chooses policy \( x = A \): Likewise \( \frac{3}{2} \) is the probability that a type H incumbent who observes signal \( B \) chooses policy \( A \): For type L incumbents, the corresponding strategies then a low quality incumbent always believes the state of the world is probably \( A \).\(^9\) This assumption is justified if executives have a preference, however small, for current rather than future policy.\(^10\) Our assumption that executives receive positive utility only when in office bears similarity to a result in Harrington (1992). In Harrington, campaign messages are informative if a politician receives a higher marginal value from the current policy being implemented when he holds office.
specifying the probability of choosing policy A are $\frac{3}{2}_A$ and $\frac{3}{2}_B$: Second period strategies are straightforward (executives always follow their signals) and thus we do not introduce notation to describe them.

A high quality executive's beliefs about the state of the world are trivial since she receives a perfect signal. Her strategies are also simple; she always follows her signal in the first period ($\frac{3}{2}_{H_A} = 1$ and $\frac{3}{2}_{H_B} = 0$) because under the utility function specified above the potential value of being able to choose policy in the second period never outweighs the sure utility loss incurred by choosing the wrong first period policy.

Compared to a high quality executive’s beliefs about the state of the world, those of a low quality executive are more complex. We define the low quality type’s beliefs as $\mu(A) = \Pr(\pi = A | s = A)$ and $\mu(B) = \Pr(\pi = A | s = B)$: Since a low quality executive’s signal is informative, Bayes’ Rule implies $\mu(A) > \mu(B)$.

For voters we specify strategies and beliefs in six information sets: for each possible first period policy ($x = A$ or $x = B$) uncertainty may be resolved before the election to reveal that $\pi = A$, uncertainty may be resolved to reveal that $\pi = B$, or uncertainty may not be resolved in which case we use the notation $\pi = \bar{A}$. Let the voter’s strategies in these six information sets be $o_{x=A}$; $o_{x=A}$; $o_{x=A}$; $o_{x=B}$; $o_{x=B}$; and $o_{x=B}$; the respective probabilities that the voter reelects the incumbent. Likewise, let the voter’s beliefs about the probability that the incumbent is high quality be $1_{H_A}$; $1_{H_A}$; $1_{H_A}$; $1_{H_B}$; $1_{H_B}$; and $1_{H_B}$. Because a high quality incumbent follows her signal in the first period, if uncertainty resolves and $x \neq \pi$ the voter knows that the incumbent is low quality. The equilibrium concept used is perfect Bayesian.

Results. The equilibrium depends in particular on two parameters, challenger quality $\delta$ and the probability of uncertainty resolution $\frac{1}{2}$11. To set up the equilibrium we first define cutpoints for these parameters. For $\delta$, the cutpoints are the voter’s beliefs if the incumbent always acts truthfully by

11We use “challenger quality” as shorthand for “expected challenger quality” when referring to $\delta$. 

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choosing policy $x = s$. We use the notation $¹$ for these beliefs, which play two roles in the analysis that follows. Most obviously, in equilibria where incumbents always follow their signals the $¹$’s are the voter’s posterior beliefs about incumbent quality. More subtly, the $¹$’s act as cutpoints between equilibrium regions – equilibrium behavior generally depends on the value of challenger quality $°$ relative to the $¹$’s.

Lemma 1 (Voter beliefs induced when incumbent follows signal):

$$0 = ¹_{x=A}^H = ¹_{x=B}^H < ¹_{x=A}^H < ¹_{x=B}^H < \ldots < ¹_{x=A}^H < ¹_{x=B}^H < 1$$

Proofs of Lemma 1 and other results are discussed in the appendix. Here we give brief intuition for the belief ordering, which is derived from Bayes’ Rule. The beliefs can be considered in three groups. First, if uncertainty is resolved to reveal that $x \neq !$, the voter infers that the incumbent is low quality because, as noted before, a high quality incumbent always follow her signal, which is perfect, and hence always chooses the correct policy. Thus, $¹_{x=A}^H = ¹_{x=B}^H = 0$. Second, if uncertainty is resolved to reveal that $x = !$, the voter’s belief that the incumbent is high quality is strictly greater than her ex-ante probability of being high quality because high quality executives receive better signals than low quality ones, i.e., $\cdot < ¹_{x=A}^H = ¹_{x=B}^H$. These posteriors are strictly less than 1 since low quality executives sometimes choose $x = !$.

Third, if uncertainty is not resolved, the relevant beliefs $¹_{x=A}^H$ and $¹_{x=B}^H$ are clearly greater than zero since a high quality incumbent always plays her signal. They are strictly less than $¹_{x=A}^H = ¹_{x=B}^H$, however, since the lack of resolution allows for the possibility that $x \neq !$, which can only be case if the incumbent is low quality. The ordinal relationships of $¹_{x=A}^H$, $¹_{x=B}^H$ and $\cdot$ are derived from the assumption that $A$ is the more likely state of the world and the fact that a high quality incumbent is more likely than a low quality incumbent to receive a signal that matches the state of the world. These beliefs $¹_{x=A}^H$ and $¹_{x=B}^H$ comprise the cutpoints for challenger quality in Proposition 1, which follows shortly.
The cutpoint for the probability of uncertainty resolution is $\frac{1}{2}$ which depends on a low quality executive's belief $\mu^A(B)$ when she sees $s = B$, on the probability $q$ that a low quality incumbent receives the correct signal, and on the discount factor $\pm$

Definition 1 ($\frac{1}{2}$ cutpoint): $\frac{1}{2} = \frac{2\mu^A(B); 1+q}{2q(1+\mu^A(B))}$

We now develop our first main result. For any set of parameter values there is a unique equilibrium. There are two categories of equilibria, truth equilibria and pandering equilibria. In a truth equilibrium all incumbent types always follow their signals, choosing $x = s$. In a pandering equilibrium, a high quality incumbent always follows her signal as does a low quality incumbent who receives the signal $s = A$. However, a low quality incumbent who receives the signal $s = B$ chooses the policy $x = A$ with some probability, i.e., the incumbent sometimes chooses a policy she believes is incorrect but that the voters believe is correct.

Definition 1 (i) A Truth Equilibrium is an equilibrium in which $\frac{3A}{3s = A} = \frac{3A}{3s = A} = 1$ and $\frac{3B}{3s = B} = \frac{3B}{3s = B} = 0$; (ii) A Pandering Equilibrium is an equilibrium in which $\frac{3A}{3s = A} = \frac{3A}{3s = A} = 1$; $\frac{3B}{3s = B} = 0$, and $\frac{3B}{3s = B} \in (0; 1)$:

In either type of equilibrium the incumbent will sometimes exercise true leadership by choosing $x = B$ when $s = B$. In fact, in a truth equilibrium any incumbent, whether high or low quality, exercises leadership when she receives a signal that contradicts the voter's prior. In a pandering equilibrium, a high quality incumbent always exercises leadership when $s = B$, whereas a low quality incumbent sometimes exercises leadership and sometimes panders. We characterize the equilibrium, summarized in Figure 1, for different values of challenger quality $\delta$ and the probability of uncertainty resolution $\frac{1}{2}$ relative to the cutpoints defined above.

12 The ordinal relationship $\frac{1}{2}^H_x = B < \cdot < \frac{1}{2}^L_x = B$ holds not only for truth but also pandering equilibria in the basic model, suggesting an executive's approval ratings go up in the short run whenever she chooses a policy voters believe to be in their interests. This phenomenon occurs despite the fact that voters are rational and forward-looking.

13 In the discussion that follows and in the appendix we ignore cases where $\delta$ equals one of the cutpoints or where $\frac{1}{2} = \frac{1}{2}$. Later in the paper we likewise ignore other knife edge cases for $\delta$ and $\frac{1}{2}$. These cases are omitted because they
Proposition 1 There exists a unique equilibrium. The equilibrium is a truth equilibrium if any of the following conditions holds:

1. The incumbent is far ahead of the challenger, \( \theta < \frac{1}{2} \): \( x^H_B > \frac{1}{2} \)
2. The incumbent is far behind the challenger, \( \theta > \frac{1}{2} \): \( x^H_A < \frac{1}{2} \)
3. The probability of uncertainty resolution is high, \( \frac{1}{2} > \frac{1}{2} \)

If none of these conditions holds, i.e., if the election is between the incumbent and the challenger is close and the probability of uncertainty resolution is low, the equilibrium is a pandering equilibrium.

The logic behind Proposition 1 is driven by the incentives facing a low quality executive since, as noted earlier, a high quality executive always follows her signal. Thus, to understand which type of equilibrium occurs for different parameter values, we start with truthful incumbent behavior as a baseline and then ask the question, when do electoral incentives push a low quality incumbent to pander? A full characterization of equilibrium strategies is in the appendix.

We focus on Regions II and III of Figure 1, where there is a close race between the incumbent and the challenger. Suppose that all incumbent types follow their signals as they would in a truth equilibrium. Since \( \theta < \frac{1}{2} \), \( x^H_B > \frac{1}{2} \), if uncertainty is not resolved and \( x = B \) the voter will elect the challenger, whereas if uncertainty is not resolved and \( x = A \) the incumbent will win. Thus, a low quality incumbent who thinks the state of the world is probably \( B \) could deviate from a truth equilibrium to increase her chance of being reelected in the event that uncertainty is not resolved. However, pandering in this way has two costs. First, the incumbent receives utility directly from choosing the correct period policy and since \( s = B \) she believes the correct policy is probably \( x = B \). Second, if uncertainty is resolved the incumbent wins reelection if and only if she chose the correct policy since, by Lemma 1, \( \frac{1}{2} = \frac{1}{2} \). While the cost of pandering is not affected by the probability that uncertainty is resolved, the magnitude of the second, electoral, cost does depend on \( \frac{1}{2} \). If \( \frac{1}{2} \) is high, as in Region III, a pandering incumbent is likely to be caught
and the truth equilibrium is sustained. If uncertainty is unlikely to be resolved, the incumbent is unlikely to be caught choosing the wrong policy so she would deviate from a truth equilibrium and pander by choosing \( x = A \). Thus a truth equilibrium cannot be sustained in Region II, and we find a pandering equilibrium instead.

An implication of this relationship between pandering and the probability of uncertainty resolution is that pandering should become more likely as the next election draws near. This result comports with the existence of a political-business cycle\(^{14}\) or an electoral cycle of war (e.g., Gaubatz 1991). In addition, the result is consistent with previous work that shows politicians are more representative of public opinion as a term progresses (e.g., Wright and Berkman 1986). Importantly, our result is not based on an assumption that voters are forgetful. Rather, the incumbent does not pander to public opinion early in her term because that is when she is least likely to get away with taking an action that goes against voters' interests.

In stating that pandering becomes more likely as the probability of uncertainty resolution decreases, we do not mean that a low quality executive who is in a close race always plays \( A \) when she observes \( s = B \) if the probability of uncertainty resolution is low. Rather, a pandering equilibrium involves mixed strategies by the incumbent and voter. If a low quality incumbent who sees \( s = B \) did not mix, the voter, upon observing that the incumbent enacted \( B \), would know that she is high quality and thus would reelect her. Similarly, if the voter were to play a pure strategy when uncertainty is not resolved, always reelecting incumbents who play \( A \) but not those who play \( B \), a low-quality incumbent would never follow a signal of \( B \) if the probability of uncertainty resolution were low. Thus, in equilibrium the voter mixes in one of the information sets where uncertainty is not resolved.

We now explain the truth equilibria in Regions I and IV. These equilibria at first present

\(^{14}\)See Rogo\v{s} and Sibert 1988, Rogo\v{s} 1990, Persson and Tabellini 1990, and Lohmann 1998 for different formal models of this phenomenon.
a puzzle: in a truth equilibrium an incumbent could pander to increase voters’ estimate of the probability that she is high quality, yet in Regions I and IV a low quality incumbent who is far ahead of or far behind the challenger does not deviate from a truth equilibrium even if the probability of uncertainty resolution is extremely close to zero. However, such behavior is rational. Consider an incumbent who is far ahead of a challenger, as in Region I. Even if the executive chooses \( x = B \) and thereby lowers the voter’s posterior about her quality to \( \frac{1}{1+\frac{H}{A}} \), she will still get reelected if uncertainty is not resolved because the voter believes that she is more likely than the challenger to be high quality. The only way she will lose office is if uncertainty is resolved and she chose the wrong policy \( x \neq \hat{B} \). Thus electoral incentives as well as period policy considerations make her want to maximize her probability of choosing the correct policy. The best way to do this is to follow her signal, so a truth equilibrium is sustained.

An incumbent who is far behind a strong challenger, as in Region IV, is in the opposite situation. She cannot win reelection except by choosing the correct policy. Even if she panders, she will be removed from office if uncertainty is not resolved because the voter’s truth equilibrium belief when \( x = A \) and uncertainty is not resolved is \( \frac{1}{1+\frac{H}{A}} \), which is less than the challenger’s quality \( \hat{o} \). The incumbent’s best bet for reelection is to follow her signal, try to pick the right policy, and hope that uncertainty is resolved.\(^{15}\) And her current-period policy concerns of course motivate her in the same direction.

In all four regions of Figure 1, the voter’s electoral decision has a strong retrospective \( \ddagger \)avor. If uncertainty is resolved, the voter always removes the incumbent if she chose the wrong policy and, except for extremely high values of the challenger quality parameter, reelects the incumbent if she chose the correct policy. In addition, if uncertainty is not resolved, the voter is weakly more likely to reelect an incumbent whose policy choice matches his prior belief that \( A \) is the correct policy.\(^ {16}\)

\(^{15}\)In the extreme case where \( \hat{o} > \frac{H}{1+\frac{H}{A}} \), she always loses office, but follows her signal because she prefers to pick the correct period policy.

\(^{16}\)For other work that suggests voters use retrospective cues, see Fiorina 1981, Ferejohn 1986, and Fearon 1999.
However, voting behavior differs significantly from a simple retrospective rule. For example, the most obvious retrospective rule would be to reelect the incumbent if a favorable policy outcome occurred (i.e., $x = !$) or if the incumbent enacted the voters' preferred policy option and uncertainty did not resolve (i.e., $\varphi_{x=A} = \varphi_{x=B} = \varphi_{x=A} = 1$ and $\varphi_{x=A} = \varphi_{x=B} = \varphi_{x=B} = 0$). For most parameter values this rule is inconsistent with equilibrium behavior. In Region II of Figure 1, where there is a pandering equilibrium, this rule would induce low quality incumbents to always play $A$ so that only high quality incumbents would play $B$, thereby inducing a forward-looking voter to deviate from the simple retrospective rule by always reelecting any incumbent who played $B$. In other situations, e.g., when the probability of uncertainty resolution is high and the incumbent is far ahead of or far behind the challenger, an incumbent’s policy choice alone does not reveal enough about her quality level to induce the voter to make voting decisions on the basis of the policy chosen if uncertainty does not resolve. The incentive problems created by this particular retrospective rule extend to other examples. Any retrospective-type voting rule creates incentives for incumbents, so it is difficult to justify a model of incumbent behavior by ex-ante assuming that voters engage in a particular form of retrospective voting. Our model makes it possible to determine exactly which retrospective-type voting rule will be used by a rational forward-looking voter in different situations.

It is worth noting that the basic model can be extended to analyze a broader class of executive preferences. Specifically, for $\pm$, the equilibrium in Proposition 1 still holds despite the fact that as $\pm$, the executive is almost entirely motivated by reelection, as opposed to current policy.

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17 When $\pm > 1$ the equilibrium in Proposition 1 is not necessarily unique. We have found two other types: (1) Pooling equilibria, e.g., all incumbent types play $x = A$. (2) Anti-truth equilibria, in which the incumbent goes against his signal, picking $x \neq s$, and voters reelect incumbents who successfully choose the wrong policy, i.e., the policy for which $x \neq !$.

18 We have also solved the model for the case in which the executive is entirely motivated by reelection, and the equilibrium of Proposition 1, as well as that of the subsequent Proposition 2, still holds. Neither equilibrium is unique with this assumption however.

19 For large values of $\pm$, high quality executives would be willing to sacrifice current policy for a suitably large
In analyzing comparative statics on $\pm$, as one might expect, that an executive's likelihood of pandering increases the more she cares about reelection. Specifically, $\frac{\partial \theta}{\partial \pm} > 0$. However, even as $\pm \to 1$, $\frac{\partial \theta}{\partial \pm}$ does not converge to 1. In other words, even when executives are almost completely reelection motivated and the election is close, there is still a non-degenerate range of parameters for which they will lead rather than pander. Moreover, when the election is not close (parts 2 and 3 of Proposition 1), executives still have an electoral incentive not to pander to voters as $\pm \to 1$; an incumbent who is far ahead can only lose if a policy resolves unfavorably, and an incumbent who is far behind can only win if a policy resolves favorably.

4 Asymmetric Uncertainty Resolution for Different Policies

We now extend our model to cases where the probability of uncertainty resolution differs by policy option. More formally, we define $\frac{\Theta_A}{\Theta_B} \in [0;1]$ as the probability of uncertainty resolution when $x = A$ and $\frac{\Theta_B}{\Theta_A} \in [0;1]$ as the probability of uncertainty resolution when $x = B$.

Why might the probability of uncertainty resolution depend on an executive's policy choice? Consider President Jimmy Carter's dilemma with the U.S. embassy hostages in Iran. In the spring of 1980, President Carter had the option to either attempt a hostage rescue through military action or continue diplomatic efforts aimed at securing the release of the hostages. Notwithstanding the risks surrounding a rescue plan, Carter was presumably aware that a rescue attempt's success or failure would be immediately apparent upon completion of the attempt. In contrast, it might take many months for voters to become cognizant of the success or futility of diplomatic efforts.

Introducing such asymmetric probabilities of uncertainty resolution leads to an important new chance to hold office in the future. Thus the argument previously used to show that high quality executives always follow their signals is invalid. However, for any value of $\pm$, we can apply a more subtle, equilibrium-based argument to establish that if voters use retrospective voting strategies like the ones in Proposition 1, then high quality incumbents follow their signals. The equilibrium-based argument hinges on the fact that high quality incumbents receive more informative signals than do low quality incumbents, so whenever a low quality incumbent mixes in a particular information set, high quality incumbents strictly prefer to follow their signals.
result: an executive may exercise fake leadership, choosing a policy that goes against voters’ beliefs as well as her own private signal. Specifically, a low quality incumbent who receives the signal $s = A$ chooses policy $x = B$ with some strictly positive probability. Formally, we define a Fake Leadership Equilibrium as follows:

**Definition 2** A Fake Leadership Equilibrium is an equilibrium in which $\frac{A}{H} = 1$; $\frac{A}{L} = 2$ (0; 1), and $\frac{B}{S} = \frac{B}{B} = 0$:

For brevity of exposition we focus here on a specific case: $\frac{A}{A} = 0$, i.e., uncertainty is never resolved when $x = A$. We then discuss briefly how the reasoning from this case applies to other situations where $\frac{A}{A} \neq \frac{B}{B}$.\(^{20}\)

As was the case in Proposition 1, where $\frac{A}{A} = \frac{B}{B} = \frac{A}{B}$ the type of equilibrium when $\frac{A}{A} = 0$ depends on the challenger quality and the probability of uncertainty resolution in relation to cutpoints that depend upon other parameters. The challenger quality cutpoints for $°$ are again the $¹$’s generated by incumbents following their signals as inLemma 1. The cutpoints for the probability of uncertainty resolution, however, are substantially different from those seen earlier. Since in the text we present the case where $\frac{A}{A}$ is zero, what varies is $\frac{B}{B}$, the probability that uncertainty is resolved if policy $B$ is chosen. We use the following three cutpoints for $\frac{B}{B}$:

**Definition 3** ($\frac{B}{B}$ Cutpoints): (i) $\frac{B}{i} = \frac{2 + A(B)}{2 + B(B)}$; (ii) $\frac{B}{ii} = \frac{2 + A(B)}{2 + B(B) + 1 + A(B)}$; (iii) $\frac{B}{iii} = \frac{2 + A(A)}{2 + B(A) + 1 - A(A)}$.

We now discuss equilibria when $\frac{A}{A} = 0$. It is easy to see that $\frac{B}{i} < 1$ if and only if $\frac{B}{ii} > 1$; so it is impossible to draw a figure that shows simultaneously all possible subcases in the following proposition. Either Case 1 or Case 2 has two subcases; the other has one. Figure 2 presents equilibria in a situation where $\frac{B}{i} < 1$:

**Proposition 2** There exists a unique equilibrium. There are four cases when $\frac{B}{B} = 0$:

\(^{20}\) A proposition for all values of $\frac{A}{A}$ and $\frac{B}{B}$ is available upon request.
1. The incumbent is far ahead of the challenger, \( \circ < \frac{1}{2} \). If the probability of uncertainty resolution when \( x = B \) is sufficiently high, \( \frac{1}{2} > \frac{1}{2} \); there exists a pandering equilibrium. Otherwise there exists a truth equilibrium.

2. The incumbent is close to the challenger, \( \circ \geq \frac{1}{2} \). If the probability of uncertainty resolution when \( x = B \) is sufficiently high, \( \frac{1}{2} > \frac{1}{2} \); there exists a truth equilibrium. Otherwise there exists a pandering equilibrium.

3. The incumbent is moderately far behind the challenger, \( \circ \geq \frac{1}{2} \). If the probability of uncertainty resolution when \( x = B \) is sufficiently high, \( \frac{1}{2} > \frac{1}{2} \); there exists a fake leadership equilibrium. Otherwise there exists a truth equilibrium.

4. The incumbent is extremely far behind the challenger, \( \circ > \frac{1}{2} \). In this case there is a truth equilibrium.

Proposition 2 differs in one crucial respect from Proposition 1, where the probability of uncertainty resolution was the same for either policy choice. Whereas we previously found truth equilibria whenever the challenger was not close to the incumbent, Cases 1 and 3 of Proposition 2 show that with sufficiently asymmetric probabilities of uncertainty resolution an incumbent who is far ahead or far behind may deviate from a truth equilibrium by pandering or exercising fake leadership. The incumbent engages in such pandering or fake leadership because she wants to affect the probability of uncertainty resolution and thereby the amount of additional information that voters will have when deciding whether to reelect her.

As in the previous section we discuss the logic behind the equilibrium by starting with truthful incumbent behavior and examining incentives for a low quality incumbent to deviate. First consider Case 1 of Proposition 2, where the incumbent is far ahead of the challenger, \( \circ < \frac{1}{2} \). Assuming that the voter believes the incumbent is following her signal, an incumbent who plays \( x = A \) is always reelected because uncertainty is never resolved, \( \frac{1}{2} = 0 \), and challenger quality is sufficiently low, \( \circ < \frac{1}{2} \). An incumbent who plays \( x = B \); in contrast, will not be reelected if uncertainty is resolved and \( ! = A \). The electoral incentive to pander is thus highest when \( \frac{1}{2} \), the probability of
uncertainty resolution for policy option B, is high. Thus, pandering equilibria occur in Region I of Figure 2, whereas truth equilibria occur in Region II.

In Case 2, where the incumbent faces a close challenger \( \circ \approx 2 \mu \), the incumbent has an even stronger electoral incentive to pander. As in Case 1, if the voter believes the incumbent is following her signal, an incumbent who plays \( x = B \) will lose office if uncertainty is resolved and \( ! = A \). Also like Case 1, if the voter believes the incumbent is following her signal, an incumbent who plays A is always reelected because uncertainty will not resolve and challenger quality is suitably low, \( \circ < 1^H_{x = A} \). However, in Case 2, an incumbent who plays \( x = B \) will be removed from office if uncertainty is not resolved. This makes pandering by playing \( x = A \) when \( s = B \) more attractive so, compared to Case 1, pandering is sustained for a wider range of values of \( \frac{1}{2}B \):

In Figure 2, there is a pandering equilibrium for all values of \( \frac{1}{2}B \) when \( \circ \) is close to \( \cdot \).

Case 3 of Proposition 2 characterizes behavior by an incumbent who is moderately far behind the challenger, \( \circ \approx 2 \mu \). If the voter believes that the incumbent always plays her signal, an incumbent who plays \( x = A \) is never reelected since uncertainty is never resolved and the challenger is suitably far ahead of the incumbent, \( 1^H_{x = A} < \circ \). In contrast, a low quality incumbent who plays \( x = B \) wins reelection if uncertainty is resolved to reveal that \( ! = B \). Because a low quality incumbent’s signal is imperfect she has an electoral incentive to exercise fake leadership. However, playing \( x = B \) after observing signal \( s = A \) carries a cost; it tends to produce the wrong first period policy outcome, which directly reduces the incumbent’s expected utility. The benefit of fake leadership varies with \( \frac{1}{2}B \), the probability of uncertainty resolution for \( x = B \). If \( \frac{1}{2}B \) is low, as in Region V of Figure 2, exercising fake leadership only slightly increases the incumbent’s probability of winning reelection. However, if \( \frac{1}{2}B \) is high, as in Region IV, exercising fake leadership substantially increases this probability by giving her a chance to choose a policy that proves to be correct.

Unlike the behavior of true leadership, fake leadership does not improve the expected welfare.
of the voter and thus does not encompass the type of duty that Hamilton demanded of executives; the descriptor “fake” reflects this distinction. Notably, fake leadership is not an attempt to signal that the incumbent is principled or has great confidence, but rather to signal (falsely) that the incumbent has expert information indicating voters’ beliefs are incorrect. For $\frac{1}{A} = 0$, this behavior bears some resemblance to the Downs and Rocke (1994) argument that an executive who faces a strong electoral challenge may have the incentive to “gamble for resurrection” by picking policies with a high variance in expected outcomes. However, fake leadership is different from gambling for resurrection because the former is not merely an attempt to increase the variance in the expected outcome, but also an attempt to signal the executive’s quality by affecting the likelihood that voters learn the true state of the world prior to an upcoming election. This distinction is particularly stark in the case where $\frac{1}{B}$ rather than $\frac{1}{A}$ equals zero. In such a situation, an incumbent who is far ahead and believes $A$ to be the correct policy may exercise fake leadership by enacting $B$ since uncertainty will thus not resolve before the election. Such executive behavior cannot be incorporated into the Downs and Rocke concept of gambling for resurrection since that concept requires the chosen policy to produce an outcome prior to the election.\footnote{Fake leadership when $\frac{1}{A} = 0$ also bears some similarity to the president’s decision to start a war in Hess and Orphanides (1995). In Hess and Orphanides, a president associated with poor economic outcomes will sometimes start a war so that voters can observe his superior war-management skills at work. However, the president in Hess and Orphanides can neither lead nor pander since, by construction, he never has private information on optimal policy. Moreover, when $\frac{1}{B} = 0$ fake leadership is unlike the behavior in Hess and Orphanides in that an executive who exercises fake leadership is trying to decrease, rather than increase, the amount of information available to voters.}

In the final case of Proposition 2, Case 4, the challenger is so far ahead, $\psi > \frac{1}{H_{x=B}}$, that the incumbent will never win reelection in a truth equilibrium. Thus, a low quality incumbent has no electoral incentive to pander or exercise fake leadership so she follows her signal to maximize her probability of picking the correct first period policy.

In general, results comparable to Proposition 2 can be derived if one assumes that uncertainty is never resolved when $x = B$; i.e., $\frac{1}{B} = 0$ rather than $\frac{1}{A} = 0$. In particular, an incumbent who
is far ahead may exhibit fake leadership and play B to avoid uncertainty resolution whereas an incumbent who is far behind may pander and play A to seek uncertainty resolution. The results for other cases where $\frac{1}{2}A \neq \frac{1}{2}B$ are similar to equilibria where $\frac{1}{2}A = 0$ or $\frac{1}{2}B = 0$; though if $\frac{1}{2}A$ and $\frac{1}{2}B$ are sufficiently close no incumbent who is far ahead or far behind will deviate from a truth equilibrium because the induced changes in the probability of uncertainty resolution are too small to give her much electoral benefit.\textsuperscript{22}

5 Empirical Examples

Our model identifies three types of political behavior – pandering, true leadership, and fake leadership – in which an executive’s optimal policy option is either not aligned with his private information or is out of step with public opinion. While a comprehensive empirical analysis is beyond the scope of the paper, we discuss an empirical example for each of these behaviors. (We do not discuss the fourth type, responsiveness, since the executive’s optimal option is aligned with his information and public opinion). These examples do not comprise a test of our theory, but rather serve to illustrate the predictions of our model by describing executive behavior that is consistent with them.

5.1 True Leadership: President Lincoln and the Election of 1864

On August 22, 1864 the Chairman of the Republican National Committee, Henry J. Raymond, wrote President Abraham Lincoln to urge him to offer the Confederacy a truce that would not require the emancipation of slaves. The Republican National Committee, meeting earlier that day in New York, had concluded Lincoln’s prospects for reelection in November were extraordinarily slim unless voters could anticipate a quick conclusion to the fighting (McPherson 1988, 770). As Raymond wrote:

\textsuperscript{22}The fact that we always get truth equilibria when $\theta$ is very high or low and $\frac{1}{2}A$ is close to $\frac{1}{2}B$ shows that Proposition 1’s claim that only truth equilibria exist for high or low $\theta$ when $\frac{1}{2}A = \frac{1}{2}B$ is not a knife-edge result.
“I am in active correspondence with your staunchest friend in every state and from them all I hear but one report. The Tide is setting against us...Two special causes are assigned for this great reaction in the public sentiment—the want of military successes, and the impression in some minds, the fear and suspicion in others, that we are not to have peace in any event under this administration until Slavery is abandoned...the suspicion is widely disused that we can have peace with Union if we would.”

Raymond and the Republican Committee did not place a high probability on Jefferson B. Davis accepting an offer of union with the continuation of slavery. However, they saw the offer as politically advantageous regardless of Davis’ response. If the truce were to be accepted, then the Union would be saved and the election won. If rejected, the offer would “dispel the delusions about peace that prevail in the North.” The Democratic party was viewed by the public as more willing than Lincoln to achieve peace without emancipation, thus a rejection by Davis would serve to negate this Democratic advantage.

Lincoln did not believe that offering Raymond’s proposed truce would be in his voters’ best interests. He had long argued that emancipation was necessary for the long term preservation of the Union because “those enemies [in the South] must understand that they cannot experiment for ten years trying to destroy the government, and if they fail still come back into the Union unhurt.”

Moreover, even assuming that Davis would reject the proposal, Lincoln believed it would harm the Union’s military efforts by demoralizing the 130,000 black troops fighting for the North (McPherson, 769). In a letter drafted on August 17 to a War Democrat, Lincoln explained that “the party who could elect a President on a War and Slavery Restoration platform would, of necessity, lose the

23 Letter From Raymond to Lincoln, August 22, 1864, in Nicolay and Hay (1886, 218).
24 Davis had indicated as recently as July that would only accept peace on the condition of Southern Independence (Greeley 1886, 666).
25 Letter From Raymond to Lincoln, August 22, 1864, in Nicolay and Hay (1886, 219).
26 For evidence of the publicly perceived difference between the Democratic Party and the Republicans on the issue of emancipation see McPherson (1988, 685-689) and Waugh (1997, 90-93). As of August 22, there was not yet an official Democratic nominee since the Democratic convention was to be held on August 29. (The Republican convention had been held on June 7).
27 Cited in McPherson (1988, 503) as a statement made by Lincoln during July 1862.
colored force; and that force being lost, would be as powerless to save the Union as to do any other impossible thing” (Complete Works of Abraham Lincoln 1894, 564). Finally, Lincoln believed that critical military victories would occur in the near future. According to a letter of August 26 written by a White House visitor, Lincoln supposed “the public did not properly estimate [the Union’s] military prospects, results of which would change the present current.”

The president was aware, however, that he was almost certain to lose reelection because of the ongoing war. He reportedly said to a friend at the time, “You think that I don’t know I am going to be beaten, but I do and unless some great change takes place badly beaten” (Zornow 1954, 112, emphasis original to Lincoln). This knowledge dismayed Lincoln since he very much desired reelection. He openly admitted that he had “personal vanity, or ambition” and moreover, wanted “to .finish this job of putting down the rebellion, and restoring peace and prosperity to the country” (Donald 1995, 540).

McPherson’s Pulitzer Prize-winning account of the Civil War argues that, under this electoral pressure, Lincoln considered authorizing Raymond to go to Richmond with a proposal of peace on the sole condition of Union. In a letter of instructions drafted on August 24, Lincoln directed Raymond to “propose, on behalf of this government, that upon the restoration of the Union and the national authority, the war shall cease at once, all remaining questions to be left for adjustment by peaceful modes.” Ultimately however, Lincoln decided that his electoral prospects would be best served by continuing the war, and he persuaded Raymond of this argument. On August 25, Raymond personally met with Lincoln and several of his cabinet members in Washington.

29. Even prior to Raymond’s letter, Thurlow Weed, a prominent Republican and the editor of the Albany Evening Journal, had told Lincoln (on August 10) that his reelection was impossible (Nicolay and Hay 1886, 250).
31. Other historical works (e.g., Sandburg 1939, 214-5) argue that Lincoln never considered offering a truce, but instead drafted the memo to convince Raymond the peace offer would be politically disastrous. However, even such research agrees that Lincoln believed his electoral interests would be served by not offering the truce.
As one of Lincoln’s personal secretaries described the meeting, Lincoln convinced Raymond that offering the truce “would be worse than losing the Presidential contest - it would be ignominiously surrendering it in advance.” In the end, Raymond “found the president much better informed than [the Republican Committee], and went home encouraged and cheered.”

Fortunately for Lincoln, a decisive military victory occurred with time to spare before his election. On September 2, Sherman captured Atlanta, a victory that was widely recognized at the time to portend a Union victory and Lincoln’s reelection (e.g., McPherson 1988, Donald 1995). As James Russell Lowell, the former editor of the Atlantic Monthly had written in July of 1864, “The real campaign is...in Georgia.”

The above evidence suggests that Lincoln exercised true leadership in not offering the Republican Committee’s proposed truce. Within our theory, true leadership occurs when an executive knows the correct policy with certainty or the public does not view the candidates to be of similar quality, thus causing the electoral race not to be close. For example, if an incumbent is sufficiently behind his challenger, true leadership may occur because executive’s best chance at reelection is to enact an unpopular policy and hope that it will resolve favorably before the election. Lincoln may have known with certainty that the truce should not be offered, but even if he merely believed that this policy was in voters’ interests his behavior comports with our theory. When he was likely to lose reelection as a consequence of his inability to conclude the war, he pursued the public interest by not offering the truce rather than catering to public opinion and offering it. Moreover, Lincoln’s argument that he would be “ignominiously surrendering” the election by pandering suggests that he may have understood the logic of our theory.

Naturally, we cannot completely rule out the alternative explanation that Lincoln’s decision was dictated purely by moral considerations. Disputing this view, however, is McPherson’s (1988)

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32 The personal secretary was John G. Nicolay, cited in his own work Nicolay and Hay (1886, 221).
previously discussed contention that Lincoln originally planned to offer the truce and only later decided the policy would not be in his electoral interests.\textsuperscript{34} In support of McPherson’s thesis, other research suggests that Lincoln was not above choosing war-related policies for electoral purposes. In particular, Anderson and Tullison (1991) show that Lincoln allocated troops to maximize his electoral college vote; the scholars find that the percentage of casualties in a state was negatively correlated with the electoral college votes per capita in the state.

Another explanation for Lincoln’s behavior is that he believed offering Davis the truce would cause such anger within the radical, anti-slavery wing of the Republican Party that his nomination would be revoked. In fact, Lincoln had rational reasons to fear his replacement. A group of radicals had convened in Hamilton, Ohio earlier that August and issued a call for a new convention on September 22 (Long 1994, 193). However, if Lincoln had been primarily concerned with maintaining his nomination, then he presumably would have been predisposed to accept the recommendations of the Republican National Committee. Moreover, the aforementioned report that Raymond went home “encouraged and cheered” by the information he had learned from Lincoln suggests the president had argued his policy was likely to produce a favorable election outcome in November, not merely maintain the status quo of a predicted defeat.\textsuperscript{35}

5.2 Pandering: Governor Earl Warren and the Politics of Anti-Communism

By the fall of 1950 the Red Scare had commenced. Senator McCarthy began his repeated appeals about the internal threat of communism in February that year, and these concerns were publicly salient in the following months. For example, a National Opinion Research Center survey suggests

\textsuperscript{34} Even disregarding McPherson’s contention, Lincoln’s argument to Raymond was based on electoral rationales, not moral ones (Nicolay and Hay 1886, 221).

\textsuperscript{35} A related alternative explanation is that Lincoln did not offer the truce under fear that abolitionist Republicans would vote for John C. Fremont of the newly formed Radical Democrat Party (see Zornow 1954 for a discussion of this party). However, again Raymond’s cheer after meeting with Lincoln suggests the president’s decision was not a function of maintaining the status quo of a predicted defeat.
that 79 percent of citizens believed American Communists posed at least some danger to the country, and 76 percent thought that American Communists should not have the same rights as other citizens.\textsuperscript{36} The state of California was not immune to this anti-communist fervor.\textsuperscript{37} In fact, the Republican candidate for the open California Senate seat in 1950, then congressman Richard Nixon, rallied support to his eventually successful campaign by characterizing his Democratic opponent, Congresswoman Gahagan Douglas, as “the pink lady” (Schuparra 1998, 14).

Earl Warren, then Governor of California and future Chief Justice of the United States Supreme Court, at first decried this trend of virulent anti-communism. On February 24, 1950 the regents of the University of California resolved to fire all employees, even tenured faculty, who refused to sign an oath disclaiming membership in the Communist party. The faculty strongly objected, arguing that tenure should not be revoked for this reason, and Governor Warren publicly supported their position, declaring on February 28 that “any Communist would take the oath and laugh…” (Long 1982, 57). As described in his memoirs, Warren (1977, 221-222) believed that “the whole proposal was fruitless” in terms of preventing communist subversion, and infringed upon the “…first amendment rights of freedom and expression as they applied to academic freedom.”

Yet, on September 20, only seven months after this opposition, Governor Warren proposed that all state employees, including faculty in the University of California system, sign an anti-communist oath as a condition of continued employment. He issued the proposal by personally addressing the California State legislature in a special session he had called. The stated purpose of the oath was protecting the California civil defense program from internal subversion, although the policy applied to all government employees and not just those in civilian defense (White 1982). Five days

\textsuperscript{36}Conducted in November, 1950 as a part of the survey Attitudes Toward Jews and Communism. The questions were: “At present, how great a danger do feel American Communists are to this country—a great danger, some but not too great a danger, or practically no danger?” and “Here is a statement that people have different opinions about, and I’d like to know whether you agree or disagree with it. American Communists should have the same rights as Democrats, Republicans or anyone else.”

after his speech, the legislature passed the Levering Act, which instituted Warren’s proposed oath, and the governor signed the bill on October 3 (Schuparra 1998).

Evidence suggests that Warren’s enactment of the Levering Act, and especially his proposal of it, constitutes pandering. In particular, Warren’s behavior and statements indicate he did not personally believe the act was in the public interest. First, his publicized antipathy to the University of California loyalty oath is not readily reconciled with his support for a more encompassing one. Second, Warren did not see to it that the act was fully implemented after its enactment (Long 1982). Third, as Chief Justice in 1967, Warren agreed with the majority of the Supreme Court in a decision invalidating state loyalty oaths. Finally, in his autobiography Warren (1977) details his criticism of the University of California loyalty oath and his defense of civil liberties as Chief Justice of the Supreme Court, but he does not even mention the Levering Act, casting further doubt that he believed in its efficacy.

Electoral circumstances further support the argument that Warren’s enactment of the Levering Act constituted pandering. Seeking reelection in November, the governor faced a challenge from Democrat James Roosevelt, a son of Franklin Delanor Roosevelt, and “Jimmy” had made civil defense, including internal subversion, a key focus of his campaign. For example, upon formally opening his campaign on August 30, he accused Warren of neglecting the safety of Californians and declared that they faced the “peril of creeping communism.” Warren, despite being a Republican, was vulnerable to such attacks in a large part due to his opposition to the University of California loyalty oath. Following that incident, the Los Angeles Times and Hearst papers had criticized the governor as soft on communism, and the Times had even characterized his position as defending the right of Communists to teach at the University of California (Long 1982).

If Warren had not enacted a loyalty oath and some indication of internal subversion, such as the

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communist affiliation of a state employee, had become public prior to the election, voters could have attributed the circumstance to Warren’s non-forceful approach toward communism. In contrast, assuming that Warren was correct that enacting the oath would not prevent internal subversion, voters would almost certainly not learn this was the case until after the election. In our model, when a popular policy has a much lower probability of resolving than an unpopular one, an incumbent has the incentive to pander to public opinion if he is either far ahead of his challenger or in a close electoral race. In terms of the gubernatorial race, Warren was the expected victor. As Katcher (1967, 258) summarizes, “every poll showed [Warren] holding a steady and increasing lead over Roosevelt.” Thus our model suggests that Warren had an electoral incentive to pander to public opinion.40

In particular, by proposing and signing the Levering Act, Warren reduced his political vulnerability on the issue of anti-communism. The Governor showed that he was not soft on communism but instead was willing to curb civil liberties in order to defend Californians from this apparent threat. As one historian characterizes the sequence of events, “By proposing the oath, Warren strengthened his support from the political center, which he had alienated with his public defense of the non-signers at the University of California...The oath consolidated his support among Democrats and Republicans and thus it advanced a coalition that insured his...defeat of Roosevelt” (Long 1982, 68-69). Another states more succinctly: “Warren no doubt dropped his opposition to loyalty oaths because McCarthy and heightened Cold War tensions had made attacks on communism more strident and political vital than ever” (Schuparra 1998, 13).

Among potential alternative explanations for Warren’s behavior, even seemingly plausible ones do not hold up under scrutiny. Focusing on the three that would seem most likely, we begin with the possibility that Warren proposed the Levering Act to fight off a threat from a primary challenger.

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40Because the policy choices had an asymmetric probability of resolution, our theory predicts that Warren had an incentive to pander to public opinion regardless of whether one interprets his lead as large or small.
This explanation would appear to have a great deal of merit since a primary challenger might present tougher competition than a Democrat on the issue of internal subversion. However, the dates of events do not comport with the conjecture; the California primary was held on June 6, months before the governor proposed the Levering Act. A second, similar alternative explanation is that Warren’s behavior was directed toward securing the Republican presidential nomination in 1952. Having been the vice-presidential nominee who ran with Thomas Dewey in 1948, Warren was a top contender for the 1952 nomination. However, if his policy decisions were primarily dictated by this goal, then his support of the Berkeley faculty in the spring is inexplicable. Likewise, he need not have called a special session of the legislature in order to propose the Levering Act immediately before his gubernatorial race.

A third alternative account is that Governor Warren became convinced of the necessity of loyalty oaths due to events transpiring between February and September. In particular, the outbreak of the Korean War in June might have convinced him that communism posed an increased threat to internal security. However, were this the case, Warren could have defended the Levering Act in his autobiography. Similarly, in his decision as Chief Justice to declare loyalty oaths unconstitutional, he could have indicated a willingness to allow them during an active war. Instead, the evidence suggests that even a Chief Justice who prioritized civil liberties on the bench was willing to pander to public opinion on the issue when doing so increased his electoral prospects in a California gubernatorial race.41

5.3 Fake Leadership: The Rhodesia Policy of President Ford

Perhaps the least intuitive prediction of our model is that under certain conditions, an incumbent increases his probability of reelection by pursuing a policy that neither he nor the electorate believes will resolve in the public interest. To establish an example of fake leadership, we can not rely on

41 For discussion of Warren’s commitment to civil liberties as Chief Justice, see Weaver (1967) and Powe (2000).
presidential statements; a president or ex-president is not apt to claim that he acted against public opinion and his own policy expertise in a desperate attempt to win reelection. With this in mind, we discuss fake leadership as an explanation for President Ford’s policy on Rhodesia.

In the spring of 1976, Ford was aware that he faced a significant likelihood of losing the upcoming presidential election. His job approval was consistently below fifty percent, and public opinion polls indicated that he would be defeated by frontrunners for the Democratic nomination. For example, Jimmy Carter lead Ford by 11 percentage points among registered voters.42 Foreign policy was an area of particular weakness for the President. In a survey of the national adult population, 59 percent of respondents agreed with the statement that Ford “is not very experienced in foreign affairs, and that is his weak point.”43

The situation in Rhodesia offered Ford an opportunity to achieve a foreign policy success. The white regime had been fighting rebel groups of native Africans, and these groups were beginning to pose a revolutionary threat. Ford could offer military support to a group with pro-American loyalties, but this would all but guarantee that the fighting would not resolve prior to the election. When the Ford administration had adopted a similar policy in Angola, Congress had opposed the president’s actions, dragging out the situation for over a year (Stockwell 1978).44

An alternative to military support was attempting to broker a diplomatic solution. The president had previously opposed majority rule in Southern African nations on the grounds that it would allow Marxists to gain control of the governments (Bowman 1981). Indeed, so strong was his administration’s position that an Assistant Secretary of State for African Affairs had been removed.

42 Carter lead Ford 49 percent to 38 percent in response to the question “If the election were held today and you had to choose between Jimmy Carter, the Democrat, or Gerald Ford, the Republican, for whom would you vote?” Yankelovich, Skelly and White poll conducted April 28-29, 1976.

43 Harris Survey conducted December 20-30, 1975. The beginning of the question was “Let me read you some statements that have been made about President Ford. For each, tell me if you tend to agree or disagree…”

44 In our model, we assume that advisors, such as cabinet secretaries, contribute to the quality of a candidate. In this example, we do not detail the involvement of then Secretary of State Henry Kissinger, but acknowledge that he was clearly an important player in the decision-making process.
and his replacement’s advice ignored as a result of policy differences over the question of African majority rule (Noer 1993). Ford accepted black African rule, but only by groups that were explicitly pro-capitalist and pro-American. Majority rule was not likely to generate a government with these political sentiments.45

It was therefore a great surprise when the Ford administration announced on April 27 that it would attempt to arrange for a transition to majority rule in Rhodesia. As Hyland (1987, 166) describes the policy reversal, “it was an international bombshell.” The announcement was clearly not an attempt to pander to the general electorate in the United States. An overwhelming 73 percent of the public favored staying out of conflicts in African nations including Rhodesia.46 Unless Ford actually achieved a diplomatic solution, his actions were unlikely to be of direct electoral assistance.

Unfortunately for the president, no solution was reached. Instead, as one scholar assesses, Ford’s Rhodesia policy only “contributed to the president’s image of ineptness” (Noer 1993, 771). Our model suggests that Ford behaved strategically, however. The President needed to secure a foreign policy success, and did not have another option that was both politically feasible and likely to resolve before the election. Thus, even though Ford’s previous actions suggest he did not believe the policy was in the national interest and it was unpopular, Ford was rational to pursue it.

Considering alternative explanations for Ford’s behavior, we note two possibilities and discuss why both are improbable. The first is that the Rhodesia policy was directed towards securing the Republican nomination rather than winning the presidential race. Ford did face a serious challenge from former California Governor Ronald Reagan for the nomination, and as of April

45 After the US had withdrawn military support from Angola, the Soviet Union and Cuba had aided Marxist rebel groups that then gained control of the country, and many in the administration believed a similar sequence of events would occur in Rhodesia if the US did not intervene. See Noer (1993, 780).

46 In a Roper Organization Report conducted August 28-September 4 1976, 73% of respondents favored “staying out” when presented with the statement: “There has been increasing violence and racial conflict in both Rhodesia and South Africa between the black majorities in and the white minority governments. Do you think the United States should support the black majorities in Rhodesia and South Africa, or the white minority governments, or stay out of it entirely?”
neither candidate had emerged as the victorious nominee (Witcover 1977). However, the timing of the policy announcement does not support such an account. In fact, Ford’s campaign advisers were “upset and angry” at the timing with regards to the primaries, and Ford himself recognized that his position on Rhodesia would cost him votes in these races (Hyland 1987, 167). The position was announced only four days before the Texas primary, and less than six weeks away from the final primaries of June 8. Within that time frame, a successful outcome to the Rhodesia policy was unlikely to be achieved. Nor was Ford’s position itself likely to garner him votes; Republicans tended to be even less supportive of African majority rule than the general electorate (Hyland 1987).

A second alternative explanation is that Ford had a true “conversion” in his attitude towards African majority rule. From the post-Cold War perspective, Ford’s initial opposition to African majority rule is more perplexing than his conversion. Yet we are suspicious of any conversion that occurs within months of an election on an issue over which the incumbent needs to achieve a policy success. Our finding of the electoral incentives for fake leadership provides one explanation for conversions, like Ford’s, which do not pander to public opinion.

6 Conclusion

We began by citing a passage in Federalist 71 in which Alexander Hamilton extolled the need for national executives to act in the public interest even if such behavior counters voters’ inclinations. Simply put, Hamilton called on executives to be true leaders, not panderers. Hamilton did not, it is worth noting, explain whether and under what conditions he believed executives would actually obey his injunction. Moreover, while previous studies have indicated that reelection seeking executives will not always enact policies that maximize the welfare of their constituents, such studies have not specified the conditions under which an executive with policy expertise will exercise true leadership versus pandering, and fake leadership versus responsiveness. The model developed in
this paper provides such a set of conditions.

At least one of our results should be of reassurance to Hamilton. Namely, we find that a reelection seeking executive who believes the current inclinations of voters are at variance with their interests will not necessarily pander. Depending on the electoral horizon, the strength of the challenger, and the probability that voters will learn whether he chose the correct policy before the election, he may exercise true leadership and enact the policy that is in voters’ interests.\footnote{This result is consistent with recent empirical work that suggests executives have electoral incentives to choose policies on the basis of expected outcomes (Cohen 1997, Zaller 1998).} However, our results are not all so sanguine. We also find that a rational executive may enact policies that are neither popular nor, to the best of his knowledge, in the public interest. Thus, while elections do not always encourage pandering, they may encourage other types of behavior, such as fake leadership, that Hamilton did not consider and that decrease the welfare of voters.

Our analysis suggests several avenues for future research. A natural theoretical extension would be to examine other electoral institutions. For example, our model addresses fixed elections, and these may produce different executive policy decisions than a system with no confidence votes or other endogenous mechanisms. If the executive in our model could call an election, the electorate’s evaluation of her quality might depend on the timing of elections, and this relationship would likely affect her willingness to lead or pander.

In addition, our theory could be extended to include institutional details that are particular to other contexts in which an elected or appointed official has expertise. Legislators, elected judges, school board officials, and agency heads may have more accurate information than their electorate or political superior. Similar to the executive in our model, these actors can face a tension between acting in the public interest and retaining office. Our theory provides a foundation for analyzing their policy decisions.
References


7 Appendix

This appendix .rst proves Lemma 1. We then state equilibrium details for Propositions 1 and 2 and show how to verify equilibria. Finally we state Lemmas 2-7, which establish uniqueness. In a separate appendix, available to readers upon request, we provide detailed proofs of Lemmas 2-7. There we also provide a more general result that characterizes equilibria for all values of $\frac{1}{A}$ and $\frac{1}{B}$.

Lemma 1 (Voter beliefs induced when incumbent follows signal):

$$0 = \frac{1}{A}_{x=A} \frac{1}{B}_{x=B} < \frac{1}{A}_{x=A} \frac{1}{B}_{x=B} < \cdot < \frac{1}{A}_{x=A} \frac{1}{B}_{x=B} < \frac{1}{A}_{x=1} \frac{1}{B}_{x=B} < 1$$

Proof: Because $s = !$ for a high quality executive, $\frac{1}{A}_{x=A} \frac{1}{B}_{x=B} = 0$. From Bayes’ Rule,

$$\frac{1}{A}_{x=A} = \frac{1}{A}_{x=B} = \frac{(1 \cdot \frac{1}{A})}{(1 \cdot \frac{1}{A})}$$
$$\frac{1}{A}_{x=A} = \frac{1}{A}_{x=B} = \frac{1}{A}_{x=A} + (1 \cdot \frac{1}{A})$$

and the inequalities follow from algebra.

In the following detailed statements of the propositions, we use the terminology introduced in the main text: in a truth equilibrium $\frac{3}{A}_{x=A} = \frac{3}{A}_{x=B} = \frac{3}{A}_{x=A} = 1$ and $\frac{3}{A}_{x=B} = \frac{3}{A}_{x=B} = 0$; in a pandering equilibrium $\frac{3}{A}_{x=A} = \frac{3}{A}_{x=B} = 1$; $\frac{3}{A}_{x=A} = 0$ and $\frac{3}{A}_{x=B} = 2 (0; 1)$; and in a fake leadership equilibrium $\frac{3}{A}_{x=A} = 1$; $\frac{3}{A}_{x=A} = 2 (0; 1)$ and $\frac{3}{A}_{x=B} = \frac{3}{A}_{x=B} = 0$: Two details regarding the propositions are worth noting. First, as justified in the text, we ignore knife-edge values for $\frac{1}{A}$ and $\frac{1}{B}$ such as $\frac{1}{A} = \frac{1}{B}$.

Second, when we say that an equilibrium is unique we mean that it is observationally unique. For...
Cases 1(a)i and 2(a)i of Proposition 2, a variety of beliefs and strategies can be used by the voter in information sets not reached in equilibrium.

Proposition 1 When $\frac{1}{2}A = \frac{1}{2}B$, there is a unique equilibrium.

1. For $^\circ 2 (1_H^x \neq B)$ there is a truth equilibrium with $\circ x = A = \circ x = B = \circ x = A = \circ x = B = 1$ and $\circ x = A = \circ x = B = 0$.

2. For $^\circ 2 (1_H^x \neq A, 1^H_x)$
   (a) If $\frac{1}{2} > $ there is a truth equilibrium with $\circ x = A = \circ x = B = 1$ and $\circ x = A = \circ x = B = 0$.
   (b) If $\frac{1}{2} < $ there is a pandering equilibrium.
      i. If $^\circ 2 (1_H^x \neq B)$ then $\circ x = A = \circ x = B = 0$ and $\circ x = A = \circ x = B = 1$.
      ii. If $^\circ 2 (1_H^x \neq A)$ then $\circ x = A = \circ x = B = 0$ and $\circ x = A = \circ x = B = 1$.

3. For $^\circ 2 (1_H^x \neq A, 1)$ there is a truth equilibrium.
   (a) If $^\circ 2 (1_H^x \neq B)$ then $\circ x = A = \circ x = B = 1$ and $\circ x = A = \circ x = B = 0$.
   (b) If $^\circ 2 (1_H^x \neq A, 1)$ then $\circ x = A = \circ x = B = 0$.

In Proposition 2 $\frac{1}{2}A = 0$, i.e., uncertainty never resolves for $x = A$; so we omit strategies and beliefs for information sets in which $x = A$ and uncertainty resolves to reveal that $! = A$ or $! = B$.

Proposition 2 When $\frac{1}{2}A = 0$ there is a unique equilibrium.

1. For $^\circ < $ there is a pandering equilibrium.
   (a) If $\frac{1}{2} > $ there is a pandering equilibrium.
      i. If $^\circ < $ then $\circ x = A = \circ x = B = 0$.
      ii. If $^\circ > $ then $\circ x = A = \circ x = B = 0$. 

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(b) If $\frac{1}{\bar{B}} < \frac{1}{\tilde{B}}$, there is a truth equilibrium with $\varrho_{x=A} = \varrho_{x=B} = \varrho_{x=B} = 1$ and $\varrho_{x=A} = 0$: 

$$
\mu = \prod_{x=A} \frac{1}{\varrho_{x=A}}.
$$

2. For $\circ = 2$, let $1^H_x = 1^H, 1^H_x = 1^H, 1^H_x = 1^H, 1^H_x = 1^H$.

(a) If $\frac{1}{\bar{B}} > \frac{1}{\tilde{B}}$, there is a truth equilibrium with $\varrho_{x=A} = \varrho_{x=B} = 1$ and $\varrho_{x=B} = 0$:

$$
\mu = \prod_{x=A} \frac{1}{\varrho_{x=A}}.
$$

(b) If $\frac{1}{\bar{B}} < \frac{1}{\tilde{B}}$, there is a pandering equilibrium.

i. If $\circ < \frac{1}{2} $ and $\frac{1}{\bar{B}} > \frac{1}{\tilde{B}}$, then $\frac{1}{\tilde{B}} = \frac{1}{\tilde{B}}$: $\varrho_{x=A} = \varrho_{x=B} = 1$; $\varrho_{x=B} = 0$; and $\varrho_{x=A} = 1$.

ii. If $\circ > \frac{1}{2}$ and $\frac{1}{\bar{B}} > \frac{1}{\tilde{B}}$, then $\frac{1}{\tilde{B}} = \frac{1}{\tilde{B}}$: $\varrho_{x=A} = \varrho_{x=B} = 1$; $\varrho_{x=B} = 0$; and $\varrho_{x=A} = 1$.

iii. If $\circ > \frac{1}{2}$ and $\frac{1}{\bar{B}} < \frac{1}{\tilde{B}}$, then $\frac{1}{\tilde{B}} = \frac{1}{\tilde{B}}$: $\varrho_{x=A} = \varrho_{x=B} = 1$; $\varrho_{x=B} = 0$; and $\varrho_{x=A} = 1$.

iv. If $\circ = 2$, then $\frac{1}{\tilde{B}} = \frac{1}{\tilde{B}}$: $\varrho_{x=A} = \varrho_{x=B} = 1$; $\varrho_{x=B} = 0$; and $\varrho_{x=A} = 1$.

3. For $\circ = 2$, let $1^H_x = 1^H, 1^H_x = 1^H, 1^H_x = 1^H, 1^H_x = 1^H$.

(a) If $\frac{1}{\bar{B}} > \frac{1}{\tilde{B}}$, there is a fake leadership equilibrium.

i. If $\circ < \frac{1}{2}$ and $\frac{1}{\bar{B}} > \frac{1}{\tilde{B}}$, then $\frac{1}{\tilde{B}} = \frac{1}{\tilde{B}}$: $\varrho_{x=A} = \varrho_{x=B} = 1$; $\varrho_{x=B} = 0$; and $\varrho_{x=A} = 1$.

ii. If $\circ > \frac{1}{2}$ and $\frac{1}{\bar{B}} > \frac{1}{\tilde{B}}$, then $\frac{1}{\tilde{B}} = \frac{1}{\tilde{B}}$: $\varrho_{x=A} = \varrho_{x=B} = 1$; $\varrho_{x=B} = 0$; and $\varrho_{x=A} = 1$.

4. For $\circ > 1$, there is a truth equilibrium with $\varrho_{x=A} = \varrho_{x=B} = \varrho_{x=B} = 0$.

A full proof for Propositions 1 and 2 is available upon request. Here we provide an overview.

To establish an equilibrium, we must check: (1) Incumbent strategies are optimal given voter strategies. (2) Incumbent strategies are feasible, i.e., $\exists_{x=A} 2 [0, 1]$ and $\exists_{x=B} 2 [0, 1]$; (3) Voter beliefs are consistent with Bayes’ Rule. (4) Voter strategies are optimal given voter beliefs. (5) Voter strategies are feasible, i.e., $\exists_{x=x} 2 [0, 1]; 8x_0^2 fA; B g$ and $8! 2 fA; B; âg.$
The proofs for different subcases of Propositions 1 and 2 are tedious though straightforward. As an example we show here the details for Case 2(b) of Proposition 1. The other cases are quite similar. In Case 2(b) of Proposition 1, \( \frac{1}{2} < \frac{3}{4} \) for \( x = B \), \( \frac{3}{4} \) if \( x = A \), \( \frac{1}{3} = \frac{1}{3} = \frac{1}{3} = 1 \); \( \frac{4}{3} = 0 \); \( \frac{4}{3} = \frac{4}{3} = \frac{4}{3} = 1 \); \( \frac{4}{3} = \frac{4}{3} = 0 \), and \( \frac{4}{3} = \frac{4}{3} = 0 \). We use the notation \( u^H(x = A) = u^A(x = B) \) to denote a type \( A \) executive's expected utility from playing strategy \( x^0 \) given a signal \( s^0 \). We use similar notation for a type \( B \) executive.

(1) For a type \( A \) incumbent who sees \( s = A \), \( u^A(x = A) = u^A(x = B) \) because \( 1 + \frac{1}{2} q \) for \( x = A \), \( \frac{1}{2} q + \frac{1}{2} q \) for \( x = B \), \( \pm(1 - q) \) for \( s = A \), \( 2 \frac{2}{3} q + 1 \) for \( s = B \). A similar calculation shows that \( u^H(x = B) \) is optimal.

For a type \( B \) incumbent who sees \( s = B \), mixing is optimal since either policy choice gives her the same expected utility:

\[
\begin{align*}
\mu^B(B) + \pm q(1 + \frac{1}{2} q) &= 1 \mu^B(B) + \pm q(1 + \frac{1}{2} q) \\
&= \pm q \mu^B(B) + \pm q 2 \mu^B(B) + 1 + \pm q 2 \frac{1}{3} q(1 + \frac{1}{3} q) \mu^B(B) \\
&= \pm q \mu^B(B) + \pm q \mu^B(B) \\
&= \mu^B(B) + \pm q \mu^B(B).
\end{align*}
\]

For a low type who sees \( s = A \), we need \( \frac{4}{3} = \frac{4}{3} = 1 \) to be optimal, i.e.,

\[
\begin{align*}
\mu^A(A) + \pm q(1 + \frac{1}{2} q) &= 1 \mu^A(A) + \pm q(1 + \frac{1}{2} q) \\
&= \pm q \mu^A(A) + \pm q \mu^A(A) \\
&= 2 \mu^B(B) + 2 \mu^A(A) + 1 + \pm q \mu^A(A).
\end{align*}
\]

which holds since \( \mu^A(A) > \mu^B(B) \):

For (2), we only need check \( \frac{4}{3} = \frac{4}{3} = 0 \); we need \( \pm q \mu^A(A) + \pm q \mu^A(A) \), i.e.,

\[
\begin{align*}
\mu^A(A) + \pm q(1 + \frac{1}{2} q) &= 1 \mu^A(A) + \pm q(1 + \frac{1}{2} q) \\
&= \pm q \mu^A(A) + \pm q \mu^A(A) \\
&= 2 \mu^A(A) + 1 + \pm q \mu^A(A) \\
&= \mu^A(A).
\end{align*}
\]

It is less than one since all terms in the expression are greater than zero. For \( \frac{4}{3} = 0 \), we need \( (1 - q) ) = (1 - q) \), \( (1 - q) ) = (1 - q) \), i.e.,

\[
\begin{align*}
\mu^A(A) + \pm q(1 + \frac{1}{2} q) &= 1 \mu^A(A) + \pm q(1 + \frac{1}{2} q) \\
&= \pm q \mu^A(A) + \pm q \mu^A(A) \\
&= 1 \mu^A(A).
\end{align*}
\]

which holds in Case 2(b).
For (3) and (4) we apply Bayes' Rule to get voter beliefs and show that voter strategies are optimal. Since $x = s = !$ for high type executives, $^1H_{x=A ! = B} = 0$ and $^0_{x=A ! = B} = 0$ are optimal. For $^1H_{x=A ! = A}$; Bayes' Rule implies

$$^1H_{x=A ! = A} = \frac{h \cdot \frac{1}{4}}{\frac{1}{4} + (1 i \cdot \frac{1}{4} (1 i q) + (1 i \frac{1}{4} q) + (1 i \frac{1}{4} q) \cdot (1 i \frac{1}{4} q)} = \frac{(1 i \frac{1}{4})(1 i \frac{1}{4})}{(1 i \frac{1}{4}) + (1 i \frac{1}{4})}$$

which is greater than $^o$ since $\cdot >^o$ in Case 2(b)i: Since $^1_{x=A ! = A} = 0$ and $^1_{x=A ! = A} >^o$, we also know $^1_{x=A ! = A} >^o$. Thus $^0_{x=A ! = A} = 0 = 1$ are optimal strategies. For $^1H_{x=B ! = A}$; Bayes' Rule implies

$$^1H_{x=B ! = A} = \frac{h \cdot \frac{1}{4}}{\frac{1}{4} + (1 i \cdot \frac{1}{4} (1 i q) + (1 i \frac{1}{4} q) \cdot (1 i \frac{1}{4} q)} = \frac{(1 i \frac{1}{4})(1 i \frac{1}{4})}{(1 i \frac{1}{4}) + (1 i \frac{1}{4})}$$

so mixing is optimal in this information set. For the final information set, $^1H_{x=B ! = A}$ and $^0_{x=B ! = A}$ imply $^1H_{x=B ! = A}$, so $^0_{x=B ! = A} = 1$ is optimal.

For (5), we need only check $^0_{x=B ! = A} = \frac{2\hat{A}(B) + 1 - 2\sqrt{q}}{2} \hat{g}(1 i \hat{A}(B)) = (0; 1)$: For $^0_{x=B ! = A}$, we need $2\hat{A}(B) i + 1 - 2\sqrt{q} q(1 i \hat{A}(B)) = 0$ which holds since in Case 2(b)i of the proposition, $\frac{1}{2} = \frac{1 - 2\sqrt{q} q(1 i \hat{A}(B))}{2}$. For $^0_{x=B ! = A}$, we need $2\hat{A}(B) i + 1 - 2\sqrt{q} q(1 i \hat{A}(B)) = 0$ which holds since $2\hat{A}(B) < 1$ and $\frac{1}{2} = \sqrt{q}$ and $q$ are all between 0 and 1: $\hat{A}$

We now present a sequence of lemmas that establish equilibrium uniqueness. These lemmas apply for any values of $\frac{1}{2}$ and $\frac{1}{2}$; Proofs of the lemmas (besides the last one) are straightforward, and all proofs are available upon request. The lemmas are easiest to prove by adopting the following assumption, which eliminates some possible out-of-equilibrium beliefs and strategies for the voter, but doesn’t affect equilibrium behavior.

Assumption 1 If an information set $x_02 f A; B g; ! 02 f A; B; A g$ is never reached in equilibrium, the voter’s belief in that information set is $^1H_{x=A ! = 0} = 0$.

Lemma 2 (Low type executive beliefs) Low type executive beliefs about the probability that $! = A$ given a signal $s_2 f A; B g$ obeys $0 < 1 i \hat{A}(A) < \hat{A}(B) < \frac{1}{2} < 1 i \hat{A}(B) < \hat{A}(A) < 1$: 43
Lemma 3 (High type executive strategies) In all perfect Bayesian equilibria, high type executives follow their signals with probability one: \( \frac{3_A}{3_S} = 1 \) and \( \frac{3_B}{3_S} = 0 \).

Lemma 4 (Voter beliefs and strategies when \( x \neq 6 \)) In all perfect Bayesian equilibria \( \frac{1^H_x}{x=B} = 0 \) when defined by Bayes' Rule. Also, \( \frac{1^H_x}{x=A} = 0 \), i.e., the voter rejects the incumbent with probability one when \( x \neq 6 \).

Lemma 5 (Low type executive strategies) In all perfect Bayesian equilibria,

1. \( \frac{3_A}{3_S} = \frac{3_A}{3_S} = 1 \)

2. \( \frac{3_A}{3_S} = 2 \) \((0;1)\) implies \( \frac{3_A}{3_S} = 1 \)

3. \( \frac{3_B}{3_S} = 2 \) \((0;1)\) implies \( \frac{3_B}{3_S} = 0 \)

Lemma 6 (Equilibrium categories) All perfect Bayesian equilibria fall into one and only one of the following categories:

1. \( \frac{3_A}{3_S} = \frac{3_A}{3_S} = 1 \) and \( \frac{3_B}{3_S} = \frac{3_B}{3_S} = 0 \) (truth equilibria)

2. \( \frac{3_A}{3_S} = 1 \), \( \frac{3_A}{3_S} = 0 \), \( \frac{3_A}{3_S} = 1 \), and \( \frac{3_B}{3_S} = 2 \) \((0;1)\) (pandering equilibria)

3. \( \frac{3_A}{3_S} = 1 \), \( \frac{3_A}{3_S} = 0 \), \( \frac{3_A}{3_S} = 2 \) \((0;1)\), and \( \frac{3_B}{3_S} = 0 \) (fake leadership equilibria)

Lemma 7 (Equilibrium uniqueness) For generic parameter values, if there exists an equilibrium there exists no other equilibrium with different incumbent strategies.

The intuition for this final lemma goes as follows. Suppose we have an equilibrium. In any alternative equilibrium, low-quality incumbents must be either more likely to play A or more likely to play B. In the first type of alternative equilibrium, playing A more often lowers voter beliefs about the quality of incumbents who play A; thereby making re-election less likely for incumbents who play A and making low quality types unwilling to play A. The second type of alternative equilibrium is undermined by similar reasoning.
Figure 1: Equilibria in basic model

Figure 2: Equilibria with asymmetric resolution, $\rho_A = 0$