6
Educating Voters

In the last two chapters, we have examined how interest groups can use their knowledge of the policy environment to lobby policy makers and potentially influence their choices. Policy makers are not the only targets of the lobbying waged by special interests. Groups also aim their educational campaigns directly at the public. The voting public — even more so than politicians — often lacks the in-depth knowledge of the policy issues that is needed to evaluate alternative policy options. An individual voter has little incentive to collect such information, because her vote is so unlikely to make the difference in the election. To the extent that interest groups can make information available to voters at little or no cost to them, the voters should be keen to have it.

The interest groups, for their part, should be eager to provide policy-relevant information to voters. In so doing, a group can try to portray the issues in a light that is favorable to its cause. Many interest groups seek to shape public opinion by advertising in the media, by undertaking mass mailings, and sometimes by waging highly visible demonstrations and protests. Some groups also target communications to more narrow audiences. Organizations can deliver information to specific groups — such as their own rank-and-file members and others who might be sympathetic to their cause — by advertising in trade publications and special-interest magazines, by conducting directed mailings, and by engaging in personal communication at membership meetings and social gatherings.

As with their efforts to advise policy makers, SIGs can educate voters with messages that are directly informative or indirectly so. A directly informative message might describe, for example, the voting records of the candidates or the alleged facts about a policy issue. An indirect message is one that contains no specific content, but conveys information because it demonstrates the group's willingness to bear an avoidable expense. In this chapter, we focus on costless communication, following the approach we took in Chapter 4. Costly signalling could also be studied in a manner similar to Chapter 5, but we leave this extension to the interested reader.

We begin by examining situations in which an organized group supplies information to a broad audience of voters. We endow the group with information that bears on the welfare effects of a policy instrument. In particular, the organization can gauge what level of the policy would be best for its members and how these members would fare under alternative policy options. The organization's information might also be relevant to voters who are not members of the group, but typically it will be less informative for these others.

Consider first how the members of an interest group will interpret messages from their organization. If the political objectives of an organization and all of its members were exactly the same, then the members would be able to take the organization's claims at face value. However, typically this will not be the case. When the leaders of a SIG pursue the group's collective interest, they will wish to have all members of the group vote for the party whose platform better serves the membership. But individual members will casts their votes so as to further their personal political goals. When the members of a group hold differing views on some issues, they will not all be inclined to vote the same. In the event, the leaders will be tempted to misrepresent their information so as to fool some members into voting for a party that would not be their choice if they were fully informed. Of course, astute members will recognize the leader's incentives and will not be fooled. But the possibility of misrepresentation colors what information the organization can communicate.

The divergence in political interests between an organization and the public-at-large will, if anything, be greater than that which separates the leadership from its members. Still, the credibility issues that arise are similar for the two audiences. A voter who is not a member of the group also must ask herself whether the group's claims about the policy environment can be trusted. If so, she should use the information to update her beliefs about the issues. The extent of updating will depend, of course, on how relevant the organization's information is to her own concerns.

The incentive that an organization has to misrepresent the policy environment makes the timing of its communication important for determining what information it can convey. If an educational campaign takes place before the parties have announced their positions on the issues of concern to the SIG, the organization must anticipate the response of the politicians to its messages. In contrast, if the campaign comes closer to the time of the election, the organization may be able to observe the parties' positions and use its public messages to steer the voting. In Section 6.2, we study the effects of information provided to voters before the parties have announced their positions on an issue of concern to the group, whereas in Section 6.3, we examine public pronouncements that take place after the parties' positions are known.

Section 6.4 focuses on campaign endorsements. Endorsements are a particularly simple type of message that some SIGs issue after the candidates have taken their positions. In an endorsement, a group designates one candidate or another as its preferred choice in the election. The common use of endorsements may be explained by the ease with which these messages can be communicated and by the relatively low cost they impose on the recipients. But, as we shall see, an endorsement sometimes can provide as much information as a more detailed message, considering the credibility problem that exists once the parties' positions are known.

The last part of this chapter deals with information that interest groups target to more narrow audiences. In particular, we discuss the efforts that an organization might make to educate its members about the policy environment and about the relative merits of the different candidates for office.

6.1 The Election

To begin, we need a model of an election with imperfectly informed voters. We develop a model similar to the one we used in Chapter 3. There are two political parties that are vying for control of a legislature. Each party holds some immutable positions on a set of issues of immediate concern. But there is another matter on the political agenda about which the parties' views are more pliable. We assume that the parties choose their positions on this issue in order to maximize their chances of capturing a majority. The party that wins a majority of the votes will implement its platform after the election.

The voters begin with an imperfect understanding of the pliable policy issue. In particular, each voter does not know what policy level would best serve her own personal interests. A SIG represents a group of voters whose welfare will be affected similarly by the pliable policy. The central organization has information that bears on the welfare effects of the various options. The organization endeavors to educate the public in a way that promotes the collective welfare of its members.

6.1.1 The Voters

There are two types of voters, those who are members of the interest group and those who are not. We refer to the latter as the "general public" or the "public-at-large." The interest group represents individuals who will be affected similarly by the pliable policy, whereas the general public comprises individuals with a variety of interests in the matter. Voters hold diverse views about the remaining policy issues, whether they are members of the SIG or not.

Let π_S denote the ideal pliable policy for a member of the interest group.[1] A typical group member i has a utility function $u_{iS} = -(p - \pi_S)^2 + v_{iS}$, where p is the pliable policy that is implemented after the election and v_{iS} is the member's evaluation of the outcomes in the remaining policy areas. Notice that the members have heterogeneous preferences regarding policies other than p (as reflected by the subscript i on v_{iS}), but all wish to have the pliable policy as close to their common ideal level as possible. A voter i who is not a member of the SIG has an ideal pliable policy of π_{iP} (here, "P" stands for public-at-large). This voter has a utility function $u_{iP} = -(p - \pi_{iP})^2 + v_{iP}$.

Every SIG member has a limited understanding of the pliable policy issue. Specifically, the members do not know what level of the policy instrument would best serve their interests. This lack of information translates into uncertainty about π_S. The members have some prior beliefs about what pliable policies would be likely to serve them well. We suppose that members of the group initially view their ideal pliable policy as the realization of a random variable, $\tilde{\pi}_S$, the distribution of which indicates the perceived likelihood of different values.

[1] We use an "S" subscript throughout this chapter to denote a variable relating to a member of the SIG.

The group members may update their beliefs about the policy environment based on information they receive from their leaders.[2] On election day, each SIG member casts her vote so as to maximize $Eu_{iS} = E\left[-(p - \tilde{\pi}_S)^2 + v_{iS}\right]$, where the expectation is taken over her election-day beliefs about the distribution of $\tilde{\pi}_S$ as well as her beliefs about how her own vote will affect the outcome of the election.

Voters who are not members of the interest group also are imperfectly informed about the policy environment. A voter i in the public-at-large believes that her ideal policy level might be any one in a range of possible values, as represented by the random variable $\tilde{\pi}_{iP}$. Each such voter seeks to maximize $Eu_{iP} = E\left[-(p - \tilde{\pi}_{iP})^2 + v_{iP}\right]$.

Now consider an individual's behavior in the voting booth. Voters are assumed to know the candidates' stated positions on the issues. In what follows, every vote for a party increases the probability that the designated party will win a majority of the votes. Therefore, it is a dominant strategy for an individual voter to cast her ballot for a party if and only if she expects to fare better under its proposed policies.

It is convenient to define $b_{iS} = v_{iS}^B - v_{iS}^A$, as we did in Chapter 3, where v_{iS}^A is the voters' evaluation of the fixed positions of party A, and v_{iS}^B is her evaluation of the fixed positions of party B. Thus, b_{iS} measures the extent to which voter i in the SIG prefers the positions of party B to those of party A on issues other than the one on which the group shares a common view. Of course, b_{iS} might be negative, if individual i in fact regards the fixed positions of party A as the more desirable. SIG member i will vote for party A if and only if $E\left[-(p^A - \tilde{\pi}_S)^2\right] > E\left[-(p^B - \tilde{\pi}_S)^2\right] + b_{iS}$, which, after canceling and rearranging terms, implies[3]

$$b_{iS} < 2(\bar{p} - \bar{\pi}_S)(p^B - p^A). \tag{6.1}$$

[2] They may also update their beliefs based on the positions that are taken by the parties. In fact, Bayes' rules requires such updating in some equilibria. However, in those circumstances where the equilibrium positions reveal something about the voters' interests, the parties have the same pliable positions. So the updating does not affect their preferences among the parties. We assume that voters do not use the parties' announced positions to update their beliefs out of equilibrium. That is, were a party to deviate from its equilibrium position to another, the voters would judge the parties based on updated beliefs that reflect only the group's report.

[3] The voter should condition her calcluation of the expectations on the event that her vote is decisive in the election, as described by Feddersen and Pesendorfer (1996). However, the conditional expectation is the same as the unconditional expectation here, because the event of being pivotal provides no new information about the distribution of $\tilde{\pi}_S$. For given p^A and p^B, whether voter i is pivotal depends only on how popular the parties' fixed positions prove to be among voters other than herself.

Here, $\bar{p} = (p^A + p^B)/2$ is the average of the parties' pliable policy positions and $\bar{\pi}_S = E\tilde{\pi}_S$ is the mean value of the (posterior) distribution of $\tilde{\pi}_S$, as seen by the SIG member on election day.[4] An individual group member calculates a mean value of $\tilde{\pi}_S$ after gleaning what she can about the policy environment from the information provided by the organization.

We take the distribution of b_{iS} among SIG members to be uniform, with a mean value of b and a range extending from $b - 1/2f$ to $b + 1/2f$. This specification makes the density of the distribution constant and equal to f. The mean of the distribution tells us which platform of fixed policy positions is more popular among group members, and by how much. If $b = 0$, exactly half of the group members prefer the fixed positions of either party. If $b < 0$, more than half of the members prefer the fixed positions of party A, while if $b > 0$, more than half prefer the fixed positions of party B.

We can now calculate the fraction of votes by SIG members that go to each party, when their pliable platforms are p^A and p^B and when the members have an expected ideal policy (based on their updated information) of $\bar{\pi}$. Using the voting rule in (6.1), and the fact that b_{iS} has a uniform distribution, we find that

$$s_S = \frac{1}{2} - b + 2f(\bar{p} - \bar{\pi}_S)(p^B - p^A), \tag{6.2}$$

where s_S denotes the fraction of SIG members that votes for party A.

We assume that the distribution of views about the fixed policy issues is the same in the general public as it is among SIG members. Moreover, we take the distribution of b_{iP} to be independent of a voter's perceived ideal policy, π_{iP}. A voter who believes that her ideal policy has a distribution with mean $\bar{\pi}_{iP} = E\tilde{\pi}_{iP}$ will vote for party A if and only if $b_{iP} < 2(\bar{p} - \bar{\pi}_{iP})(p^B - p^A)$. The fraction of votes that will go to party A among voters with this belief is $s_{iP} = 1/2 - b + 2f(\bar{p} - \bar{\pi}_{iP})(p^B - p^A)$. Summing across all the different values of $\bar{\pi}_{iP}$, and weighing each s_{iP} by the number of voters with the particular prior $\bar{\pi}_{iP}$, gives

$$s_P = \frac{1}{2} - b + 2f(\bar{p} - \bar{\pi}_P)(p^B - p^A), \tag{6.3}$$

where s_P denotes the fraction of votes for party A among all voters who are not members of the SIG, and $\bar{\pi}_P$ is the population mean of $\bar{\pi}_{iP}$.

Finally, let ω be the fraction of voters that belong to the interest group and $1 - \omega$ be the fraction that do not. We can weight (6.2) and (6.3) by

[4] Note that it does not matter how the indifferent voters cast their ballots, because there is a negligible fraction of such individuals in the voting population.

the respective fractions in the voting population, and sum the resulting equations, to derive

$$s = \frac{1}{2} - b + 2f(\bar{p} - \bar{\pi})(p^B - p^A). \tag{6.4}$$

Here, s denotes the aggregate share of votes that goes to party A and $\bar{\pi} = \omega\bar{\pi}_S + (1-\omega)\bar{\pi}_P$ is the mean expected ideal pliable policy in the entire electorate. Note that this mean expectation is formed based on the voters' updated beliefs after the SIG wages its publicity campaign.

6.1.2 The Parties

The political parties choose their respective positions on the pliable issue in order to maximize their chances of winning the election.[5] Unlike in Chapters 4 and 5, we assume that the politicians are fully informed about this issue. In particular, they understand how the various levels of the policy instrument p would affect the different constituencies. The political parties must announce their pliable positions before they know which of the platforms of fixed positions will prove to be more popular to voters. Recall that b, the mean value of b_{iS} and of b_{iP}, measures the aggregate preference for the fixed positions of party B. The parties regard b as the realization of a random variable, $\tilde{b}$. Their beliefs about b are summarized by a distribution function for $\tilde{b}$.

The election winner is the party that captures a majority of the votes. The probability that $s > 1/2$ can be calculated from (6.4), and is equal to the probability that

$$b < 2f(\bar{p} - \bar{\pi})(p^B - p^A). \tag{6.5}$$

Party A maximized this probability by choosing p^A to maximize the expression on the right-hand side of (6.5). Party B maximizes its own chances by choosing p^B to minimize the same expression. If the parties adopt their positions before the SIG wages its publicity campaign, they must anticipate how their choices will affect the content of the group's report, which in turn will determines $\bar{\pi}$. Otherwise, the parties take $\bar{\pi}$ as given. A Nash equilibrium obtains when each party's pliable position is a best response to the optimal choice of the other.

[5] We could alternatively assume that the parties seek to maximize their expected numbers of votes. This objective might be more appropriate, for example, if the parties are most interested in awarding patronage, and the ability of each to do so depends on the number of its seats in the legislature. The choice of objective is not important here, as both give rise to the same equilibrium positions and distribution of policies.

6.1.3 The Interest Group

The central organization of the interest group has information about the policy environment. To highlight the similarities with Chapters 4 and 5, we adopt the same notation to describe their information. In particular, the SIG knows the value of a policy-relevant variable, θ. The politicians also know the value of θ, but the voters do not. They regard θ as being the realization of a random variable, with all values between $\theta_{\min}$ and $\theta_{\max}$ being possible and equally likely.

The information in the hands of the organization bears on the welfare effects of the pliable policy instrument. We assume that the group's information has particular relevance to its members. This is plausible, because the SIG is most likely to conduct research that provides information about how its members would fare under the alternative policy options. The organization's research results may or may not be relevant to the public-at-large. We allow for a range of possibilities in this regard.

More specifically, we suppose that the organization's research identifies the ideal pliable policy for SIG members. With this assumption, it is convenient to describe the information in terms of what it says about the members' ideal; that is, we take $\pi_S = \theta$. As for the others, a typical voter i has an ideal policy π_{iP}. We denote the sample mean of π_{iP} in the public-at-large by π_P, and assume that $\pi_P = \rho\theta + \delta$. Here, ρ measures the extent to which the results of the organization's research are informative about the interests of non-members. If $\rho = 1$, the interests of the typical group member and the average non-member move in tandem, so that their ideal policies differ by δ in all states of the world. Another possibility is that $\rho = 0$, in which case the organization's research reveals nothing about the interests of the general public. There will also be policy issues for which ρ is negative. A negative value of ρ implies a conflict of interest between SIG members and the general public; when the state of the world is such that a high value of p would benefit group members, such a policy would be harmful to the average individual who is not a member of the group. To simplify the exposition, we limit our attention to values of ρ that lie between -1 and 1.

The job of the organization is to communicate something of its knowledge to the voters. The SIG might report, for example, that "$\theta = 3$" or that "θ falls in a range between 1 and 5." The public must assess the credibility of the group's report. If the report is credible, each voter will consider what it means for her own likely interests, and will update her beliefs about π_S or π_{iP} accordingly. If it is not credible, it will be discounted accordingly.

In assessing credibility, the voters who hear the report must take into account the organization's objectives in sending it. There are at least two possibilities to consider. First, the group might endow its leaders with a *narrow mandate* to focus only on the pliable policy issue. That is, the rank and file might instruct its leaders to pursue a policy outcome p that best serves the group's interest in this single policy dimension. Alternatively, the group might grant its leaders a *broad mandate* to pursue the members' aggregate expected welfare. Whatever the mandate, we assume the leaders execute it faithfully. In other words, we overlook any problems that the group may encounter in motivating the leaders to carry out its orders.

If the mandate is narrow, the group leaders will not be concerned about outcomes other than p. Rather, their objective will be to issue public statements so as to maximize $E[-(\tilde{p}-\pi_S)^2]$, where the expectation here refers to their uncertainty about which party will prove to be more popular and hence which will win the election.[6] If instead the mandate is broad, the leaders will seek to maximize $E\left[-(\tilde{p}-\pi_S)^2+\tilde{v}_S\right]$, where $\tilde{v}_S$ is the average utility among members associated with the package of fixed policies.[7] Note that $v_S^B - v_S^A = b$, the average bias among voters in favor of the fixed positions of party B. The SIG leaders do not know b at the time they send their message. Rather, like the politicians, they view the relative popularity b as the realization of a random variable, $\tilde{b}$.

We will find that the nature of the mandate does not affect the policy outcome when the organization issues its messages before the parties announce their positions. But when the messages are sent after the positions are known, the distinction does matter. Then, if the mandate is narrow, the SIG leadership knows straight-away which party it wishes to cast in a favorable light. If the mandate is broad, the leaders' decision problem is more subtle. They must consider what the preferences of the membership on the fixed policy issues are likely to be in situations where their report will make the difference in the election. We concentrate on the simpler case of a narrow mandate in the main text, leaving the broad mandate for an appendix. When we compare the two outcomes in the Appendix, we find that the SIG members typically fare better when the leaders' mandate is narrow than when it is broad. This may justify our

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[6] The random variable $\tilde{p}$ takes the value p^A with probability ζ^A and the value p^B with probability $1-\zeta^A$, where ζ^A is the probability that party A will win the election.

[7] The SIG leaders see $\tilde{v}_S$ as a random variable for two reasons. First, they do not know for sure which party will win the election. Second, they do not know what the members' evaluation of the fixed positions will turn out to be.

focus on the narrow mandate, inasmuch as the members will wish to issue these instructions if they are in a position to do so.

6.2 Early Communication

In this section, we allow the SIG leaders to try to educate the voters early in the election cycle. The effort may take place via an advertising campaign or by a mass mailing, or by some combination of these and other means. For simplicity, we assume that all voters hear the group's message. Importantly, the communication considered here occurs before the parties take their positions on the pliable issue. Thus, the parties are able to react to any changes in the political climate that result from the group's publicity campaign.

The SIG issues a statement about θ. To understand what statements would be credible and which will be sent, we need to analyze how the election game would play out after various possible reports. We therefore start our analysis with the final stages of the game, and work our way backwards.

The last stage of the game is when the voting occurs. We know that if SIG members have an expectation of their ideal policy at this stage of $\bar{\pi}_S$ and the positions are p^A and p^B, their votes will divide according to (6.2). Similarly, if the average expected ideal policy among the public-at-large is $\bar{\pi}_P$, (6.3) gives the split of these votes. Thus, (6.4) gives the fraction of votes that party A will win, when the positions are p^A and p^B, and $\bar{\pi} = \omega\bar{\pi}_S + (1-\omega)\bar{\pi}_P$ is the average expected ideal pliable policy in the population as a whole.

At the preceding stage, the parties set their pliable positions to maximize their chances of winning the election. At this stage, they take voters' beliefs about π_S and π_{iP} as given.[8] Party A seeks to maximize the probability that $s > 1/2$, which means it seeks to maximize the right-hand side of (6.5). The first-order condition for this maximization yields $p^A = \bar{\pi}$. Similarly, party B seeks to minimize the right-hand side of (6.5), which yields $p^B = \bar{\pi}$. Evidently, the parties' pliable positions converge at the

[8] In forming their best responses, the parties consider π_S and π_{iP} to be fixed. By assumption, this is true of voters' beliefs out of equilibrium. In the equilibrium, the voters may be able to update their beliefs about π_S and π_{iP} based on the positions they observe the parties having taken. However, in the equilibrium we describe, the positions reveal only that the average ideal policy is $\bar{\pi}$, which is what the voters anyway believed before observing the positions. Thus, the parties are justified in taking $\bar{\pi}$ as fixed.

mean expected ideal policy in the population of voters. This, then, is the pliable policy outcome no matter which party wins the election.

Now we come to the behavior of the SIG. The leaders anticipate the subsequent competition between the parties. They foresee an outcome in the position-taking stage in which the parties will adopt a common platform equal to $\bar{\pi}$. Their goal is to use their educational campaign to induce a favorable value of $\bar{\pi}$. Since the voters will be aware of this aim, they will accept the group's report about θ only if the leaders have an incentive to tell the truth. As in Chapters 4 and 5, the leaders are constrained by the requirement that their messages be credible.

Before we address the issue of credibility, we note that the outcome will be the same no matter what is the leaders' mandate. If the mandate is narrow, the objective of the leaders is to induce beliefs about θ such that $\bar{\pi}$ is as close to π_S as possible. This will give the best possible pliable outcome for the group, and that is all the leaders with a narrow mandate care about. If the mandate is broad, the leaders' objective is to maximize total expected welfare. But since the leaders anticipate convergence in the pliable positions of the two parties, they expect party A to win the election if and only if its fixed policies prove to be the more popular. The groups' educational campaign will not affect the popularity of the fixed positions, so it will not affect the probability that one set of fixed positions will be implemented instead of the other. The leaders with a broad mandate can do no more for the members than to behave as if their mandate was narrow.

We ask first whether the SIG leaders can report fully and faithfully on the information they have; i.e., whether they can reveal the precise value of θ. Clearly, any such report would not be credible, for reasons that should be familiar by now. If the voters were to anticipate a complete report about θ, they would update their beliefs accordingly. Upon hearing a report that "θ is precisely equal to $\hat{\theta}$," for some value $\hat{\theta}$, a SIG member would infer that $\pi_S = \hat{\theta}$ while others would infer that $\pi_P = \rho\hat{\theta} + \delta$. Then the result of the political process would be $p = \bar{\pi} = \omega\hat{\theta} + (1-\omega)(\rho\hat{\theta} + \delta)$. If $\omega\theta + (1-\omega)(\rho\theta + \delta) < \theta$, the leaders would have an incentive to overstate the true value of θ in order to induce a larger p than the one that would result from accurate reporting. Similarly, if $\omega\theta + (1-\omega)(\rho\theta + \delta) > \theta$, the leaders would have an incentive to understate θ. Only if $\omega\theta + (1 - \omega)(\rho\theta + \delta) = \theta$ could the leaders be expected to report truthfully; but such truthful reporting could only happen for one particular value of θ, and not for all values between $\theta_{\min}$ and $\theta_{\max}$.

In fact, the strategic setting is much like the one in Chapter 4. Here, as there, the SIG has a desire to educate, but also an incentive to exaggerate. In an equilibrium, the voters must interpret the messages they hear in a way that is consistent with the organization's incentives in sending them. To characterize an equilibrium, we must draw once again on the insights of Crawford and Sobel (1982). Their results imply that the outcome of the communication game must take the form of a partition equilibrium.

Let us try to construct an equilibrium in which the SIG issues one of two distinct messages. One possible message would indicate that the common interests of the members are best served by a "low" value of the policy variable p, while the other would indicate the greater desirability for members of a "high" value of p. The voters would interpret the former message to mean that θ falls between $\theta_{\min}$ and θ_1 for some value of θ_1, and the latter to mean that θ falls between θ_1 and $\theta_{\max}$. For these alternative messages to be credible, we need the leader to have an incentive to report "low" whenever $\theta < \theta_1$, and to report "high" whenever $\theta > \theta_1$.

Voters use Bayes' rule to update their beliefs. If they take a report of "low" at face value, they rule out values of θ greater than θ_1. This leaves them believing that θ must lie between $\theta_{\min}$ and θ_1, with all values in this range seeming equally likely. Thus, a report of "low" induces an expected ideal policy for SIG members of $\bar{\pi}_S = (\theta_{\min} + \theta_1)/2$. The public-at-large is led by this report to believe that $\bar{\pi}_P = \delta + (\theta_{\min} + \theta_1)\rho/2$. In the event, political competition would drive the political parties to announce identical pliable platforms of $p^A = p^B = p_{low}$, where

$$p_{low} = [\omega + \rho(1 - \omega)] \left(\frac{\theta_{\min} + \theta_1}{2} \right) + (1 - \omega)\delta.$$

In contrast, a report of "high" would lead voters to exclude values of θ less than θ_1. They would conclude that θ lies between θ_1 and $\theta_{\max}$, with an expected value of $(\theta_1 + \theta_{\max})/2$. Then the parties' platforms would converge to

$$p_{high} = [\omega + \rho(1 - \omega)] \left(\frac{\theta_1 + \theta_{\max}}{2} \right) + (1 - \omega)\delta\ .$$

For the organization's incentives to be consistent with the voters' interpretations, the leaders must be indifferent between sending a report of "low" and a report of "high" when $\theta = \theta_1$. Such indifference requires

$$-\left(p_{low} - \theta_1\right)^2 = -\left(p_{high} - \theta_1\right)^2$$

or

$$\theta_1 = \left[\frac{\omega + (1-\omega)\rho}{2-\omega-(1-\omega)\rho}\right]\left(\frac{\theta_{\min}+\theta_{\max}}{2}\right) + \left[\frac{2(1-\omega)}{2-\omega-(1-\omega)\rho}\right]\delta. \tag{6.6}$$

Also, the leader must prefer to report "high" when θ is greater than θ_1 and to report "low" when θ is less than θ_1 (and not the other way around). This requires $p_{high} > p_{low}$, which in turn requires $\omega+(1-\omega)\rho > 0$.

If $\omega + (1-\omega)\rho > 0$ and the solution for θ_1 in (6.6) falls between $\theta_{\min}$ and $\theta_{\max}$, then we have identified a legitimate, 2-partition equilibrium. In this equilibrium, voters are educated by a report that informs them whether the value of θ is low or it is high. For θ_1 to fall between $\theta_{\min}$ and $\theta_{\max}$, δ cannot be too large in absolute value. That is, the interests of the SIG members and the public-at-large cannot differ by too much. With a great divergence of interests, the equilibrium policy that would result from political competition with (partially) informed voters is far from the group's ideal policy. Under these circumstances, the organization has too great an incentive to misrepresent the policy environment; none of its reports are credible.

The case that is most similar to what we discussed before arises when $\rho = 1$; i.e., when the preference bias of the SIG members relative to the average non-member is a constant. For $\rho = 1$, (6.6) implies that $\theta_1 = (\theta_{\min}+\theta_{\max})/2+2(1-\omega)\delta$. In this case, a two-partition equilibrium exists if and only if $4(1-\omega)\,|\delta| < \theta_{\max} - \theta_{\min}$. Now it is easy to see that the group's bias cannot be too great if there is to exist an equilibrium with informative reports.

If the solution for θ_1 in (6.6) does not fall between $\theta_{\min}$ and $\theta_{\max}$, or if $\omega + \rho(1-\omega) < 0$, then even a binary report from the SIG would not be credible. In such circumstances, the only possible outcome at the communication stage is the ubiquitous babbling equilibrium. The organization issues a report that contains no new information about the policy environment, and the voters hold onto their prior beliefs. These beliefs are that $\bar{\pi}_S = (\theta_{\min} + \theta_{\max})/2$ and $\bar{\pi}_P = (\theta_{\min} + \theta_{\max})\rho/2 + \delta$. Since the political competition leads the parties to adopt positions at the average expected ideal policy, the outcome in these cases must be

$$p = [\omega + \rho(1-\omega)]\left(\frac{\theta_{\min}+\theta_{\max}}{2}\right) + (1-\omega)\delta.$$

We have so far considered only a 2-partition equilibrium and a babbling equilibrium as possible outcomes in the communication subgame. For some values of ρ, δ and ω, there are further possibilities. Sometimes the organization can use a richer vocabulary than just "low" and "high" to describe the policy environment. For example, it might be able to credibly issue one of three different reports. In fact, we can apply the results of Crawford and Sobel (1982) to characterize the set of possible equilibria at the communication stage. When parameter values are such that there is no value of θ between $\theta_{\min}$ and $\theta_{\max}$ at which the ideal policies of the SIG members and the average non-member are exactly the same, the number of distinct messages used in a partition equilibrium must be finite. The maximum number of messages will be larger, the more similar are the interests of the SIG and the general public; e.g., the smaller is $|\delta|$ when $\rho = 1$. If there does exist some value of θ between $\theta_{\min}$ and $\theta_{\max}$ at which the ideal policies of the representative SIG member and the average member of the general public happen to be the same, then the number of credible messages in the SIG leader's vocabulary can be infinite.[9]

6.3 Late Communication

In the last section, we studied the efforts that a SIG might make to educate voters early in the election cycle; that is, before the parties have committed to their positions on the pliable policy issue. If the parties realize that voters are gaining a better understanding of the issues, they will tailor their positions more to the voters' liking. In this way, a SIG might use its knowledge of the issues to benefit its members.

In this section, we examine informational campaigns that take place closer to election time. In particular, we allow the SIG to make public statements about the policy environment after the parties have taken their positions. A SIG faces very different incentives after the positions have been announced than it does beforehand. At the later stage, the organization can no longer hope to influence the policy choice via competition between the parties. Instead, it must attempt to steer voters to

[9] As a technical point, even if the number of messages is infinite, the communication from the SIG cannot be fully revealing. In fact, the organization will use many messages to distinguish states that are close to the one where the interests are the same, but relatively few messages to distinguish states where the interests diverge. The condition for the existence of a θ for which the ideal policies of the SIG members and the average member of the general public are the same is $\theta_{\min} \leq \delta/(1-\rho) \leq \theta_{\max}$.

the party whose positions would better serve its members. This does not mean, however, that the possibility of late communication has no effect on its positions. When a party expects the SIG to issue a statement late in the election cycle, it may opt to take a position favorable to the group in the hope that the organization's message will cast the party's position in a favorable light. In other words, political parties may cater to interest groups in anticipation of their late announcements.

When communication from a SIG comes late in the game, the content of its message may vary with the leaders' mandate. For example, if the leaders have a narrow mandate to induce the best possible pliable policy for the group, they will issue statements that point the voters to the party whose pliable position is closer to the group's ideal. If instead the mandate is broad, the leaders must take into account their imperfect information about the members' preferences. The leaders should be wary of issuing statements that might benefit a party whose positions on the fixed issues will prove to be unpopular among the membership. To minimize this risk, they should ask themselves what the preference bias of the members is likely to be in situations where the content of their message makes the difference in the election. In other words, the leaders should condition their statements on the event that their report will be decisive. Such conditioning requires a subtle and more difficult calculation, so we choose to leave the technical discussion of this case for an appendix. In the main text, we focus on situations where the leaders' mandate is narrow.

6.3.1 Reports and Voting

As before, we begin our analysis from the final stage of the game, and work our way backward. The final stage is when voting takes place. By the time that a voter enters the voting booth, she knows the pliable positions of the parties and has some (possibly) updated expectations about her own ideal policy. The voters' views about the policy environment are summarized by the variable $\bar{\pi}$. Given $\bar{\pi}$, we can use equation (6.4) and the distribution of b to calculate the probability that each party will win the election.

At the preceding stage, the organization issues its report to the public. The report is a statement about the policy variable, θ. The leaders know the parties' pliable positions, but not their relative popularity. Their goal is to minimize the expected distance of the pliable policy from the group's ideal. It follows that if p^A is closer to π_S than is p^B, the leaders attempt to maximize the probability that party A will win the election.

Otherwise, they attempt to maximize the probability that party B will win the election.

To be more specific, let us look carefully at a case where $\pi_S > \bar{p}$ and $p^A > p^B$. Since the group's ideal policy is above the mid-point between the two positions, the SIG prefers the (higher) pliable position of party A. This implies that the organization will seek to use its message to further the electoral fortunes of party A. The probability of a victory for party A is maximized when the right-hand side of (6.5) is maximized, or when the value of $\bar{\pi}$ is maximized. In other words, the organization wishes to make the average voter believe that a very high level of the pliable policy will best serve her interests. When the average voter believes this, she is most inclined to vote for party A, for any given feelings she may have about the fixed policy positions. The fact that the organization wishes to maximize $\bar{\pi}$ means that it has a powerful incentive to exaggerate.

But the temptation to exaggerate hinders the effort to educate. Once the positions have been announced, the organization cannot be trusted to provide accurate information about the size of θ. If voters were to expect the organization to use as few as three distinct messages in its report, the leaders would never issue the "middle" of the three possible reports. This report would be dominated by one of the others that generates a more extreme expectation about $\bar{\pi}$.

Since the SIG cannot credibly use a vocabulary with three or more messages, we focus on the possibility that there is a two-partition equilibrium in the communication subgame. If such an equilibrium exists, the organization reports "low" when $\theta \leq \theta_1(p^A, p^B)$ and reports "high" when $\theta \geq \theta_1(p^A, p^B)$. The cut-off point θ_1 can be a function of p^A and p^B here, because the leaders know the parties' positions when they decide what message to send. If the SIG reports "low," it leads voters to believe that $E\tilde{\theta} = (\theta_{\min} + \theta_1)/2$. Then $\bar{\pi}_S = (\theta_{\min} + \theta_1)/2$ and $\bar{\pi}_P = (\theta_{\min} + \theta_1)\rho/2 + \delta$. If the SIG reports "high," $E\tilde{\theta} = (\theta_{\max} + \theta_1)/2$. Then $\bar{\pi}_S = (\theta_1 + \theta_{\max})/2$ and $\bar{\pi}_P = (\theta_1 + \theta_{\max})\rho/2 + \delta$.

As always, the incentives facing the SIG must coincide with the voters' interpretation of its messages. The organization must not prefer to report "low" for any value of $\theta > \theta_1(p^A, p^B)$, nor to report "high" for any $\theta < \theta_1(p^A, p^B)$. For this to be so, it is necessary that the leaders be indifferent between issuing the alternative reports when $\theta = \theta_1(p^A, p^B)$. But the alternative reports induce different probabilities of election for the two parties. The SIG will not be indifferent among two situations with different election odds unless its members would be equally happy with the two pliable policy outcomes that might result. This in turn requires that π_S be equidistant from the parties' proposals; i.e., that $\theta = \bar{p}$. We conclude that, if a two-partition equilibrium exists for some pair of positions p^A and p^B with $p^A \neq p^B$, then $\theta_1(p^A, p^B) = \bar{p}$.

A two-partition equilibrium does not exist if $\omega + (1-\omega)\rho < 0$ or if the mid-point between the positions falls outside the range between $\theta_{\min}$ and $\theta_{\max}$. A situation with $\omega + (1-\omega)\rho < 0$ can arise when the general public knows that what is good for the group is bad for them ($\rho < 0$), and when there is a sufficient number of these voters to make the SIG wish to practice deception. Then the SIG leaders will have an incentive to report "high" when θ actually is low, and to report "low" when θ actually is high. No reports can be credible under such conditions, so the only equilibrium is the babbling equilibrium. If $\omega + (1-\omega)\rho > 0$ but $\bar{p} < \theta_{\min}$, the SIG also has an inevitable credibility problem. Then its leaders have an incentive to report "low" for all values of θ. Or, if $\omega + (1-\omega)\rho > 0$ but $\bar{p} > \theta_{\max}$, they have an incentive to report "high" for all values of θ. In each of these situations as well, the only possible outcome is a babbling equilibrium.

In all other cases — that is, when $\omega+(1-\omega)\rho > 0$ and $\theta_{\max} > \bar{p} > \theta_{\min}$ — there does exist a two-partition equilibrium in the communication sub-game. In this equilibrium, the SIG reports "high" when the state θ exceeds the mid-point between the parties's pliable positions and reports "low" otherwise. The former message leads voters to believe that $E\tilde{\theta} = (\theta_{\max} + \bar{p})/2$, while the latter message leads them to belief that $E\tilde{\theta} = (\theta_{\max} + \bar{p})/2$. Voters update their beliefs about their own ideal policies based on this new understanding of the policy environment.[10]

6.3.2 Political Competition

We turn now to the competition between the parties. The parties choose their positions in anticipation of the interest group's report to the public

[10] This statement requires some further clarification. Voters update based on the organization's announcement for all p^A and p^B such that $p^A \neq p^B$ and $\theta_{\min} < \bar{p} < \theta_{\max}$. However, the equilibrium that we shall describe in the next section is characterized by convergence in the parties' positions. The (identical) positions that the parties adopt in equilibrium give voters some additional information about the value of θ, whereas the report from the SIG — in the case of identical positions — does not. In equilibrium, therefore, the voters update their beliefs based on the positions and not on the report. The equilibrium updating of beliefs about θ does not affect voting in this case, because voters base their vote on the fixed positions when the pliable positions are the same. The out-of-equilibrium updating that we describe here is important for identifying the equilibrium, however, inasmuch as it allows us to calculate the implications for the election odds of any deviation that either party might contemplate.

and the subsequent voting. We assume that $\omega + (1-\omega)\rho > 0$, so that an equilibrium with meaningful communication exists for some values of p^A and p^B. We also assume that the parties anticipate a two-partition equilibrium in the communication subgame, whenever the positions are in the range such that an equilibrium of this sort exists.

Suppose that party A expects its rival to announce a position p^B different from the group's ideal of $\pi_S = \theta$, but between $\theta_{\min}$ and $\theta_{\max}$. If party A were to announce the same position, its chance of winning the election would be $F_b(0)$, where $F_b(\cdot)$ is the cumulative distribution function of the random popularity variable $\tilde{b}$. Alternatively, party A might take a position a bit closer to π_S than its rival. For example, if $p^B < \pi_S$, party A might contemplate a position of $\hat{p}^A = p^B + e$, for some small but positive value of e. Such positioning would leave the midpoint between the parties positions a bit below the group's ideal (i.e., $\bar{p} = p^B + e/2 < \pi_S$), and thus would induce the SIG leaders to report "high." This report would cause voters to update their beliefs such that $E\tilde{\theta} = (\bar{p} + \theta_{\max})/2$, thereby generating an expected ideal policy in the voting population of $\bar{\pi} = [\omega + (1-\omega)\rho](\bar{p} + \theta_{\max})/2 + (1-\omega)\delta$.[11] Then, by (6.4), party A would win a majority of votes with probability $F_b[2f\,(\bar{p} - \bar{\pi})\,(-e)]$.

If $2f(\bar{p} - \bar{\pi})(-e) > 0$, the announcement of $\hat{p}^A$ would give the party a better chance of winning the election than an announcement of $p^A = p^B$. So, if $p^B < [\omega + (1-\omega)\rho](p^B + \theta_{\max})/2 + (1-\omega)\delta$, party A wishes to locate a bit closer to π_S than its rival. But if party A has an incentive to shade its rival's position in the direction of the SIG's preferences, then party B has an incentive to do this as well. Each party anticipates that the SIG's education campaign might help or harm its electoral prospects, depending on the location of its pliable position relative to that of its rival. The competition to induce a helpful report drives the parties to cater to the special interest.

In an equilibrium, neither party can have an incentive to out-do its rival. The equilibrium, therefore, has convergent positions. We now describe these positions. To this end, we define

$$\theta_l = \frac{[\omega + (1-\omega)\rho]\theta_{\min} + 2(1-\omega)\delta}{2 - \omega - (1-\omega)\rho}$$

and

$$\theta_h = \frac{[\omega + (1-\omega)\rho]\theta_{\max} + 2(1-\omega)\delta}{2 - \omega - (1-\omega)\rho},$$

[11] To calculate this value of $\bar{\pi}$, we use $\theta_1 = \bar{p}$, $\bar{\pi}_S = (\theta_1 + \theta_{\max})/2$, $\bar{\pi}_P = (\theta_1 + \theta_{\max})\rho/2 + \delta$, and $\bar{\pi} = \omega\bar{\pi}_S + (1-\omega)\bar{\pi}_P$.

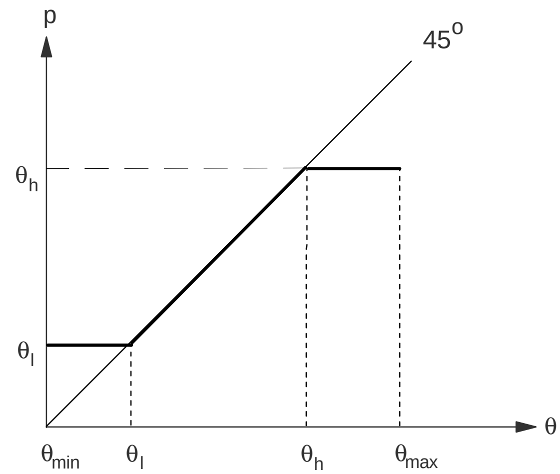

FIGURE 6.1. Equilibrium policies with late communication

and assume, for the time being, that $\delta \geq (1-\rho)\theta_{\min}$ and $\delta \leq (1-\rho)\theta_{\max}$. The restrictions on δ ensure that $\theta_l \geq \theta_{\min}$ and $\theta_h \leq \theta_{\max}$. Then, if θ falls between θ_l and θ_h, the parties position themselves at the group's ideal pliable policy; i.e., $p^A = p^B = \theta = \pi_S$. If $\theta > \theta_h$, the parties announce a common position of $p^A = p^B = \theta_h$, whereas if $\theta < \theta_l$ they announce a common position of $p^A = p^B = \theta_l$.

With these strategies for the parties, the equilibrium outcome in different states of the world is illustrated in figure 6.1. For intermediate values of θ, the political competition allows the interest group to achieve its favorite pliable policy in the given state. This is true, of course, no matter which party wins the election. For high values of θ, the outcome is $p = \theta_h$. For low values of θ, it is $p = \theta_l$. Since both θ_h and θ_l are constants, independent of θ, the policy outcome does not respond to the policy environment for extreme values of θ. The fraction of states in which the SIG obtains its ideal policy is larger, the greater is ω (the fraction of SIG members in the population) and the greater is ρ (the correlation in the interests of members and non-members).[12]

[12] The fraction of states in which the SIG members achieve their ideal is

$$\frac{\theta_h - \theta_l}{\theta_{\max} - \theta_{\min}} = \frac{\omega + (1-\omega)\rho}{2 - \omega - (1-\omega)\rho}.$$

The statement in the text follows immediately.

To understand why the indicated strategies are mutual best responses, consider a situation in which $\theta_l < \theta < \theta_h$ and $\pi_S > \pi_P$; i.e., the ideal pliable policy for the SIG exceeds the mean ideal policy for the public-at-large (the opposite case is analogous). Suppose that party A were to deviate from its position at $p^A = \pi_S = \theta$ and announce instead a position $\hat{p}^A$ that is smaller than π_S and thus closer to π_P. Then θ would exceed $\bar{p}$, and the SIG would report a "high" value of θ. The deviation and subsequent statement by the SIG would perhaps make party A more attractive to voters in the general public. But, for every b, the fraction of total votes that party A could "win" by this deviation amounts to only $(1-\omega)f[(2-\rho)\bar{p} - \rho\theta_{\max} - 2\delta](p^B - \hat{p}^A)$, in view of equation (6.3).[13] Meanwhile, the deviation would reduce the attractiveness of party A to SIG members. These members would interpret the report "high" to mean that the true value of θ exceeds $\bar{p}$, and some of them would switch their allegiance to party B. For a given value of b, the loss of support among SIG members would amount to a fraction $\omega f(\theta_{\max} - \bar{p})(p^B - \hat{p}^A)$ of the total vote. Using the fact that $\bar{p} < \theta \leq \theta_h \leq \theta_{\max}$, it is possible to show that the latter effect must dominate. This means that the deviation reduces the party's vote count for any given value of b, and thus it reduces its chances of winning the election. For intermediate values of θ, the best response to $p^B = \theta$ is for party A to set $p^A = \theta$.

Now consider a situation with $\theta > \theta_h$, and suppose that $p^B = \theta_h$. If party A were to deviate from $p^A = \theta_h$ to a policy closer to π_S, it would induce the SIG to issue a report of "high." This would enhance the party's attractiveness among group members, but reduce its attractiveness to the general public. It is easy to confirm that, with such an extreme value of θ, the extra support among SIG members does not compensate for the loss of votes in the public-at-large.[14] Evidently, the parties will cater to the SIG in the hope of generating a favorable report, but only up to a point.

Similarly, if $\theta < \theta_l$, it is a best response for either party to announce a position of θ_l when it expects its rival to do so. A deviation in either

[13] We calculate the vote change using $\bar{\pi}_P = \delta + \rho(\theta_1 + \theta_{\max})/2 = \delta + \rho(\bar{p} + \theta_{\max})/2$, and recognizing that the general public accounts for a fraction $1-\omega$ of the total electorate. The use of quotation marks around "win" is meant to convey that this vote change could be negative.

[14] If party A were to deviate from θ_h to $\hat{p}^A > \theta_h$, for example, its vote share for a given value of b would change by

$$f(p^B - \hat{p}^A)\{[2-\omega-(1-\omega)\rho]\,\bar{p} - [\omega + (1-\omega)\,\rho]\,\theta_{\max} - (1-\omega)\,\rho\delta\}.$$

The expression in curly brackets is positive, because $\bar{p} > \theta_h$. Thus, with $p^B = \theta_h < \hat{p}^A$, the deviation by party A must cause it to lose votes.

direction is bound to cost a party some votes. It is interesting to note that, in this situation, the policy outcome may exceed both the ideal policy for group members and the ideal policy for the average voter in the general public. It might seem that either party could benefit by announcing a smaller level of the policy instrument than θ_l, if $\theta_l > \pi_S$ and $\theta_l > \pi_P$. However, the move toward π_P would actually cost the deviant votes among the general public, because these voters would not know that π_P actually is small. In fact, their updated beliefs after the deviation and the report would be that $\bar{\pi}_P = (\theta_{\min} + \theta_1)\rho/2 + \delta$, which exceeds the true value of π_P when θ is small. The parties do not move their positions in a direction that benefits the average voter when $\theta < \theta_l$, because the voters in the general public would not recognize the move as one that served them well.

Up until now, we have assumed that $(1-\rho)\theta_{\max} > \delta > (1-\rho)\theta_{\min}$. Now let us consider what happens when $\delta < (1-\rho)\theta_{\min}$, so that $\theta_l < \theta_{\min}$. There are two cases to consider. The first such case arises when $\theta_h > \theta_{\min}$, as will be true if

$$\delta > \frac{\theta_{\min} - \frac{1}{2}(\theta_{\min} + \theta_{\max})[\omega + (1-\omega)\rho]}{1-\omega}.$$

Then the play of the game is similar to what we have just described. There is a range of values of θ extending from $\theta_{\min}$ to θ_h for which the parties' pliable positions match the SIG's ideal policy in the state, and a second range of values from θ_h to $\theta_{\max}$ for which $p^A = p^B = \theta_h$. The only difference from the situation depicted in figure 6.1 is that there is no range of values of θ for which $p^A = p^B = \theta_l$.

The second case arises when $\theta_h < \theta_{\min}$. Then the game plays out rather differently. The positions that the parties might otherwise take to induce a favorable message from the organization fall outside the range of feasible values for θ. Recall from Section 6.3.1 that if $\bar{p} < \theta_{\min}$, the messages from the SIG lack credibility. Since the leaders would announce "high" for all possible realizations of $\tilde{\theta}$, the voters simply ignore their reports. In the event, the outcome at the communication stage is a babbling equilibrium, which leaves the voters no better informed than they are at the outset of the game. With $\bar{\pi}_S = (\theta_{\min} + \theta_{\max})/2$ and $\bar{\pi}_P = (\theta_{\min} + \theta_{\max})\rho/2 + \delta$, the mean expected ideal policy in the electorate is $\bar{\pi} = (\theta_{\min} + \theta_{\max})[\omega + (1-\omega)\rho]/2 + (1-\omega)\delta$. The unique equilibrium has both parties announcing pliable positions at this level in all possible states of the world.

6.4 Endorsements

Many interest groups issue communiqués that serve only to identify their favorite candidate in an election. These messages — commonly known as *endorsements* — are a particularly simple form of public communication. They provide a summary account of the organization's preferences without going into any of the details.

One possible explanation for the prevalence of endorsements is the very fact of their simplicity. As we have noted, voters may be disinclined to invest a great deal of time and effort to educate themselves before voting. Thus, they may be unwilling to read a long message that provide details about the policy environment and the candidates' positions on the issues. But an endorsement takes hardly any input from the recipient. A voter can get the message by listening to a thirty-second advertisement while driving to work, or by examining a single sheet of paper with block printing of a candidate's name. Moreover, an endorsement may well be cheaper for an interest group to send than more detailed reports.

Our analysis in the last section provides an alternative explanation for the common use of this type of message. Endorsements may convey as much information to voters as more detailed reports, once the credibility constraints on information transmission are taken into account. Moreover, an endorsement can be a very effective tool for a group to achieve its policy aims, especially if the ideal policy for the interest group is not too different from the average voter's ideal. We elaborate on these points below.

As we have seen, the leaders of a SIG who have been given a narrow mandate to pursue a single policy issue are limited in the vocabulary they can use to educate voters. Once the parties have adopted their positions, these leaders have a powerful incentive to exaggerate. If they favor one party's position over the other's, they will be tempted to portray the policy environment in a manner that shows their preferred party in the most favorable light. Astute voters will discount their claims and interpret them as indicating only the direction of the group's leanings. We saw that the resulting equilibrium can involve the use of at most two distinct messages.

In our discussion of late communication, we referred to the alternative messages as "high" and "low." These messages can be given a literal interpretation. They may take the form of a letter or an advertisement that makes the case for either a high or a low level of the pliable policy variable. With this literal interpretation, each voter is left to infer for herself which party has a position that is better suited to her interests.

But, clearly, the same outcome can be achieved with a different pair of messages. Namely, the SIG could announce "vote for party A" in states of the world in which the distance of p^A from the group's ideal pliable policy is smaller than the distance of p^B from π_S, and "vote for party B" when the opposite is true. In other words, a group can use an endorsement to effect a two-partition equilibrium in the communication game.

The endorsement equilibrium is easy to describe. At the communication phase, the SIG endorses the party whose position is closer to the group's ideal. Then, if $\theta_{\min} \leq \bar{p} \leq \theta_{\max}$, the public infers from the endorsement whether θ is greater or less than $\bar{p}$. An endorsement of the party with the lesser proposal indicates $\theta \leq \bar{p}$; an endorsement of the other party implies $\theta \geq \bar{p}$. The voters gain no information from the endorsement when $\bar{p} < \theta_{\min}$ or $\bar{p} > \theta_{\max}$. In these situations, the SIG endorses the same party no matter what it knows about θ.

Anticipating this behavior, the parties compete for the group's endorsement. That is, they choose their pliable positions with an eye toward being named by the group as its preferred choice. The outcome of this competition is the same as described in Section 6.3.2. Namely, the parties take as their common positions the interest group's ideal policy level $\pi_S = \theta$ if θ falls between θ_l and θ_h. Otherwise, they choose θ_h (for high values of θ) or θ_l (for low values of θ). Evidently, the SIG members fare quite well in the competition for the endorsement, especially when their ideal policy is not too extreme.

It is also possible to analyze the endorsement game when there is more than one organized interest group with a stake in the pliable policy decision. Such settings were considered in Grossman and Helpman (1997), where we used a model of the election process similar to the one described here.[15] With several interest groups issuing endorsements, the parties recognize that by taking positions favorable to some, they may alienate others. Each party must decide which endorsements to seek, and which they are ready to concede. The relative sizes of the different interest groups are important for this — each party would like to have endorsements from a set of SIG's that comprises a large share of the voting population. In the equilibrium, the parties adopt a position

[15] The interested reader should also see Grossman and Helpman (1999), which has a more general model and additional discussion.

that is favorable to an appropriately-chosen "moderate" group, so that a deviation to either side would harm a party's prospects, in view of the endorsements that would thereby be gained and lost.

6.5 Educating Members

So far, we have discussed educational campaigns aimed at a broad spectrum of voters. Many interest groups also target information flows more narrowly. They seek to educate voters who are already sympathetic to their cause, especially their own rank-and-file members. Most interest groups endeavor to keep their members informed about new and prospective legislation and about other political developments that are likely to have an impact on their welfare.

It might seem that the credibility problems that arise when a SIG tries to educate a suspicious public about the policy environment would not be present when the organization seeks to educate its own like-minded members. But, as we have observed before, that is not always the case. The leaders of an interest group will aim to serve the aggregate or average interests of their constituents, whereas an individual member will be concerned with her own well-being. To the extent that the preferences of different members of a group diverge on at least some policy issues, the leaders and members need not share the same electoral objectives. The central organization has reason to mislead its rank and file, if by doing so it can induce individual members to vote in a manner that serves the group as a whole. For this reason, the members must be wary of the information they receive from their own organization.

First we discuss messages that are delivered to a group's members before the parties have adopted their pliable positions. These messages might be conveyed in a group newsletter or magazine, or in a more detailed policy brief. As before, we assume that the SIG knows something about the policy environment that voters do not, as summarized in a variable θ. The information bears on the members' interest in a pliable policy issue, and possibly is relevant to other voters as well. We continue to assume that $\pi_S = \theta$ and $\pi_P = \rho\theta + \delta$, but now suppose that the general public does not observe the content of the group's report about θ.

One possible outcome is that the political parties will respond to the updated beliefs of SIG members, but will take the beliefs of other voters as given. In the event, the parties will announce identical positions on the pliable issue of $p^A = p^B = \omega\bar{\pi}_S + (1 - \omega)\bar{\pi}_P$, where $\bar{\pi}_S$ is the members' updated expectation of their ideal policy (reflecting the message they receive) and $\bar{\pi}_P = (\theta_{\min} + \theta_{\max})\rho/2 + \delta$ is the prior expectation of the average non-member about her own ideal policy. With this assumed behavior on the part of the parties, the organization can forecast the relationship between its own messages and the final policy outcome, by taking $\bar{\pi}_P$ as given. An equilibrium in the communication game involves a reporting scheme in which leaders' incentives are consistent with the members' interpretation. This requirement should be familiar by now, as should the resulting partition-equilibria. The only difference between these equilibria and those that arise when the group's reports are issued publicly is that now the general public does not update its beliefs based on the report. In this sense, these equilibria are similar to the ones that can arise with public communication when $\rho = 0$.

But, with targeted policy reports, other equilibria may be possible as well. The outcome in the political competition clearly depends on what inferences the voters draw from the positions they see the parties taking. Suppose, for example, that $\theta < \theta_1$. The equilibrium just described has $p^A = p^B = \omega(\theta_{\min} + \theta_1)/2 + (1 - \omega)[(\theta_{\min} + \theta_{\max})\rho/2 + \delta]$ for such low values of θ. If the voters who are not members of the interest group see the parties take these positions, they will be able to infer that the group's report to its members must have been "low." Thus, they will be able to update their beliefs about θ without observing the message directly. However, such updating has no effect on their voting, because their understanding of the pliable issue does not matter when the parties' positions are the same.

The important question for us to ask is, How will voters react if they observe a pair of positions that are not the same? With $\theta < \theta_1$, suppose that party A were to announce a position slightly different from the one described above. One possibility is that voters who do not observe the group's message might say to themselves, "this is not consistent with my understanding of the equilibrium, so I remain completely agnostic about the value of θ." With this interpretation of events by the uninformed voters, the deviation by party A will be harmful to its election prospects. But another possibility is that voters outside the group might instead say to themselves, "this is not what I expected to observe, but since both positions are quite low, it is likely that the SIG sent its members a message of 'low'." With this alternative interpretation of events by the uninformed voters, the deviation by party A might well prove beneficial to its electoral prospects. If so, the parties would not announce the positions described above, but some others that would depend on the precise manner in which the voters outside the group update their beliefs. There is little to pin down the response by voters in the public at large. But the assumption that these voters will maintain their prior beliefs is not especially compelling.

Now let us turn our attention to the game in which the SIG sends messages to its members after the parties have announced their positions. In this situation, there is nothing to tip off the general public about the content of the group's message. It seems more justifiable, then, to assume that voters in the public-at-large would retain their prior beliefs. We will proceed with the assumption that $\bar{\pi}_P = (\theta_{\min} + \theta_{\max})\rho/2 + \delta$ no matter what late message the SIG sends to its members.

Consider first the communication game for a given pair of positions p^A and p^B, with $\bar{p} = (p^A + p^B)/2$. As before, the leaders report "low" if $\theta < \bar{p}$, and report "high" otherwise. For p^A and p^B such that $\theta_{\max} > \bar{p} > \theta_{\min}$, the report allows SIG members to identify which pliable position is closer to their ideal. For other levels of p^A and p^B, the report provides no information to the members. Of course, the report never provides any new information to the voters in the general public, because they do not observe its content.

Now consider once more the political competition between the parties. The parties anticipate the organization's report and compete to be portrayed by it in a favorable light. But this time, they suspect that the voting behavior of the general public will not be affected by the group's (private) report. We assume that the parties take $\bar{\pi}_P$ as given. Then we can compute the best responses for the parties under the hypothesis that $\bar{\pi}_P = (\theta_{\min} + \theta_{\max})\rho/2 + \delta$.

We find, as before, that the competition gives the SIG members their ideal pliable policy for a range of values of θ. The range extends from some θ_l to some θ_h, as it did before, although the values of θ_l and θ_h are not the same as with public messages. Using the assumption that $\bar{\pi}_P$ is fixed, we can calculate the largest and smallest policy that the parties would be willing to announce in order to induce a favorable message.

These are[16]

$$\theta_h = \frac{(1-\omega)\rho(\theta_{\min}+\theta_{\max}) + \omega\theta_{\max} + 2(1-\omega)\delta}{2-\omega}$$

and

$$\theta_l = \frac{(1-\omega)\rho(\theta_{\min}+\theta_{\max}) + \omega\theta_{\min} + 2(1-\omega)\delta}{2-\omega} .$$

For $\theta > \theta_h$, $p^A = p^B = \min\{\theta_h, \theta_{\max}\}$, while for $\theta < \theta_l$, $p^A = p^B = \max\{\theta_l, \theta_{\min}\}$. This completes our discussion of the political game that arises when a SIG sends late messages to its members, the contents of which are not observed by the general public.

In this chapter, we have studied how interest groups may further their political objectives by using their knowledge of the policy environment to educate the public. We have seen how the temptation to exaggerate can hinder the effort to communicate. This problem is especially severe late in the election cycle, when the candidates have announced their positions on the issues. Then the interest group is tempted to paint a picture of the policy environment that casts its preferred party in a very favorable light. At this stage, its detailed reports about the policy issues will not be credible, and the best it can do is to identify the party whose proposal would better serve the rank-and-file members. Paradoxically, the members of the SIG fare particularly well when the organization has such a limited ability to communicate. When the language of communication is blunt, the competition between parties for a report that wins them support is especially intense.

An interest group also benefits from the ability to issue early reports. Such reporting can be used to provide voters with background information about the policy issues. When the SIG controls the flow of information, the need for credibility again limits the amount of detail that can be supplied. Still, the education of the public allows the group to achieve a policy closer to its ideal than would be the case in the absence of any publicity campaign.

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[16] The value of θ_h is derived by setting $\theta_h = \bar{p} = \bar{\pi}$, with

$$\bar{\pi} = (1-\omega)\left[\frac{1}{2}(\theta_{\min}+\theta_{\max})\rho + \delta\right] + \omega\frac{1}{2}(\bar{p}+\theta_{\max}) .$$

This is the largest value of θ at which it is a best response for a party to set its position equal to θ when its rival does likewise and $\bar{\pi}_P = (\theta_{\min}+\theta_{\max})\rho/2 + \delta$. The value of θ_l is derived analogously.

6.6 Appendix: SIG Leaders with a Broad Mandate

In the main text, we distinguished two alternative objectives that the leaders of an interest group might have. The leaders might pursue the group's collective interests in areas where the members have similar preferences. Or they might pursue the group's aggregate welfare from all dimensions of government policy. In the case of the narrow mandate, the organization takes actions to induce a pliable policy that is as close to the group's ideal as possible. In the case of a broad mandate, it aims instead to maximize the total expected utility, including utility that members derive from policy issues on which they have no common views.

We have seen that the form of the mandate does not bear on the leaders' communication early in the election cycle. When an organization issues early reports, the leaders anticipate subsequent convergence in the parties' pliable platforms. They realize that the election outcome will hinge on the popularity of the parties' fixed positions, which their message does not affect. Therefore, the leaders focus their efforts on achieving a favorable pliable policy, no matter what their mandate happens to be.

However, the mandate does become important when communication takes place after the parties have announced their positions. In the text, we focused on the simpler case of a narrow mandate. We found that, with such a mandate, the leaders are inclined toward extreme statements about the policy environment. In contrast, leaders who perceive a broader mandate will be more restrained in their claims. Such leaders will recognize that they do not know the relative popularity of the parties' fixed positions, and will be reluctant to overstate their case, lest they engineer a victory for a party that proves to be unpopular with the average member.

In this appendix, we study late communication by an interest group whose leaders have a broad mandate. We find that such leaders have only a limited incentive to exaggerate about the policy environment. In some circumstances, their reticence permits greater communication than would be possible if their mandate were narrow. After discussing the equilibria that are possible in the communication sub-game, we revisit the competition between the political parties. Finally, we compare the policy outcomes that result from the different mandates.

6.6.1 Communication Game when SIG Leaders Have a Broad Mandate

We consider the incentives facing an organization that has detailed knowledge of the policy environment. As before, the information in the hands of the leaders allows them to identify the ideal pliable policy for SIG members. The information also may be relevant to the general public.

The leaders seek to maximize the average expected utility of group members. We can write the maximand as

$$EU_S = \bar{v}_S^A + \int_{b_{\min}}^{\beta} -(p^A - \theta)^2 f_b(b) db + \int_{\beta}^{b_{\max}} \left[-(p^B - \theta)^2 + b\right] f_b(b) db. \tag{6.7}$$

Here, $\bar{v}_S^A = E\tilde{v}_S^A$ is the expected utility that the average SIG member would derive from the fixed positions of party A, $f_b(\cdot)$ is the probability density function that describes the leader's beliefs about the relative popularity of the parties, $b_{\min}$ and $b_{\max}$ are the minimum and maximum values of b in this distribution, and β is the cut-off value for b at which party A wins the election; i.e., $b < \beta$ implies $s > 1/2$. Note that $\bar{v}_S^A$ is outside the leaders' control. Note too that the second integral includes the realization of $\tilde{b}$, which is the "extra" utility (positive or negative) that members would derive from the fixed positions of party B, were that party to win the election. The leaders recognize that their message can affect this component of utility, because the report might change the winner of the election. When deciding what message to send, the leaders must consider what values of b are most likely to prevail when their communiqué makes the difference in the election.[17]

The leaders are concerned with how their statement will affect EU_S. Their message alters voter' beliefs about θ, thereby changing $\bar{\pi}$ and β. From equation (6.4), we know that

$$\beta = 2f(\bar{p} - \bar{\pi})(p^B - p^A). \tag{6.8}$$

We can use (6.7) to calculate the effect of a change in β on the average expected utility of group members. We find

$$\frac{dEU_S}{d\beta} = \left[(p^B - \theta)^2 - (p^A - \theta)^2 - \beta\right] f_b(\beta).$$

[17] Some readers will recognize a parallel with the work of Feddersen and Pesendorfer (1996). These authors discuss how imperfectly informed voters ought to condition their vote on the states of the world in which their vote is pivotal.

After substituting for β using (6.8), this equation can be rewritten as

$$\frac{dEU_S}{d\beta} = 2(p^A - p^B)\left[\theta - (1-f)\bar{p} - f\bar{\pi}\right] f_b(\beta).$$

Finally, since $d\beta/d\bar{\pi}$ is positive if and only if $(p^A - p^B)$ is positive, we see that the SIG wishes to deliver a message that raises $\bar{\pi}$ if and only if $\bar{\pi} < \left[\theta - (1-f)\bar{p}\right]/f$. Evidently, SIG leaders with a broad mandate will exaggerate their statements about θ only up to a point. Once $\bar{\pi} = \left[\theta - (1-f)\bar{p}\right]/f$, they have no desire to induce still high expectations of π_S and π_P.

We attempt now to construct a two-partition equilibrium of the communication sub-game. As before, voters take a message of "low" to mean that θ lies between $\theta_{\min}$ and θ_1 for some value of θ_1, and a message of "high," to mean that θ lies between θ_1 and $\theta_{\max}$. The alternative messages generate different values for β, which is the highest value of b for which party A wins the election. If the SIG reports "low," the cut-off point is $\beta_{low} = 2f[\bar{p} - [\omega + (1-\omega)\rho](\theta_{\min} + \theta_1)/2 - (1-\omega)\delta](p^B - p^A)$, considering that $\bar{\pi} = [\omega + (1-\omega)\rho](\theta_{\min} + \theta_1)/2 + (1-\omega)\delta$ when voters believe that $\theta \leq \theta_1$. If the SIG reports "high," the cut-off point instead is $\beta_{high} = 2f[\bar{p} - [\omega + (1-\omega)\rho](\theta_1 + \theta_{\max})/2 - (1-\omega)\delta](p^B - p^A)$. The leaders must be indifferent between sending the alternative messages when $\theta = \theta_1$, which requires

$$\begin{aligned} & \int_{b_{\min}}^{\beta_{low}} -(p^A - \theta_1)^2 f_b(b)db + \int_{\beta_{low}}^{b_{\max}} \left[-(p^B - \theta_1)^2 + b\right] f_b(b)db \\ = & \int_{b_{\min}}^{\beta_{high}} -(p^A - \theta_1)^2 f_b(b)db + \int_{\beta_{high}}^{b_{\max}} \left[-(p^B - \theta_1)^2 + b\right] f_b(b)db \end{aligned}$$

or

$$2(\theta_1 - \bar{p})(p^A - p^B)\left[F_b(\beta_{high}) - F_b(\beta_{low})\right] = \int_{\beta_{low}}^{\beta_{high}} b f_b(b)db. \qquad (6.9)$$

The left-hand side of (6.9) gives the extra expected utility that the average SIG member would derive from the pliable policy of party A, if the organization's report of "high" instead of "low" were to cause party A to win the election. The right-hand side gives the extra expected utility that the average member would derive from the fixed positions of party B, considering only those values of b for which the group's choice of message makes the difference in the election. Note that both of these magnitudes could be negative.

To proceed further, we assume that the leaders have a uniform prior distribution for the relative popularity of party B. That is, we take $\tilde{b}$ to be uniformly distributed between $b_{\min}$ and $b_{\max}$, so that f_b is a constant. In this case, (6.9) becomes[18]

$$2(\theta_1 - \bar{p})(p^A - p^B) = \frac{\beta_{low} + \beta_{high}}{2},$$

which implies that

$$\begin{aligned}\theta_1 \quad = \quad & \frac{2}{2 - f[\omega + (1-\omega)\rho]} \times \\ & \left\{(1-f)\bar{p} + f(1-\omega)\delta + f[\omega + (1-\omega)\rho]\left[\frac{\theta_{\min} + \theta_{\max}}{4}\right]\right\} \quad (6.10)\end{aligned}$$

If the value of θ_1 in (6.10) falls between $\theta_{\min}$ and $\theta_{\max}$, then we have identified a legitimate two-partition equilibrium of the communication sub-game. Clearly, the existence of a two-partition equilibrium depends on the parameters values for ω, δ, and ρ, and on the positions that have been announced. Notice that when a two-partition equilibrium exists, the point at which the organization switches from sending one message to the other does not come at $\theta_1 = \bar{p}$. In other words, the organization does not switch from reporting "low" to reporting "high" at a value of θ at which the group members would fare equally well under the alternative pliable positions.

To understand why this is so, let us consider a concrete example. Suppose that $p^B > p^A$, $\bar{p} = (\theta_{\min} + \theta_{\max})/2$, $\delta < 0$, $\rho = 1$, and that θ is a bit less than $\bar{p}$. In this situation, if the leaders had a narrow mandate, they would report "low" in order to steer votes to party A. They would attempt to assist party A in this situation, because $\theta < \bar{p}$ and $p^A < p^B$ imply that members would prefer p^A to p^B. But when the leaders have a broad mandate, they report differently.[19] Their reasoning is as follows. Given voters' prior beliefs, the average voter initially prefers the pliable position of party A. Thus, the election will be close only when the fixed positions of party B prove to be the more popular. These are the only conditions under which the organization's message might make the difference in the election. Since θ is close to $\bar{p}$, the SIG members will fare almost as well under p^B as under p^A. A report of "high" improves the

[18] The left-hand side of (6.9) becomes $2(\theta_1 - \bar{p})(p^A - p^B)f_b(\beta_{high} - \beta_{low})$, while the right-hand side beomces $f_b(\beta_{high} - \beta_{low})(\beta_{high} + \beta_{low})/2$. Then the terms f_b and $(\beta_{high} - \beta_{low})$ cancel from both sides.

[19] Note that $\theta_1 = \bar{p} + 2f(1-\omega)\delta/\,(2-f) < \bar{p}$ in this case.

average member's overall welfare by helping party B to win in situations where it is most likely that $b > 0$.

We have seen in Section 6.3.1 that, when the leaders have a narrow mandate, they use at most two distinct messages in any equilibrium of the communication game. This limitation on the size of their "vocabulary" reflects the powerful incentive they have to exaggerate. But, as we have just seen, leaders with a broad mandate are less inclined to exaggerate. Accordingly, the severe limitation on the size of their vocabulary need not apply. For some parameter values and policy positions, the organization may be able to use three or more distinct messages in an equilibrium of the communication game. Each message would correspond to a different range of values of θ and would imply a different value for β. As usual, the leaders must be indifferent between sending alternative messages when θ is at one of the boundaries. The greater is the number of messages from which the leaders choose, the more detailed will be the information they convey about the policy environment.

6.6.2 Political Competition when SIG Leaders Have a Broad Mandate

We turn now to the competition between political parties that anticipate the announcements of the SIG leaders. To illustrate the nature of this competition, we focus on a special case with $\rho = 1$ and $\delta < 0$. We also assume that the parties expect the organization to choose from at most two distinct messages, no matter what the parties' positions happen to be.

As was the case in Section 6.3.2, the political equilibrium features convergence in the pliable positions of the two parties. The parties' common position depends on the actual ideal policy of the SIG. Consider first the outcome when θ is large; in particular, $\theta \geq \theta_h$, where[20]

$$\theta_h = \theta_{\max} + 2(1-\omega)\delta - \frac{1}{2} f(\theta_{\max} - \theta_{\min}).$$

In this situation, the parties adopt pliable positions of

$$p^A = p^B = \theta_{\max} + 2(1-\omega)\delta - \frac{1}{4} f\left(\theta_{\max} - \theta_{\min}\right).$$

[20] Note that we need $\theta_{\max} > \theta_h > \theta_{\min}$. The first inequality is ensured for all $\delta < 0$. The second requires $-2(1-\omega)\delta < (\theta_{\max} - \theta_{\min})(1 - f/2)$. If this limitation on the size of δ is not satisfied, the SIG will fail to educate the voters at the communication stage, and the parties will choose $p^A = p^B = (\theta_{\min} + \theta_{\max})/2 + (1-\omega)\delta$ in anticipation of this failure.

Then $\bar{p} = \theta_{\max} + 2(1-\omega)\delta - f(\theta_{\max} - \theta_{\min})/4$, and, according to (6.10), $\theta_1 = \theta_h$. Since $\theta \geq \theta_h = \theta_1$, the organization delivers the message that "high" for all values of θ in this range. This message leads voters to update their beliefs, so that $\bar{\pi} = \frac{1}{2}(\theta_1 + \theta_{\max}) = \theta_{\max} + 2(1-\omega)\delta - \frac{1}{4}f(\theta_{\max} - \theta_{\min})$.

Notice that $\bar{p} = \bar{\pi}$. That is, the parties adopt positions at the average expected ideal policy in the population as a whole. In order to do so, they must correctly forecast what the average voters' expected ideal policy will be after the SIG issues its report about θ.

To see why this is an equilibrium, suppose that party A were to adopt a position a bit below p^B. Since $\theta > \theta_1$, the organization would still report "high." Although $\bar{\pi}$ would fall slightly, it would not fall by as much as $\bar{p}$, so $\bar{p} - \bar{\pi}$ would turn negative. Then, according to (6.4), party A would lose votes for every realization of $\tilde{b}$. Thus, the deviation would reduce the party's chances of winning the election. Similarly, if party A were to deviate to a higher value of p^A, its probability of winning the election would fall.

For small values of θ, the outcome is analogous. If $\theta < \theta_l = \theta_{\min} + 2(1-\omega)\delta + f(\theta_{\max} - \theta_{\min})/2$, the pliable positions converge to[21]

$$p^A = p^B = \theta_{\min} + 2(1-\omega)\delta + \frac{1}{4}f(\theta_{\max} - \theta_{\min}).$$

With $\bar{p} = \theta_{\min} + 2(1-\omega)\delta + f(\theta_{\max} - \theta_{\min})/4$, equation (6.10) implies that $\theta_1 = \theta_l$, which exceeds θ. Thus, the leader reports "low" for all values of θ in this range. The voters update their beliefs so that $\bar{\pi} = (\theta_{\min} + \theta_1)/2 = \theta_{\min} + 2(1-\omega)\delta + f(\theta_{\max} - \theta_{\min})/4$. Again, $\bar{p} = \bar{\pi}$. The parties are unwilling to deviate from this common position for reasons that are analogous to those for large θ.

Finally, for intermediate values of θ, the equilibrium positions of the parties vary with the state of the world. But now the SIG does not achieve its ideal policy in any state. Rather, the parties take common positions at the value of $\bar{p}$ that makes the leader indifferent between sending the alternative messages. The common equilibrium value of p^A and p^B as a function θ can be calculated using (6.10). The organization is indifferent between sending the alternative messages when $\theta = \theta_1 = (1-f)\bar{p} + f(1-\omega)\delta + f(\theta_{\min} + \theta_{\max})/4$. The equilibrium has

$$\bar{p} = p^A = p^B = \frac{1}{2(1-f)}\left[(2-f)\,\theta - 2f(1-\omega)\delta - \frac{1}{2}f(\theta_{\min} + \theta_{\max})\right],$$

[21] This statement presumes that $\theta_l > \theta_{\min}$, or that $-2(1-\omega)\delta < f(\theta_{\max} - \theta_{\min})/2$. If this is not so, there exists no two-partition equilibrium in the communication sub-game.

for θ between θ_l and θ_h.

To see why this is an equilibrium, consider a deviation by party A. A deviation to a higher position on the pliable issue would increase θ_1, and thereby induce the organization to report "low." This would leave the average voter with a low expected ideal policy of $\bar{\pi} = (\theta_{\min} + \theta_1)/2 + (1-\omega)\delta$, so that $\bar{p} - \bar{\pi}$ would be positive. Then, by (6.4), party A would capture less than the fraction $s = 1/2 - b$ of the votes, for any value of b. This would harm the party's electoral prospects, relative to its chances when it adopts the same position as its rival. If the party were to deviate to a lower position on the pliable issue, θ_1 would fall and the organization would report "high." Then the expected ideal among members would rise to $\bar{\pi} = (\theta_1 + \theta_{\max})/2 + (1-\omega)\delta$, and $\bar{p} - \bar{\pi}$ would become negative. Again, the party loses votes for any realization of $\tilde{b}$. In short, when the proposals are such that the SIG is indifferent between sending the alternative messages, any deviation by a party causes the SIG leaders to send a message that is injurious to the party's cause.

6.6.3 A Comparison of Two Mandates

Having described outcomes of the communication-cum-election game under alternative assumptions about the organization's mandate, we can now pose a further question. Suppose the interest group can choose the objective function for its leaders. Should the group direct its leaders to focus narrowly on the pliable policy issue or more broadly on the members' overall welfare? Of course, the instructions would have to be issued behind a veil of ignorance, that is, at a time when the members knows only the prior distribution of $\tilde{\theta}$, and not the actual realization of the state of the world. The instructions would also need to be observable to the political parties, and binding, or else the parties might choose their positions in expectation of different behavior by the leaders than would actually be the case.

A comparison of the two mandates teaches an interesting lesson. On the one hand, the leaders who concern themselves with the overall welfare of the members have greater credibility. Such leaders are better able to educate group members about the policy environment. The education is valuable to the members, because it allows them to elect with higher probability the party that would provide them with higher welfare. This consideration alone would suggest that the leaders ought be granted a broad mandate. On the one hand, the competition between the political parties for favorable publicity is more intense when the leaders focus narrowly on the pliable issue. As we have seen, leaders with such a focus can only report credibly about which of the parties' pliable positions would better serve the group. Knowing that the organization will provide voters with this information, the parties are led to adopt positions at or close to the group's ideal.

The analysis we have performed allows us to compare outcomes for the special case where $\rho = 1$ and the SIG leaders send one of two distinct messages. In the case of a narrow mandate, the equilibrium pliable policy matches the group's ideal for all values of θ between $\theta_l = \theta_{\min} + 2(1-\omega)\delta$ and $\theta_h = \theta_{\max} + 2(1-\omega)\delta$. So the only time that the broad mandate might conceivably deliver a better pliable policy to the group members is when $\theta < \theta_l$ or $\theta > \theta_h$. But for $\theta < \theta_l$, the pliable policy exceeds the SIG's ideal policy under either mandate, and the policy outcome is larger (and thus further from the group's ideal) in the case of a broad mandate. Similarly, when $\theta > \theta_h$, the pliable policy falls short of the SIG's ideal policy under either mandate, but the shortfall is larger when the leaders have a broad mandate. Thus, no matter what the actual value of θ, the SIG members achieve a more favorable pliable policy when their leaders pursue a narrow mandate than when they pursue a broad one. Moreover, the parties' pliable positions are the same in every equilibrium. This means that the probability that either party will win the election is the same with the two different mandates. The chances for implementation of the alternative fixed platforms is also the same. It follows that the group members fare better with leaders who focus narrowly on the pliable issue when one of two messages is used by the organization to describe the state of the world.

It is possible that a group might wish to grant its leaders a broad mandate, if by doing so it allowed them to provide detailed information about the policy environment. We cannot rule out the possibility that members' ex ante welfare would be higher with welfare maximizing leaders, if the latter could achieve an equilibrium in the communication game with more than two messages. But neither is it easy to construct an example where this is true. Rather, the SIG members typically fare better when their leaders are instructed to ignore all issues besides that of common interest to the membership. The constraint that this narrow mandate imposes on the leaders' communication serves the members well in the political competition.