Electoral Competition with Rationally Inattentive Voters
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Questions

Voters are uninformed, oftentimes predictably so.

- **How does selective ignorance of voters interact with policy formation by politicians?**
- How can the observed patterns of what voters know be explained?
- How does the knowledge of voters depend on the political process?
- How do the patterns in voters' information influence policy choices by elected representatives?

Preview of Results

Using a model of rationally-inattentive voters (facing costly information acquisition) and politicians that care *only* about winning, the authors draw numerous conclusions.

- Distortions in policies arise because, in equilibrium, candidates maximize "perceived social welfare," (which relates to how much attention is paid to various policies), rather than actual social welfare.
- More attentive voters are more influential, because they are more responsive to policy changes. Candidates therefore have higher incentives to appeal to these groups.
- Voters are more attentive to issues that (1) are less costly to learn about (2) that are more uncertain or that (3) would provide relatively large increases in marginal utility.
- $\Rightarrow$ Small groups, extreme preferences, divisive issues receive more attention. Public goods don't. Efficient reforms are more likely in recessions and the poor are politically empowered by welfare reforms.

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Candidates

Two candidates, indexed by C, maximize the probability of winning the election.

- Choose an M dimensional policy vector $\hat{q}_C$.
- The actual policy, q_c is implemented imperfectly: $q_C = \hat{q}_C + e_C$.

Voters

N voters receive $(2 \times M)$ iid signals about the policy vectors.

- Choose how much attention to pay to the signals by choosing the noise of each signal.[1]
- Cost of attention is a weighted sum (over policies) of the relative reduction of uncertainty that the signal provides (difference in entropy).
- Chooses candidate A if

$$\mathbb{E}[U^G(q_A) \mid s_A^{v,G}] - \mathbb{E}[U^G(q_A) \mid s_A^{v,G}] \geq x^v$$

  where x^v is a preference shock favoring candidate B, consisting of a idiosyncratic and common component.
- Solves $\max_{\text{info}} \mathbb{E}\left[\max_{\text{candidate}} \mathbb{E}E\left[U^G(q_C) \mid s_C^{v,G}\right]\right] - \text{info cost}$

[1] Choose the $2M$ elements of $\xi_C^G \equiv \frac{\sigma_C}{\sigma_C^2 + \gamma_C^G}$

Timing

1. Voters form priors about platforms and choose attention
2. Candidates set target policy.
3. Actual policies realize.
4. Voters observe noisy signals of actual platforms
5. Preference shock realizes and elections are held.

Equilibrium

Information and policies such that everyone maximizes utility.

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Critiques

- Signals received by voters are independent.
- Voters vote as if they are pivotal.
  - Get utility from choosing the right person... "sincere attention" and "voting for the right candidate"
  - Has nothing to do with who wins.
  - "Weight" in information cost captures the cost of attention relative to the psychological benefit of voting for the right candidate.
- Idiosyncratic shock being drawn late implies all voters of same group choose same attention strategies.

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Applications

- **Single policy dimension.** Rational inattention amplifies the effect of preference utility and dampens the effect of group size on outcomes.
- **Multi-dimensional policy.** Voters pay more attention to higher stakes. Common-ground policies receive less attention (expect it to prevail).
- **Policy affects the cost of attention.** Welfare policies increase make attention less costly for the poor $\Rightarrow$ poor pay more attention $\Rightarrow$ more welfare policies.

Conclusion

- Useful model which can be specialized to study several aspects of elections.
- The rational inattention yields several previous results, from first principles.