Attract Voters or Appease Grassroots? Opposition Party Leaders’ Dilemma and Party Policy Change

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Abstract

Why do prime minister contender parties sometimes resist shifting their policy positions, even if doing so can increase the party’s vote share during the next general election? In this paper, I construct a game theoretic model between the party leader and grassroots to illustrate how a party’s strategic decision to orient the party towards a vote-winning policy position depends on the party leaders risk assessment of being deposed. Using the perfect Bayesian equilibrium concept, the model predicts that a party leader is more likely to succeed in moving the party towards a vote-winning position when the party leader’s perceived probability that grassroots and MPs are united is low; when the cost of intraparty conflict on the party’s overall electoral wellbeing is high; and when the benefits of holding the prime minister position is high, but the benefits of being the party leader is low.
1 Introduction

Party leaders sometimes face resistance in their efforts to alter the party’s policy directions. For example, in February of 2012, Job Cohen, the Dutch Labour Party (PvdA) Leader, resigned over a leaked email from MP Frans Timmermans, which criticized Cohen’s Socialist stances and expressed the need to reorient the party towards its social democratic tradition. At the time, amid low opinion polls toward the PvdA’s policy stances, Cohen attempted to pull the party toward the Socialist Party to retrieve the lost votes. However, some grassroots and MPs shared Timmermans’ disapproval of the party’s policy direction. This contrasts with the successful policy shift by Neil Kinnock, leader of the British Labour Party from 1983 to 1992. In the beginning of Kinnock’s tenure, left-leaning trade unions and party activists captured the party’s policy-making process. However, Kinnock successfully removed their hold on the party’s policy direction and moderated the party to win more votes.

The ability for parties to shift their policy positions is a hallmark of electoral competition: a party needs to respond to its rivals when there is a position change. If parties value votes, why are some unable to move towards vote-winning policy positions? I argue that party leaders, though possess power in shaping the party’s policy directions, are susceptible to influences from grassroots. I formalize these considerations using a game theoretic model between the party leader and the party’s grassroots. Using the perfect Bayesian equilibrium concept, the model predicts that party leaders are more likely to succeed in re-orienting the party towards a vote-winning position when the probability that MPs support grassroots is low; when the cost of intraparty conflict on the party’s overall electoral well-being is high; and when the benefits of holding the prime minister position is high, but the benefits of being the party leader is low.

I first address the dynamics of electoral competition and intraparty politics. I then present my game theoretic model, a simulated example, and a brief anecdote of the Swedish Social Democratic Party’s policy orientations from 2007-2012. A discussion of the models’
implications follow. I conclude with future research ideas in intra-party politics in advanced democracies.

2 Electoral Competition and Intra-Party Dynamics

My argument rests on two empirically-based premises: parties are able to identify vote-winning positions (at least the directions of these positions), and that they are made up of actors with different policy preferences. If prime minister contender parties have both office and policy-seeking incentives, these parties should move towards vote-winning positions when their office-seeking incentives dominate. Moreover, when these parties do move, they should improve their electoral performances.

Vote-seeking parties should choose policy positions that can maximize their vote shares in an election. Parties who gained votes in the last election should “stay put” in order to retain their coalition of voters, while parties with vote loss should move away from their current position (Budge 1994; Laver 2005). Somer-Topcu’s (2009) analysis of 23 established democracies yield similar conclusion: parties who lost votes in previous election tend to shift their policy positions to a greater extent than if they gained votes, but the past election effect diminishes through time. However, Adams et al.’s (2004) examination of party manifestos in eight Western European democracies concludes that past election results do not predict a party’s shift in policy positions. Meanwhile, Tavits (2007) finds that parties who shift their “principle” policy positions (e.g. morality issues such as abortion and same-sex marriage) will on average lose votes, but changing their “pragmatic” policy stances (e.g. economic

\[1\] In multiparty systems, being moderate does not guarantee the maximization of votes, since parties may be rewarded for holding more extreme policy positions. Due to considerations over coalition formation or divided government, voters may discount the parties publicized positions with their actual position, should the party enter into government (Kedar 2005; Adams et al. 2005). Yet, on average only government parties, not opposition parties, can reap the electoral benefits for “going extreme” (Bawn and Somer-Topcu 2012). As Adams and Somer-Topcu (2009) finds, parties that moderate their policy positions are more likely to win votes at the next general election, and this holds true in both two-party and multi-party systems.

\[2\] This is the argument behind Budge’s (1994) spatial theory of party competition and Laver’s (2005) concept of a predator party.
issues such as budget deficit) will help the party gain votes.

These seemingly contradictory findings may be an artifact of the interplay between vote-seeking and policy-seeking behaviors. Office-seeking, prime minister contender parties are susceptible to their their policy-seeking incentives, especially since party members have heterogeneous policy preferences. Ideology may prevent parties from “giving voters what they want.” This dynamic is evident in the intra-party level. If parties are indeed made up of a coalition of actors with divergent preferences, then one should expect that a party’s policy-seeking incentives will sometimes collide with its motivation to gain votes. The policy positions that can maximize the party’s vote shares may be the same positions that cause internal conflict within a party. As such, a party needs to balance its desire to advocate for certain policy positions with their need to obtain office for policy implementation.

A party’s ability to formulate a vote-winning position should thus take into account its internal dynamics. Budge, Ezrow, and MacDonald (2012) illustrate that a party’s policy direction is susceptible to preferences by their internal factions. Parties dominated by their parliamentary representatives are more likely enter into coalitions than those dominated by their organization (Helboe Pedersen 2010b). This is consistent with the convention that party activists are on average more intense in their policy preferences than the generate electorate. The more grassroots can influence a party’s process of formulating policy positions, the

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3 Bawn et al. (2012) conceptualize parties as a constellation of groups held together by ideology, which acts as “congealed interests” which coordinates groups to form a party together with a common identity (Bawn 1999). Dewan and Squintani’s (2012) model of party faction formation shows that it is Pareto efficient for party members with different policy preferences to form factions while designing the party’s policy platforms.

4 Lupia and Strom (1995) show that parties value both government status and being able to advocate for a set of policy positions. Müller and Strøm’s (1999) analysis of Western European parties explicitly examine how office and policy-seeking objectives influence parties’ behavior in government as well as in elections.

5 For example, divergent preferences over office and policy-seeking incentives led to the 1987 coalition bargaining failure in Norway (Strom 1994).

6 Which faction dominates policy formulation depends on whether the existing policy position helped the party gain votes (Budge, Ezrow, and MacDonald 2012). Helboe Pedersen (2010a) also finds that the party organization can influence parliamentary parties’ activities in the legislature and in government formation.

7 Although Weldon (2008) contends that this does not always hold up, he also finds that, as party activists gain more relative power, the party becomes less responsive to electoral incentives and is more likely to adopt more extreme policy positions (Weldon 2011).
farther away its positions should be from those of the general electorate.\textsuperscript{8}

Yet, allowing party activists, rather than the party leader, to dictate the party’s policy direction may be tantamount to giving up the prime minister post. If party leaders are de facto prime minister candidates, then it is reasonable to imagine that leaders of prime minister contender parties are heavily driven by vote-seeking incentives. As Iversen’s (1994) examination of voting behavior in Western European democracies indicates, voters punish candidates whose policy positions do not correspond to their preferred positions. This suggests that party leaders should prevent grassroots from capturing the policy-formulation process. However, we observe some party leaders yielding to their policy preferences, while sometimes grassroots support the leader’s policy reorientation. In the next section, I argue that MPs’ support toward grassroots and the strategic interactions between party leaders and grassroots determine the leader’s ability to orient the party to a vote-winning position. Whereas the party leader assess their risks of being overthrown, grassroots calculate the benefits of having the leader as the prime minister relative to the benefits associated with promoting their preferred policy positions.

3 Game of Party Policy Change

In this section, I develop a game theoretic model that showcases the strategic interaction between the party leader and grassroots. I define grassroots as members of the party who hold offices in the party organization, but do not also hold nationally-elected public offices. Party leaders wield considerable influence on setting the party’s policy direction.\textsuperscript{9} These factors, and the fact that party leaders, by definition, lead the party, imply that not only do

\textsuperscript{8}For example, in U.S. Senate Elections, candidates with few electoral resources adopt positions that are closer to those of party activists in order to accumulate these resources (Moon 2004: 612), which can also enhance the party image (Schofield 2009).

\textsuperscript{9}Party leaders in OECD countries play an increasingly important role in drafting election manifestos and carrying the campaign message (Farrell and Webb 2000: 135; 145-146). In addition, the need for governments to delegate some policy-making power towards the European Union, coupled with party membership structures becoming more disorganized, has consolidated party leaders’ agenda-setting power (Raunio 2002).
they have incentives to control the party’s policy formulation process, but that their actions do affect the party’s policy positions.

I focus on leaders’ interactions with grassroots, instead of MPs, because while the latter group may have the power to depose the leader and control the party’s positions, party discipline in parliamentary democracies are, in general, high, and MPs are often beholden to the party leader for their career advancements. Moreover, grassroots support may be essential to individual MPs’ selection. Although this is not always the case, in parties where it is, grassroots may have the power to hold the party’s policy direction hostage by strong-arming the MPs into promoting their preferred policy positions. Even if MPs are not dependent on grassroots for their re-selection, their career trajectory may depend on grassroots’ approval of them. MPs who listen to grassroots may develop a positive reputation within the party organization and win the attention of the party elites, which bolster their chances of being promoted in parliament. Meanwhile, grassroots gain influence via MPs’ support. MPs can coerce the leader into resigning by threatening parliamentary party discipline or publicly criticizing the leader, which are tell-tale signs that the party leader’s is no longer able to ensure their loyalty. All these suggest that when grassroots and MPs are united against the party leader, the latter’s position would become untenable.

It is important to note that my model does not assume that unity between the two groups automatically implies convergent policy preferences. That is to say, even when MPs and grassroots share similar positions, they may still face collective action problems. An MP whose policy views would make him a natural ally to grassroots may still remain loyal to the party leader if he or she is uncertain about other MPs’ preferences. In contrast, even if MPs do not share grassroots’ policy positions, grassroots’ hold on MPs’ career paths may incentivize the latter to support grassroots actions. This suggests that the collective action problem among MPs should be higher in cases where the party leader controls MPs’

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10 Kam (2009); interviews with the author 09/07/2011; 09/29/2011; 10/06/2011.

11 Tseblis’ (1990) study of candidate selection, for example, argues that the British Labour Party selected extreme parliamentary candidates in the early 1980s in order to appease grassroots.
career paths. In these cases, failure to overthrow the leader would sound the death knell to parliamentary advancement. Thus, the party leader’s perceived likelihood of a united grassroots-MPs should take into account the party’s internal structure. It should be low when the party leader controls MPs’ parliamentary careers,\textsuperscript{12} and high when grassroots can vote on MPs’ parliamentary posts.\textsuperscript{13} Nevertheless, my model shows that strategic considerations between the party leader and grassroots can explain the variation on policy position-taking, even within a particular party organizational type.

The relationship between the party leader and grassroots need not always be antagonistic. If grassroots’ ideological composition correspond to vote-winning positions, then no strategizing is needed to assure grassroots’ loyalty. Yet, at times we observe the opposite. For example, Neil Kinnock faced internal struggles over the party’s policy direction. When he attempted to move the party towards the center, national news reported a series of criticisms from the party’s “militant left” faction.\textsuperscript{14} In cases like this, strategic interactions become central in the party leader’s decision to attract voters or appease grassroots.

### 3.1 Setup

I construct a game of incomplete information between the party leader and the party’s grassroots. Grassroots know whether or not they have obtained MPs’ support.\textsuperscript{15} The party leader have full knowledge of the grassroots’ preferred policy position, but he is uncertain whether they have the support of MPs.\textsuperscript{16} Following Bawn (1999), I treat a party as a

\textsuperscript{12}The British Conservative Party and the Dutch VVD are two such examples.

\textsuperscript{13}The British Labour Party and the Swedish Social Democratic Party are two such examples.

\textsuperscript{14}Interviews with the author 09/15/2011; 10/11/2011. Also see Heppell (2010) for a detailed account of the conflicts during this period.

\textsuperscript{15}It is not difficult to imagine that MPs frequently communicate with grassroots, especially in countries where MPs have their own constituencies and in parties where the nomination of parliamentary candidates rests on the district chapters.

\textsuperscript{16}This is not an unreasonable assumption. While the party leader may have full knowledge of MPs’ policy preferences, it is much more difficult for him to be certain about their loyalty. For instance, it is not difficult to imagine that MPs would prefer not to vocalize their support for grassroots. Thus, the party leader’s uncertainty hinges on whether MPs and grassroots are united in their actions, not their policy preferences.
coalition of actors bounded by a common ideology. While conflicts can occur, exit from the party (which would result in party breakdown) is not in the actors’ set of actions. For ease of modeling, I treat a party’s grassroots as a unitary actor.

The game sequence is as follows. The leader (PL) first decides whether to promote policy positions that can maximize the party’s vote share (the action *attract*), or appease grassroots (G) by adopting their preferred policy position (the action *appease*). However, he must do so while being uncertain about MPs’ support for grassroots. If the party leader chooses to appease grassroots by adopting their preferred policy position, grassroots would remain loyal to the leader. However, if the leader chooses *attract*, grassroots would then decide whether or not to rebel (the action *rebel*). Rebellion can be conceptualized as grassroots publicly voicing their criticism of the leader’s policy direction, but stopping short of criticisms against the leader himself. If no rebellion occurs, the party leader has successfully moved the party’s position towards the vote-maximizing position, and the party would capture the prime minister seat at the next general election. It is important to note that my model is empirically applicable only in cases where the grassroots do not prefer the vote-maximizing position. If the reverse is true, then grassroots would have no incentive to rebel against a leader who adopts the vote-maximizing position.

If grassroots have chosen to rebel, then the party leader would need to decide whether or not to resign (the action *resign*). Resignation in this context is not necessarily policy-motivated. Grassroots’ public criticism of the party’s attempt at changing position may be enough to incentivize the leader to resign in anticipation that he would be forced out. If the leader resigns, then the new party leader’s policy position would represent those of grassroots. If the leader chooses to remain in office (the action *not resign*), then grassroots would choose whether or not to force out the leader (the action *force out*). Choosing *force out* is equivalent to grassroots withdrawing their support of their leader, either informally by criticizing the leader himself, or formally by activating a motion of no confidence against him.
The party leader’s uncertainty is manifested in how grassroots would act. If grassroots have obtained MPs’ support, then they would rebel against a party leader who decided to adopt the vote-maximizing position, and force him out if he does not resign (I label this type of grassroots as type $MP$). If grassroots do not have MPs’ support, then their set of available actions are as described (I label this type of grassroots as type $\sim MP$). Since the party leader is uncertain whether or not grassroots have obtained the support of MPs, I assign his prior probability that he faces type $MP$ as $p \in [0, 1]$. The probability that he faces type $\sim MP$ is thus $1-p$. The term $p$ incorporates the leader’s perceived level of aforementioned collective action problems between MPs and grassroots. It is not the leader’s judgment of the policy preference congruence between MPs and grassroots. The action profiles of the players are:

$A_{PL} \in \{\text{attract, appease, resign} \mid \text{rebel, not resign} \mid \text{rebel}\}$
$A_{G,MP} \in \{\text{rebel, force out} \mid \text{not resign}\}$
$A_{G,\sim MP} \in \{\text{rebel} \mid \text{attract, not rebel} \mid \text{attract, force out} \mid \text{not resign, not force out} \mid \text{not resign}\}$

I now discuss the players’ utility functions. Since the party leader would become the prime minister if he successfully moves the party’s policy position towards vote-maximizing position, he would receive the benefits of holding the prime minister’s seat ($B_{PM,PL} > 0$). As he also retains the loyalty of the party’s grassroots, he does not incur any cost. Meanwhile, since holding the prime minister’s seat brings in tangible benefits, such as policy implementation, the party’s grassroots also benefits from the prime ministership status ($B_{PM,G} > 0$). However, because the leader does not promote their preferred policy position, they would incur utility loss for belonging to a party that, in essence, ignores their policy preferences ($C_{policy} < 0$). Meanwhile, grassroots would benefit from a leader who appeases them by advocating their preferred policy position ($B_{advocacy} > 0$). I normalize the leader’s payoff in
this situation as 0.\(^{17}\)

\begin{align*}
A1a: \, & U_{PL}(\text{appease}) = 0 \\
A1b: \, & U_{G}(\text{appease}) = B_{\text{advocacy}} \\
A2a: \, & U_{PL}(\text{not rebel} \mid \text{attract}) = B_{PM,PL} \\
A2b: \, & U_{G}(\text{not rebel} \mid \text{attract}) = B_{PM,G} - C_{\text{policy}}
\end{align*}

All members of the party incur a conflict cost if grassroots rebel \((C_{\text{conflict}} < 0)\). This can be conceptualized as a sunk cost that the party had to bear for conflicts. Publicly criticizing the leader’s policy positions is tantamount to sending conflicting signals of the party’s positions to voters. Whereas voters have a clear understanding of what a united party stands for, they are uncertain about which direction the party is heading towards. As a result, voting for a divided party is risky, since voters cannot be sure that the party leader’s policy pledges will be implemented if the party enters into government.\(^{18}\) Thus, even if rebelling caused the party leader to resign, grassroots will incur a conflict cost, despite the benefit of promoting their policy position \((B_{\text{advocacy}})\). Meanwhile, by resigning, the leader loses his benefit of being the party leader \((B_{PL} > 0)\), where I assume that \(B_{PL} < B_{PM,PL} :\)

\begin{align*}
A3a: \, & U_{PL}(\text{resign} \mid \text{rebel}) = -B_{PL} - C_{\text{conflict}} \\
A3b: \, & U_{G}(\text{resign} \mid \text{rebel}) = B_{\text{advocacy}} - C_{\text{conflict}}
\end{align*}

If the party leader has decided not to resign, then grassroots may force him out of office. If they do, the leader would not only lose the benefits of being the leader, but he would also lose an additional conflict cost \((2C_{\text{conflict}})\) that arises from having the grassroots publicly criticizing both the leader and his policy positions. Grassroots who are blessed with MPs’ support can be confident in knowing that if they force out the party leader, the new leader would represent the grassroots’ position (since MPs and grassroots are united). But, as in the leader’s utility, forcing out the leader incurs an additional conflict cost due to protracted

\(^{17}\)Party leaders may pay a cost of advocating for a position which is not their own. However, since I am interested in how the leader and grassroots interact with each other, I assume that the leader pays no cost for promoting policy positions that are not his own. Having the leader pay a cost does not change the dynamics of the game since the payoffs are additive.

\(^{18}\)Ezrow (2007) finds that on average, voters punish a party with internal conflicts.
intraparty conflict. Meanwhile, grassroots without the support of MPs cannot be certain that the new leader would promote their preferred policies. Since MPs and grassroots are not united, MPs may push to get their preferred leader selected instead of supporting the grassroots’ favored choice. The probability that grassroots’ preferred leader is chosen is represented by \( Pr(PL = G) \in [0, 1] \). If such a leader is chosen, then grassroots would enjoy the benefit of having a leader who advocates for their position. Otherwise, they would incur the cost of not having their positions promoted. Regardless, grassroots would pay an additional conflict cost due to protracted conflict. Formally:

\[
A4a: \quad U_{PL}(force\ out) = -B_{PL} - 2C_{conflict} \\
A4b: \quad U_{G,MP}(force\ out) = B_{advocacy} - 2C_{conflict} \\
A4c: \quad U_{G}(force\ out) = Pr(PL = G)(B_{advocacy}) + (1 - Pr(PL = G))(\ - C_{policy}) - 2C_{conflict})
\]

If grassroots decide not to force out the leader, then the party would represent the vote-maximizing position and win the prime minister’s office. The leader would reap the benefits of being the prime minister, but he would still incur a conflict cost from grassroots’ rebellion in the previous stage. Grassroots would incur \( C_{policy} \), since the party would not promote their position. Moreover, they bear the conflict cost of their rebellion in the previous stage:

\[
A5a: \quad U_{PL}(not\ force\ out) = B_{PM,PL} - C_{conflict} \\
A5b: \quad U_{G}(not\ force\ out) = -C_{policy} - C_{conflict}
\]

The outcomes and their payoffs for each player are summarized in Table 1. Figure 1 presents the game with incomplete information.

[FIGURE 1: GAME TREE HERE]
### Table 1: Summary of Outcomes and Payoffs

<table>
<thead>
<tr>
<th>Action Sequence</th>
<th>Outcome</th>
<th>Payoff, PL</th>
<th>Payoff, G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attract, Not Rebel</td>
<td>Party wins the PM office</td>
<td>$B_{PM,PL}$</td>
<td>$B_{PM,G} - C_{policy}$</td>
</tr>
<tr>
<td>Appease, Not Rebel</td>
<td>Party adopts G’s policy position</td>
<td>0</td>
<td>$B_{policy}$</td>
</tr>
<tr>
<td>Attract, Rebel, Resign</td>
<td>Party adopts G’s policy position</td>
<td>$-B_{PL} - C_{conflict}$</td>
<td>$B_{advocacy} - C_{conflict}$</td>
</tr>
<tr>
<td>Attract, Rebel, Not Resign, Force Out</td>
<td>Party adopts G’s policy position if G has MP support</td>
<td>$-B_{PL} - 2C_{conflict}$</td>
<td>$B_{advocacy} - 2C_{conflict}$</td>
</tr>
<tr>
<td>Attract, Rebel, Not Resign, Force Out</td>
<td>G has no MP support: Party adopts G’s policy position with Pr(PL=G)</td>
<td>$-B_{PL} - 2C_{conflict}$</td>
<td>$Pr(PL = G)(B_{advocacy}) + (1 - Pr(PL = G))(-C_{policy}) - 2C_{conflict}$</td>
</tr>
<tr>
<td>Attract, Rebel, Not Resign, Not Force Out</td>
<td>Party wins the PM office</td>
<td>$B_{PM,PL} - C_{conflict}$</td>
<td>$B_{PM,G} - C_{policy} - C_{conflict}$</td>
</tr>
</tbody>
</table>

### 3.2 Equilibrium Outcomes

The party’s policy direction and electoral wellbeing is tied to both the party leader’s and grassroots’ best response strategies. A leader who can move the party towards the vote-maximizing position would be able to usher his party into the prime ministership status. In contrast, a leader unable to do so would leave the party in an electorally unpopular position. Grassroots who have the support of MPs will always rebel if the party leader chooses *attract*, and always force out the leader if he chooses not to resign. Thus, if the party leader observes non-rebellion, then the leader would infer that they do not have the MPs’ support. However, since the leader makes the first move, he must choose whether to appease grassroots or attract voters before the grassroots’ type is revealed to him. This also presents an advantage to grassroots: those without MPs’ support may be able to signal falsely to the leader that they do.

Because of information asymmetry, I employ the perfect Bayesian equilibrium concept. The party leader must make the choice to appease grassroots or attract voters without any signals from grassroots, but he forms beliefs about the type of grassroots he faces once the
latter reacts. The equilibrium satisfies the best-response property in non-cooperative games, and also incorporates the party leader’s belief the grassroots’ type into his strategy choice.

Grassroots’ best response strategies depend first on whether they would force out the leader. Using backward induction, grassroots without MPs’ support will force out the leader when the payoff for doing so is higher than the payoff for not forcing him out:

\[
\text{Lemma 1: Grassroots without MPs’ support will not force the leader out if and only if } B_{PM,G} + C_{\text{conflict}} \geq B_{\text{advocacy}} + C_{\text{policy}}. 
\]

This inequality is violated when grassroots highly value the party’s policy direction. That is, when the benefits of having the party promote their position are high, when the cost of not having the party doing so is high, and if the probability that the next leader represents grassroots’ policy direction is high. In contrast, grassroots will not force out the leader if the cost of forcing out is high, i.e., if it threatens the party’s long-term electoral well-being, or if the benefits of having a leader as the prime minister are high.

According to the model, resignation would bring about advocacy benefits for grassroots, since the new leader would pursue their policy position. However, grassroots without the support of MPs may exhibit office-seeking behavior by valuing office benefits more than advocacy benefits. Under this condition, even if the party leader would resign, grassroots would still choose not to rebel against him:

\[
\text{Lemma 2 (separating equilibrium condition): Given that the party leader would choose to resign if grassroots rebel, they would choose to not rebel if the following condition holds: } B_{PM,G} - B_{\text{advocacy}} \geq C_{\text{policy}} - C_{\text{conflict}}. 
\]

If the difference between the office and advocacy benefits is greater than the difference between the conflict and policy costs, then grassroots would choose not to rebel against the leader even if the doing so would prompt the leader to resign.

Meanwhile, the party leader decides between appeasing grassroots or attracting general voters by judging the likelihood of facing grassroots with MPs’ support and predicting how grassroots without MPs’ support would react. Even if the leader is sure that MPs do not support grassroots, he may nevertheless choose to appease them if he would be forced out
otherwise, or resign if his vote maximization strategy is met with rebellion. In contrast, if he can be certain that this type of grassroots would not rebel against him, then he would be able to reap the benefits of being the prime minister if he faces them:

**Lemma 3:** If grassroots without MP support choose not to rebel against the leader, the leader would choose attract if and only if

\[ \frac{B_{PM,PL}}{B_{PM,PL} + B_{PL} + C_{conflict}} \geq p. \]

The inequality implies that the lower the probability that MPs support grassroots, the easier it would be for the leader to attract voters. In addition, the more benefits the leader receives for his own tenure, or the higher the intraparty conflict cost, the more likely he would adopt the grassroots’ position. The more he values being the prime minister, the more likely he will promote the vote-maximizing position despite risking rebellion.

What would happen if both types of grassroots behave in the same manner, i.e., when both types would rebel if the leader chooses *attract* and force him out if he refuses to resign? Regardless of the grassroots’ type, the leader would resign if his attempt to attract voters is met with rebellion. This is costly for the leader, since he would lose the leadership benefits and incur the conflict cost. Predicting this, the leader would instead appease grassroots, since he bears no cost for doing so. If grassroots without MPs’ support would not force out the leader, i.e., if the inequality in Lemma 1 holds, then the leader would still choose to appease grassroots if his prior probability that they have MPs’ support is sufficiently high:

**Lemma 4:** Given that grassroots without MP support would rebel if the leader chooses attract, but would not force him out if he refuses to resign, the leader would still choose appease if and only if:

\[ p \geq \frac{B_{PM,PL} - C_{conflict}}{B_{PL} + C_{conflict} + B_{PM,PL}}. \]

Under what circumstances can the party leader attain the prime minister status? In order for this outcome to occur, grassroots without MPs’ support must not rebel against his proposed policies, nor force him out if he chooses not to resign. This implies that a party can only gain prime minister status under the following separating equilibria:

**Proposition 1 (conditions for attracting voters):** The party leader successfully attracts voters and occupies the prime minister’s position with probability \( p \), and resigns after grassroots rebellion with probability \( 1-p \), under the following separating equilibria:
Separating equilibrium 1: when the inequalities in Lemma 2 and 3 hold, \( S^*_G(\text{MP}) = \{\text{rebel, force out}\} \); \( S^*_G(\sim \text{MP}) = \{\sim \text{rebel, force out}\} \); \( S^*_P = \{\text{attract, resign}\} \).

Separating equilibrium 2: when the inequalities in Lemma 1, 2, and 3 hold, \( S^*_G(\text{MP}) = \{\text{rebel, force out}\} \); \( S^*_G(\sim \text{MP}) = \{\sim \text{rebel, \sim force out}\} \); \( S^*_P = \{\text{attract, resign}\} \).

The expected utilities of the players are:
\[
EU_{PL} = p(-B_{PL} - C_{conflict}) + (1-p)(B_{PM,PL})
\]
\[
EU_G(\text{MP}) = B_{advocacy} - C_{conflict}
\]
\[
EU_G(\sim \text{MP}) = B_{MP,G} - C_{policy}
\]

It is important to note that leaders may also choose to appease grassroots, even if grassroots without MPs’ support does not rebel, if the probability of that grassroots have MPs’ support sufficiently high, i.e., the inequality in Lemma 3 does not hold. In this case, the leader would rather adopt the grassroots’ preferred policy position than risk having to resign under rebellion. The leader would also appease if grassroots would rebel against him, i.e., when the separating equilibrium condition (the inequality in Lemma 2) is not satisfied. Thus:

Proposition 2 (conditions for appeasing grassroots): A party’s policy direction is consistent with the grassroots’ position under the following separating and pooling equilibria:

Separating equilibrium 3: when the inequalities in Lemma 1 and 2 hold, \( s^*_G(\text{MP}) = \{\text{rebel, force out}\} \); \( s^*_G(\sim \text{MP}) = \{\sim \text{rebel, \sim force out}\} \); \( s^*_P = \{\text{appease, resign}\} \).

Separating equilibrium 4: when the inequality in Lemma 2 hold, \( s^*_G(\text{MP}) = \text{rebel, force out} \); \( s^*_G(\sim \text{MP}) = \{\sim \text{rebel, force out}\} \); \( s^*_P = \{\text{appease, resign}\} \).

Pooling equilibrium 1: when the inequalities in Lemma 1, 2, and 4 do not hold, \( s^*_G(\text{MP}) = s^*(\sim \text{MP}) = \{\text{rebel, force out}\} \); \( s^*_P = \{\text{appease, resign}\} \).

Pooling equilibrium 2: when the inequality in Lemma 1 and 4 hold and the inequalities in Lemma 2 and 3 do not hold, \( s^*_G(\text{MP}) = \{\text{rebel, force out}\} \); \( s^*(\sim \text{MP}) = \{\text{rebel, \sim force out}\} \); \( s^*_P = \{\text{appease, resign}\} \).

The expected utilities for the players are:
\[
EU_{PL} = 0
\]
\[
EU_G = B_{advocacy}
\]
This equilibrium is akin to the situation where grassroots are policy-intense hardliners, unwilling to compromise on their policy positions. If grassroots prize policy direction above the benefits of having the leader as the prime minister, then they can hold the party leader hostage and coerce him to yield to their preferences by threatening to topple him otherwise.

Table 2 summarizes the equilibrium conditions.

<table>
<thead>
<tr>
<th>PL’s Strategy</th>
<th>G’s Strategy</th>
<th>Outcome</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>appease,</td>
<td>rebel, force out</td>
<td>G’s Policy</td>
<td>$B_{PM,G} + C_{conflict} &lt; P_r(PL = G)$</td>
</tr>
<tr>
<td>resign</td>
<td></td>
<td>Position</td>
<td>$B_{advocacy} + C_{policy}$</td>
</tr>
<tr>
<td>appease,</td>
<td>rebel, not force</td>
<td>G’s Policy</td>
<td>$B_{PM,PL} + B_{PL} + C_{conflict} \leq p$</td>
</tr>
<tr>
<td>resign</td>
<td>out</td>
<td>Position</td>
<td>$P_r(PL = G) (B_{advocacy} + C_{policy}) - B_{PM,G} \leq C_{conflict}$</td>
</tr>
<tr>
<td>appease,</td>
<td>not rebel, not</td>
<td>G’s Policy</td>
<td>$C_{conflict} \leq B_{advocacy} - B_{PM,G} + C_{policy}$</td>
</tr>
<tr>
<td>resign</td>
<td>force out</td>
<td>Position</td>
<td>$B_{PM,PL} + B_{PL} + C_{conflict} &lt; p$</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$C_{conflict} \geq B_{advocacy} - B_{PM,G} + C_{policy}$</td>
</tr>
<tr>
<td>attract,</td>
<td>not rebel, not</td>
<td>PM Status</td>
<td>$B_{PM,PL} + B_{PL} + C_{conflict} \geq p$</td>
</tr>
<tr>
<td>resign</td>
<td>force out</td>
<td>with Pr=1-p</td>
<td>$C_{conflict} \geq B_{advocacy} - B_{PM,G} + C_{policy}$</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$P_r(PL = G)$</td>
</tr>
</tbody>
</table>

### 3.3 Comparative Statics and Graphical Example

The party leader makes his decision without knowing what type of grassroots he interacts with. It is easy to see that, the higher the probability that MPs support grassroots, the harder it becomes for the party leader to choose the \{attract, resign\} strategy. In other words, the threshold for this strategy becomes higher as $p$ increases. Similarly, grassroots’ decision to force out the leader partly depends on the probability that the new leader would represent grassroots’ policy position, $P_r(PL = G)$. The higher $P_r(PL = G)$ is, the higher the expected utility for forcing out the leader. Thus, the threshold for the strategy \{rebel, force out\} decreases as $P_r(PL = G)$ increases.

The party leader also considers his own expected utilities, as well as the expected utilities
of grassroots, when deciding between attracting voters or appeasing grassroots. Examining the equilibrium conditions, we see that the higher the benefits of being the prime minister for both the party leader and grassroots (\(B_{PM,PL}\) and \(B_{PM,G}\)), the easier it is to meet the separating equilibria threshold and for the party leader to choose \(\{\text{attract, resign}\}\). Increasing the cost of intraparty conflict (\(C_{\text{conflict}}\)) has the same effect on the party leader’s best response strategy, but only to the point where the cost is high enough to meet the separating equilibrium condition. If the cost of intraparty conflict is too high, then the party leader would rather appease grassroots in fear of damaging the party’s long-term well-being:

\[\text{Corollary 1.1: Increasing } B_{PM,PL} \text{ and } B_{PM,G} \text{ positively impacts the equilibria threshold conditions for the party leader to attract voters. Increasing } C_{\text{conflict}} \text{ has the same effect, but only in so far as meeting the separating equilibrium condition in Lemma 2.}\]

Meanwhile, the more the party leader values his own position (\(B_{PL}\)), the lower the probability that grassroots are supported by MPs, \(p\), needs to be in order for the leader to choose the \(\{\text{attract, resign}\}\) strategy. Thus, the higher \(B_{PL}\) is relative to the other components of the party leader’s utility functions, the more difficult it is to meet the threshold for the strategy. Grassroots’ benefits for having the party advocate their preferred policy position (\(B_{\text{advocacy}}\)) and the cost of the party not doing so (\(C_{\text{policy}}\)) also affect the thresholds for the leader to choose a strategy that involves attracting voters. If grassroots highly value the party’s ability to promote their policy position, it becomes more difficult for them to not rebel if the leader would resign. Without grassroots willing to stay put, the party leader would have to appease them. Likewise, if not implementing their preferred policies is very costly for grassroots, then it would be more difficult for them to not rebel against a leader who chooses to attract voters and not force him out if he does not resign:

\[\text{Corollary 2.1: Increasing } B_{PL}, B_{\text{advocacy}}, \text{ and } C_{\text{policy}} \text{ negatively impacts the equilibrium threshold conditions for the leader to attract voters.}\]

I now offer a graphical illustration of the comparative statics. Setting the probability that grassroots have obtained MP support as \(p = 0.5\) (which is equivalent to a coin toss), and
the probability that the new leader represents the grassroots’ policy preference as $Pr(PL = G) = 0.5$, I vary the values for the cost and benefit variables to examine how changes in these values affect the equilibrium outcomes.

In Figures 1 and 2, I set $B_{advocacy} = 0.3$, $C_{policy} = 0.3$, and $B_{PM,G} = 0.3$, which satisfies the separating equilibrium condition, i.e., $C_{conflict} \geq B_{advocacy} - B_{PM,G} + C_{policy}$. Grassroots without the support of MPs employ the strategy $\{\sim rebel, \sim force out\}$. Figure 1 showcases how varying the benefits of being a prime minister, $B_{PM,PL}$, affects the party leader’s equilibrium strategy. As we can see, when the cost of intraparty conflict, $C_{conflict}$, equals 0.3, increasing $B_{PM,PL}$ from 0 to 0.7 drives the leader to employ the $\{attract, resign\}$ strategy, yielding the equilibrium outcome of successfully attracting voters with probability 1-p. Below this value, the leader employs the $\{appease, resign\}$ strategy, yielding the equilibrium of the leader advocating the grassroots’ policy position. Raising the conflict cost has the following effect: $B_{PM,PL}$ now needs to be higher in order for the party leader to employ the $\{attract, resign\}$ strategy. Lowering the probability that MPs support grassroots, $p$, has the opposite effect. Moving the horizontal line down, for each given $C_{conflict}$, a lower value of $P_{PM,PL}$ is needed for the leader to change from $\{appease, resign\}$ to $\{attract, resign\}$. In other words, the less likely it is that MPs support grassroots, the easy it is to meet the conditions for the party leader to attract voters.

Figure 2 demonstrates the effects of the party leader’s own office benefits, $B_{PL}$, on the threshold for employing the $\{attract, resign\}$ strategy. Consistent with expectation, increasing the benefits of being the party leader makes it more difficult to reach the threshold value for employing the $\{attract, resign\}$ strategy. Raising the cost of intraparty conflict, $C_{conflict}$, exacerbates this effect: it widens the distance to the threshold 0.5, the value above which the inequality in Lemma 3 would be satisfied. Thus, higher conflict cost incentivizes the leader to choose the $\{appease, resign\}$ strategy. Meanwhile, boosting the benefits of being the prime minister from 0.4 (black, thin lines) to 0.8 (red, bold lines) eases the conditions for crossing the threshold for choosing the $\{attract, resign\}$ strategy. Meanwhile, as
in Figure 1, moving the horizontal bar downward lowers the threshold for the party leader to attract voters. As the probability that grassroots have MPs’ support decreases, the leader may attract voters in higher levels of leadership benefits.

Figure 1: PL’s PM Benefits on Outcomes

Figure 2: PL’s Office Benefits on Outcomes

Figure 3 illustrates the effect of $B_{PM,PL}$ on satisfying the inequality in Lemma 4, which drives the party leader to choose the \{appease, resign\} strategy. $B_{advocacy} = 0.3$, $B_{PM,G} = 0.3$, and $C_{policy} = 0.3$, while I set the conflict cost in such a way that the separating equilibrium condition is not met, i.e., grassroots choose the \{rebel, \sim force out\} strategy. When the benefits of being the party leader, $B_{PL}$, equals to 0.4 and there is no conflict cost (dotted, thin black line), increasing $B_{PM,PL}$ from 0 to about 0.4 breaks the equilibrium in which the party leader chooses \{appease, resign\} and grassroots choose \{rebel, \sim force out\}. However, inflating the cost of intraparty conflict from 0 to 0.2 eases the condition for the equilibrium to hold, as the leader would pay a higher cost if he was to resign after moving the party’s policy direction. Raising the benefits of being the party leader has the same effect. Compared to the cases where $B_{PL} = 0.4$ (thin, black lines), $B_{PM,PL}$ needs to be larger in the cases in which $B_{PL} = 0.8$ (thick, red lines) to drive the party leader to attract voters. In other words, the benefits of being the prime minister may motivate the leader to attract voters amid unfavorable conditions. Again, lowering the probability that grassroots have MPs’ support (horizontal bar, currently set at $p = 0.5$) lowers the threshold for the leader to attract voters.
Figures 4 and 5 exhibit how grassroots without MPs’ support consider their optimal equilibrium strategies. The variables’ values do not satisfy the separating equilibrium condition, which implies that both types of grassroots would rebel against the leader. In Figure 4, as the benefits of having a party leader as the prime minister, \( B_{PM,G} \), increases, the equilibrium threshold of \( Pr(PL = G) = 0.5 \) is more easily met. When \( B_{PM,G} \geq 0.2 \), grassroots’ equilibrium strategy changes from \( \{ \text{rebel, force out} \} \) to \( \{ \text{rebel, } ∼ \text{force out} \} \). If \( B_{PM,G} \) becomes too high, not only would grassroots not force out the leader, but they would also not rebel. Figure 5 displays how advocacy benefits, \( B_{advocacy} \), impact grassroots’ equilibrium strategy. As in Figure 4, both types of grassroots would rebel if the leader chooses to attract voters. Raising \( B_{advocacy} \) makes it easier for grassroots to employ the \( \{ \text{rebel, force out} \} \) strategy. When \( B_{advocacy} > 0.5 \), grassroots equilibrium strategy changes from \( \{ \text{rebel, } ∼ \text{force out} \} \) to \( \{ \text{rebel, force out} \} \). If \( B_{advocacy} \) falls below 0.1, not only would grassroots not force out the party leader, but they would also not rebel against him if he chooses to attract voters.

The intraparty policy struggle within the Swedish Social Democratic Party in recent years seem to offer empirical support for my model’s predictions. In 2007, after losing the prime minister status in the 2006 General Election, party leader and prime minister Göran Presson resigned, triggering a leadership selection process. All district party leaders and the Nominating Committee, the body responsible for selecting the party leader, consented
to choosing Mona Sahlin, a known right-winger within the party, as the new party leader. However, during this time, the party was divided between those who wanted to move the party towards a vote-winning, more moderate position, and grassroots who pushed for the party to adhere to the progressive, left wing position. Although there were other Social Democratic MPs who shared Sahlin’s policy position, there were more MPs who either supported the drive toward a more leftist position, or did not want to vocally call for the party to move its policy direction toward its main rival, the right wing Moderate Party.¹⁹ Subsequently, rather than pushing her policy preferences, she unable to pull the party to the right, even when doing so can help the party win votes.²⁰ Instead, the party’s leftist grassroots succeeded in pressuring her to form a pre-electoral coalition with the red-green alliance, a staunchly left wing party, which contributed to the party’s lowest seat share in history at the 2010 General Election.²¹

This contrasts with the party’s predicament in 2012. In January of that year, party leader and left-winger Håkan Juholt resigned amidst numerous gaffes and personal scandals involving his MP expense claims. In less than a week, the party’s Executive Committee, desperate for a candidate that could reverse the negative public opinion against the party,²²

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¹⁹ Interviews with the author 09/19/2012; 09/20/2012.
²⁰ Interviews with the author 09/10/2012; 09/13/2012; 09/20/2012.
²¹ Interview with the author 09/13/2012; 09/11/2012; 09/20/2012.
²² *Dagens Nyheter* 01/21/2012.
announced the nomination of Swedish Metalworkers’ Union (*IF Metall*) Chairman Stefan Lövfen, who was seen as belonging to neither the left nor the right wing (Svahn 2012). Since taking office, Lövfen began to emphasize issues that were traditionally associated with the party’s right wing, such as job creation and the promotion of small businesses. Rather than protesting these positional changes, the party’s left and right wing grassroots were united behind Lövfen’s more right-leaning position.

This outcome may be symptomatic of grassroots’ understanding that the cost of conflict has become too high, which allows the separating equilibrium condition to be met. According to Social Democratic MP Hans Ekström, members of both wings agreed that, “If we go like this, we will destroy the party. We have to cooperate. We have to find the common ground. We have to have one common enemy, and that is the government.” Social Democratic MP and former Health Minister Ylva Johansson also expressed that party members recognized a need to end conflicts:

“When Stefan Lövfen came, almost all active Social Democrats said, now, now we have to be proper. now we have to do it right. Now it’s time to shape up...in all ways. Stefan Lövfen came to a party who was prepare to say, we stop quarreling, we stop doing these silly things. We have to focus on the most important issues...We have to stop fighting.”

These all suggest that even the party’s policy direction was moving to the right and towards the middle of the Swedish electorate, grassroots have chosen not to rebel against Lövfen. Since then, public opinion polls for the party improved, reaching a 33% projected vote share in September 2012, versus the 25% projected vote share when Juholt resigned (*TNS Sifo* 2012a; 2012b).

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23Interviews with the author 09/13/2012; 09/17/2012; 09/20/2012; *Dagens Nyheter* 09/24/2012.

24Interviews with the author 09/11/2012; 09/19/2012; 09/20/2012.

25Interview with the author 09/13/2012.

26Interview with the author 09/12/2012.
4 Discussion

My game theoretic model of policy change assumes that grassroots act in an united manner. Empirically, grassroots often belong to different organized factions. However, modeling the case where they only belong to one policy wing is not necessarily at odds with empirical reality, since if there are more grassroots in one policy faction than another, then the factions with a higher number of grassroots would, in essence, represent the preferences of the majority of grassroots. In turn, the party leader would focus his interaction with this group.

At the same time, divided grassroots may bolster the party leader’s likelihood of choosing the \{attract, resign\} strategy. Grassroots who are plagued with conflict amongst themselves face a collective action problem. If they are unable to agree on a policy position, then their bargaining power against the leader would diminish, as the leader can pursue his own position without fearing rebellion from all grassroots. An un-united grassroots presents another advantage to the party leader. If different grassroots from different factions enjoy support from MPs with different policy preferences, then the party leader may be able to strengthen his own position vis-à-vis MPs. Since MPs’ support bases are divided, the leader would become more free to promote vote-attracting policy positions without fearing wholesale revolt from MPs. As such, one way to expand the model is to consider situations in which grassroots are fragmented, or to generalize the model and examine how party leaders reorient the party’s policy positions in a factionized party.

In my model, MPs’ support towards grassroots is a central determinant of grassroots’ decision to rebel and the leader’s decision to appease. Thus, it is important to investigate under what conditions foster MPs’ support, and what raises the party leader’s prior probability that grassroots have their support. It may be possible that, as Kam (2009) argues, MPs with little probability of career advancement (for example, older MPs who remain in the backbench) derive their primary support from their constituency members. Thus, a party with a high percentage of this type of MPs should indicate a high probability of MPs’ support for grassroots. It is also plausible that grassroots enjoy this type of support when
the leader has remained in office for a long period of time. Long-standing leaders may have accumulated more political enemies inside his own party, such that MPs are more likely to partake in the grassroots’ effort to topple these leaders. Or, leaders who have been in office for a long time may have experienced changes in the policy composition of MPs, such that the latter group’s policy preferences do not agree with the leader’s positions. If so, then we should expect that leaders with longer tenure would rather appease grassroots than attract voters. Furthermore, if grassroots do rebel against these types of party leaders, MPs should rally behind their efforts.

My game theoretic model predicts that as the benefits of having the leader as the prime minister, \( B_{PM,G} \), increases, the separating equilibrium condition is more likely to be met. Thus, it becomes easier for grassroots to not rebel against a party leader who has chosen the \{attract, resign\} strategy. Lowering grassroots’ advocacy benefits, \( B_{advocacy} \), have the same effect. These point to the importance of uncovering when grassroots value tangible office benefits, and when are they more likely to prioritize advocacy. Time in opposition, for example, may boost \( B_{PM,G} \). As Bækgaard and Jensen (2012) postulate, the longer a party has remained in opposition, the more willing the party base should be in allowing the party elites to shift its policy position in order to win back government status. Thus, when a party loses multiple elections, grassroots may realize that the ability to implement their party’s policies, even if they do not correspond perfectly to their own positions, yields higher payoffs than having the rival party implementing policies that are even more different than their preferred policies. Even if grassroots’ evaluation of \( B_{advocacy} \) remains the same, inflating \( B_{PM,G} \) may be sufficient for them to not rebel against leaders who reorient the party’s policy position toward the vote-maximizing one. Meanwhile, a party that has just lost its government status may be more susceptible to grassroots rebellion, since it may be that their desire to promote their preferred policy positions trumps their perceived benefits of having their leader attain the prime minister status. Thus, one testable implication is that the longer the party has remained in opposition, the more likely the leader can reorient
the party’s policy position successfully.

Finally, my model assumes that the party can obtain the prime minister’s seat even after rebellion from grassroots. Although I treat intraparty conflict as detrimental to the party’s electoral wellbeing, this type of conflict may actually be beneficial to the party if the leader attempts to move the party away from an unpopular position. Reorienting the party’s policy stances amidst conflict may signal to voters that the party is “listening” to them and that they are willing to challenge the party grassroots’ influences on the position formulation process. Voters may judge that leaders who moderate the party, despite grassroots’ disapproval, are determined to respond to public opinion and are willing to risk intraparty upheaval to prove that they are serious government contenders. In my next project, I intend to investigating the conditions in which intraparty conflicts are electorally beneficial.

5 Conclusion

Capturing the prime ministership is a main goal of prime minister contender parties. Yet, while some leaders succeed in doing so, others are left promoting positions that are detrimental to the party’s vote share. In this paper, I used a game theoretic model to explain these divergent outcomes. Although party leaders can become prime ministers by promoting electorally popular policy positions, they are nevertheless subject to pressure from grassroots, whose loyalty may depend on the position that the leader adopts. When grassroots are powerful, i.e., when they have the support of MPs, the leader would be forced to represent their positions. Because the leader does not know whether MPs would in fact rally behind grassroots who rebel, even grassroots who lack the support of MPs can still send false signals to the leader and “trick” them into believing that support exists. When the benefits of having the party leader as the prime minister is high, or if rebelling is very costly to the party’s internal wellbeing, then these types of grassroots would remain loyal to the leader even if the leader chooses to adopt their non-preferred policy positions. Consequently,
the leader is free to choose a vote-attracting policy position without the fear of being deposed.

The model’s external validity hinges on the assumption that the party leader is not certain about MPs’ reaction in the event of a rebellion, but grassroots have full knowledge of whether or not MPs would support them. An objection to this is that if grassroots are not vital to MPs’ political survival, then MPs may not only be less likely to throw their weight behind grassroots rebellion, but would also exchange less information with them. Instead, party leaders and MPs may have a closer line of communication, especially if the party leader is also the parliamentary leader. Empirical evidence suggests otherwise. Interviews with MPs in both majoritarian and proportional representation systems suggest that MPs communicate with their grassroots more often than they do with the party leader. For example, in the British Conservative and Labour Parties, MPs travel to their constituencies once a week to hold surgeries and meetings with their local party boards.27 Not only so, grassroots are central actors in the selection process, since local party boards are responsible for their nominations. Even in highly proportional systems, such as the Netherlands, candidate selection processes begin at the provincial party level. Interviews with Dutch and Swedish MPs indicate that they communicate more frequently with their own party board members than they do with the party leader.28 Thus, it is not unreasonable to assume that the information asymmetry disadvantages the party leader.

The theoretical results in this paper point to the need for more intraparty explanations for policy and electoral competition. While the literature on party competition has advanced our understanding on parties’ electoral strategies, parties do not always take on vote-maximizing policy positions. Despite public opinion, parties sometimes adopt positions that are electorally damaging. Examining party competition from through the lens of intraparty dynamics can shed light into the constraints that parties face in their attempt to win votes and maximize their electoral competitiveness.

27 Interviews with the author 09/06/2011; 09/07/2011; 09/08/2011; 09/15/2011.

28 Interviews with the author 06/27/2011; 07/05/2011; 09/29/2011; 10/05/2011; 10/06/2011; 06/27/2012; 06/28; 2012; 06/30/2012; 09/20/2012.
Figure 1: Game of Risk Assessment and Policy Change
6 Appendix: Equilibrium Proofs

6.1 Proof of Lemma 1

The dominant strategy of grassroots with MPs' support is \{rebel, force out\}. Using backward induction, if grassroots without MP support rebelled and the leader has refused to resign, they would force out the leader if and only if their payoffs for doing so is higher than the payoff for forcing out the leader:

\[
EU_G(\sim \text{not force out}) \geq EU_G(\text{force out})
\]

\[
B_{PL,G} - C_{policy} - C_{conflict} \geq Pr(PL = G)B_{advocacy} + (1 - Pr(PL = G))(-C_{policy}) - 2C_{conflict}
\]

\[
\Rightarrow \frac{B_{PM,G} + C_{conflict}}{B_{advocacy} + C_{policy}} \geq Pr(PL = G)
\]

(1)

Q.E.D.

6.2 Proof of Lemma 2: Separating Equilibrium Condition

This game theoretic model allows grassroots without MPs’ support to send a false signal to the party leader that MP support exists. Doing so may coerce the party leader to resign. Their incentives in doing so depends on whether or not the inequality in Lemma 1 holds. If this inequality holds, then grassroots would not force out the leader. In turn, the leader would refuse to resign, since he would reap the benefits of being the prime minister. In this case, grassroots without MP support would have no incentive to rebel, since doing so would yield a lower payoff, \(B_{PM,G} - C_{policy} - C_{conflict}\), than not rebelling, which yields \(B_{PM,G} - C_{policy}\).

If the inequality in Lemma 1 does not hold, such that grassroots without MPs’ support would force out the leader, then a leader who has decided to attract voters would be better off by resigning. In this situation, if grassroots rebel, then they would reap the advocacy benefit \(B_{advocacy}\) while paying a conflict cost \(C_{conflict}\). If they choose not to rebel, then they would receive the benefits of having a leader who is also a prime minister, but would
also pay the a policy cost \((C_{policy})\). Thus, when choosing whether or not to rebel, grassroots would choose \(\{\sim \text{rebel}, \text{force out}\}\) over \(\{\text{rebel}, \text{force out}\}\) if and only if the expected utility of doing so is higher:

\[
EU_G(\sim \text{rebel, force out}) \geq EU_G(\text{rebel, force out})
\]

\[
B_{PM,G} - C_{policy} \geq B_{advocacy} - C_{conflict}
\]

\[
\Rightarrow C_{conflict} \geq B_{advocacy} - B_{PM,G} + C_{policy}
\]

(2)

Q.E.D.

6.3 Proof of Lemma 3

If the inequality of Lemma 1 does not hold, then both types of grassroots will choose to force out the leader if the leader refuses to resign. In this case, the party leader’s dominant strategy is \(\{\text{appease, resign}\}\), since doing so yields a better payoff, 0, than being forced out with a payoff of \(-B_{PL} - 2C_{conflict}\). If the inequality of Lemma 1 holds for grassroots without MPs’ support, then would not force out the leader. The party leader, knowing that he will not be forced out with probability \(p\), does not resign if the expected utility of doing is higher than the expected utility of resigning. Thus, the party leader only chooses \(\{\text{attract, } \sim \text{resign}\}\) over \(\{\text{attract, resign}\}\) if \(EU(\sim \text{resign}) \geq EU(\text{resign})\), or:

\[
p(-B_{PL} - 2C) + (1 - p)(B_{PM,PL} - C) \geq -B_{PL} - C
\]

\[
\Rightarrow \frac{B_{PL} + P_{PM,PL}}{B_{PM,PL} + B_{PL} + C_{conflict}} \geq p
\]

If this condition is met and the party chooses \(\{\text{attract, } \sim \text{resign}\}\), grassroots without MP support would not rebel, since rebelling yields a lower payoff, \(B_{PM,G} - C_{policy} - C_{conflict}\), than not rebelling, which yields \(B_{PM,G} - C_{policy}\). Thus, grassroots’ best response strategy would be \(\{\sim \text{rebel}, \sim \text{force out}\}\). Since the two types of grassroots employ different strategies, if the party leader observes rebellion, his belief that the grassroots have MP support would be \(p=1\). In this case, he would resign, since doing so would yield a better payoff, \(-B_{PL} - C_{conflict}\),
than being forced out with a payoff of $-B_{PL} - 2C_{conflict}$. Thus, in any separating equilibrium, the leader always resigns if he observes rebellion.

This implies that the leader has two possible strategies. He may choose \{appease, resign\} or \{attract, resign\}, depending on which offers a higher payoff. If the leader is fairly certain that grassroots do not have MPs' support, which would mean non-rebellion, then he would reap the benefits of being the prime minister ($B_{PM,PL}$). If he is faced with grassroots with MPs' support, in which case rebellion is certain, then the leader would lose his office benefits and pay a conflict cost ($-B_{PL} - C_{conflict}$). Thus, the leader would choose \{attract, resign\} if and only if:

$$EU_{PL}(attract, resign | \sim rebel) \geq EU_{PL}(appease, resign | \sim rebel)$$
$$p(-B_{PL} - C_{conflict}) + (1-p)B_{PM,PL} \geq 0$$

$$\implies \frac{B_{PM,PL}}{B_{PM,PL} + B_{PL} + C_{conflict}} \geq p$$

(3)

Q.E.D.

6.4 Proof of Lemma 4

Grassroots without the support of MPs may rebel against a party leader who chooses the attract voters strategy, especially if the benefits of promoting their own position are very high. If the separating equilibrium condition (the inequality in Lemma 2) is not met, then grassroots would rebel. In this case, the party leader is faced with a dilemma. Since both types of grassroots exhibit the same behavior, the leader cannot update his belief about MPs' support for grassroots. If the inequality in Lemma 1 is not met, which implies that grassroots would force out the leader, then the leader’s best response would be to resign. However, if the inequality in Lemma 1 is satisfied, such that grassroots without MPs’ support would choose not to force out the leader, then the party leader would choose to appease and resign if and only if the probability that grassroots have obtained MPs’ support is high. Thus:
6.5 Proof of Proposition 1: Conditions for Attracting Voters

Grassroots without MPs’ support cannot rebel in any equilibrium in which the party leader attracts voters. Under the strategy \( s_G(\sim MP) = \{\text{rebel, force out}\} \), the party leader would also choose \( \{\text{appease, resign}\} \) because doing so would yield a higher payoff, 0, than the costs he incurs for being forced out, \(-B_{PL} - 2C_{\text{conflict}}\). The strategy \( s_G(\sim MP) = \{\text{rebel, } \sim \text{force out}\} \) is not in the grassroots’ set of best response strategy given that the leader chooses to attract voters, for the logic stated in the proof for Lemma 3.

If grassroots without MP support choose \( \{\sim \text{rebel}, \sim \text{force out}\} \), then the party leader would choose to resign if he observes rebellion because \( Pr(MP|\text{rebel}) = 1 \). This also holds if grassroots without MP support chooses the strategy \( \{\sim \text{rebel}, \sim \text{force out}\} \). Thus, the leader’s best response strategy would involve resignation. Comparing between attracting voters or appeasing grassroots, the leader would only choose to attract voters if his expected utility of doing so is higher, i.e., if the inequality in Lemma 3 is satisfied. Under this condition, if the leader chooses \( \{\text{attract, resign}\} \), grassroots would have no incentive to rebel if the separating equilibrium condition is met, i.e., the inequality of Lemma 2 is satisfied. In turn, the party leader has no incentive to not resign if he met with rebellion, since his updated belief that grassroots have MP support is 1. Thus, the two separating equilibria are:

\[
EU_{PL}(\text{attract, resign} | \sim \text{force out}) \geq EU_{PL}(\text{appease, resign} | \sim \text{force out})
\]
\[
0 \geq p(-B_{PL} - 2C_{\text{conflict}}) + (1 - p)(B_{PM,PL} - C_{\text{conflict}})
\]
\[
\implies p \geq \frac{B_{PM,PL} - C_{\text{conflict}}}{B_{PM,PL} + B_{PL} - C_{\text{conflict}}}
\]

Q.E.D.
Separating Equilibrium 1:

\[ s^*_PL = \{\text{attract, resign}\} \]
\[ s^*_G(MP) = \{\text{rebel, force out}\} \]
\[ s^*_G(\sim MP) = \{\sim \text{rebel, force out}\} \]

Given that the inequalities in Lemma 2, and 3 are satisfied.

Separating Equilibrium 2:

\[ s^*_PL = \{\text{attract, resign}\} \]
\[ s^*_G(MP) = \{\text{rebel, force out}\} \]
\[ s^*_G(\sim MP) = \{\sim \text{rebel, force out}\} \]

Given that the inequalities in Lemma 1, 2, and 3 are satisfied.

Q.E.D.

Under these two separating equilibria, the party leader successfully attract voters and obtain the prime ministership with probability 1-p, and resign from the leadership post with probability p.

6.6 Proof of Proposition 2: Conditions for Appeasing Grassroots

The party leader may still choose to appease grassroots, instead of attracting voters, when grassroots without MP support would not rebel. If the probability that grassroots enjoy MP support is sufficiently high, i.e., when the inequality in Lemma 3 is not satisfied, then the party leader would be better of by appeasing grassroots, rather than risking the chance that he would be met with rebellion. Thus:

Separating Equilibrium 3:

\[ s^*_PL = \{\text{appease, resign}\} \]
\[ s^*_G(MP) = \{\text{rebel, force out}\} \]
\[ s^*_G(\sim MP) = \{\sim \text{rebel, force out}\} \]

Given that only the inequality in Lemma 2 is satisfied.
Separating Equilibrium 4:

\[ s_{PL}^* = \{\text{appease, resign}\} \]
\[ s_{G}^*(MP) = \{\text{rebel, force out}\} \]
\[ s_{G}^*(\sim MP) = \{\sim \text{rebel, } \sim \text{force out}\} \]

Given that the inequalities in Lemma 1 and 2 are satisfied.

When do grassroots without MPs’ support successfully threaten the party leader into promoting their preferred policy positions? If both types of grassroots would rebel against the leader, the leader cannot update his belief about grassroots’ type. If the inequality in Lemma 1 is not satisfied and the separating equilibrium condition does not hold, then grassroots without MPs’ support would choose \{\text{rebel, force out}\}, and the leader would always choose \{\text{appease, resign}\} since doing so would yield a higher payoff than the attract strategies. If the separating equilibrium condition does not hold, but the inequality in Lemma 1 is satisfied, then grassroots would choose \{\text{rebel, } \sim \text{force out}\}. While the party leader may potentially occupy the prime minister position by choosing not to resign in case of a rebellion, as discussed in the proof for Lemma 3, any equilibrium in which both types of grassroots rebel would involve the leader resigning. Therefore, the party leader’s best response strategy given \{\text{rebel, } \sim \text{force out}\} would be \{\text{appease, resign}\} if the probability that grassroots have MPs’ support is sufficiently high, i.e., the inequality in Lemma 4 holds. Under this condition, grassroots without MP support would maximize their payoffs by rebelling against the leader (since the inequality of Lemma 2 does not hold), and choose to not force out the leader if he does not resign (since the inequality of Lemma 1 holds). Therefore:

Pooling Equilibrium 1:

\[ s_{PL}^* = \{\text{appease, resign}\} \]
\[ s_{G}^*(MP) = \{\text{rebel, force out}\} \]
\[ s_{G}^*(\sim MP) = \{\text{rebel, force out}\} \]

Given that none of the the inequalities in Lemma 1, 2, and 4 are satisfied.
Pooling Equilibrium 2:

\[ s^*_{PL} = \{\text{appease, resign} \} \]
\[ s^*_G(MP) = \{\text{rebel, force out} \} \]
\[ s^*_G(\sim MP) = \{\text{rebel, } \sim \text{ force out} \} \]

Given that the inequalities in Lemma 1 and 4 are satisfied.

Q.E.D.
7 References


