

Polarization and inefficient information aggregation in an electoral competition*

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We study a two-candidate electoral competition. Each voter has single-peaked preferences for consequences of policies, but he receives partial information about which policy causes his preferred consequence. If voters' utility functions are convex, they prefer risk and then, a safe alternative may not be elected even when it causes the median voter's preferred consequence with probability one. We provide a necessary and sufficient condition that a risky policy that causes polarized consequences defeats the median voter's preferred alternative in a strategic voting equilibrium. Even when the convexity of utility functions is weak so that policy polarization is socially undesirable, if voters are likely to receive insufficient information, the elected policy is polarized. In that case, the social welfare is minimized. However, by a signaling effect, proposals by sufficiently well informed candidates remove uncertainty of risky policies and then, remove such a perverse consequence.

Keyword: Convex utility function; information aggregation; policy polarization; signaling game; strategic voting

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