DISCUSSION: “ON THE RHETORICAL STRATEGIES OF LEADERS”

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March 10, 2009
Games with Coordination Externalities

Beauty Contests in Political Economy

- Standard Beauty Contest model; Now: followers observe leader; leader ability: judgement + clarity
- Result: followers do not internalize benefits
- Examples: military tactics of freedom fighters, revelation of a fundamental truth of religious members,... but use “a political party as a vehicle for exploring our ideas”
- Characterize leader’s equilibrium actions: length of speech, clarity
Commenting on the Results

- Conversational writing style (political science literature). Helpful: systematic description of environment: players, actions, payoffs, institutions (extensive form), information.
- Lemma 1 is true by assumption
- There are various normative of statements: “insufficient” weight is put, “too little” attention is paid, “relative to an efficient benchmark”, Proposition 2: The *most efficient* strategy?
  → Need to solve planner’s problem, compare to equilibrium
Commenting on the Results

- Assumptions: quadratic preferences + normal signals $\Rightarrow$ linear BR $\Rightarrow$ unique equilibrium
- Focus on symmetric BNE, and single out the class of linear strategies: Proposition 1: "A symmetric equilibrium in linear strategies is unique."
- Proposition 3 is an immediate consequence of preferences of leaders and followers.
- Interesting conceptually: strategic choice of clarity signals
- Here: comparative statics exercise; equilibrium?
- Idea is also in cheap talk games: sender has no incentive to reveal exactly her signal (upper bound on # equivalence classes, because preferences are not perfectly aligned)
Some Suggestions:

1. Solve planner’s problem to make sense of norm. statement

2. Improve Welfare? Design Optimal Political Institution?
   Use Vickrey-Clark-Groves Mechanisms. Feasible: small number of players; no voting. This would be the ideal application for institutional design.

3. What is the micro-foundation for other-dependent preferences? Can borrow some from literature on global games, higher order beliefs. But the setting is distinct here

4. Try focus on a contribution rather than descriptive modeling