Politician’s Dilemma

The politicians often use political appointment as an election strategy. By promising to offer public job after winning election, they can increase the probability of their victory to certain extent, although this would affect the state capacity and its finance. The state capacity and efficient financial management have been considered as basic conditions for a country’s development. The theoretical puzzle was how this behavior can be replaced by meritocratic appointment, by the same politicians who desperately want to win election. Geddes (1994) called this a fundamental “politician’s dilemma.”

(Geddes, Barbara. 1994. *Politician’s Dilemma: Building State Capacity in Latin America*. Berkeley: University of California Press.)

**Game**

Now a country has two parties, and the leader of both parties consider whether or not to use political appointment strategy. The country is moving from one-party dominant to two-party competitive situation, and their consideration also seems to be shifting.

Rule 1: The leaders of party A and B seek for winning the election.

Rule 2: Original supporters always vote for their supporting party.

Rule 3: The both party leaders can declare political appointment strategy. If it’s declared and the party wins, political appointment is guaranteed.

Rule 4: By political appointment, rent-seeking supporters get some benefit from the state budget. They cannot expect political appointment from the other party.

Rule 5: Each party leader can declare to support the reform. If declared, they can no longer use political appointment.

Rule 6: The party A must agree in order to enforce the reform.

Rule 7: All citizens can expect that the political appointment affects the state budget and accordingly the quality of public service.

We play the game under four different situations (see Appendix).

Step 1: Each party leader declares whether they use political appointment or support the reform.

Step 2: All citizens vote and decide the winning party.

Appendix: citizens types under different situation

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| --- | --- | --- | --- | --- |
|  | Situation 1 | Situation 2 | Situation 3 | Situation 4 |
| 1 | A leader | A leader | A leader | A leader |
| 2 | B leader | B leader | B leader | B leader |
| 3 | OS for A | OS for A | OS for A | OS for A |
| 4 | OS for A | OS for A | OS for B | OS for B |
| 5 | OS for A | OS for B | RSS for A | RSS for A |
| 6 | OS for A | OS for B | RSS for A | RSS for A |
| 7 | OS for A | RSS for A | RSS for A | RSS for A |
| 8 | OS for A | RSS for A | RSS for B | RSS for A |
| 9 | OS for B | RSS for A |  | RSS for A |
| 10 | OS for B | RSS for A |  | RSS for A |
| 11 | RSS for A | RSS for A |  | RSS for B |
| 12 | RSS for A | RSS for A |  | RSS for B |
| 13 | RSS for B | RSS for B |  | RSS for B |
| 14 | RSS for B | RSS for B |  | RSS for B |
| 15 |  |  |  | RSS for B |
| 16 |  |  |  | RSS for B |
| 17 |  |  |  |  |
| 18 | observer | observer | observer | observer |

OS = original supporter

RSS = rent-seeking supporter