Dynamics of Policymaking: Stepping Back to Leap Forward, Stepping Forward to Keep Back\(^1\)

Peter Buisseret\(^2\) Dan Bernhardt\(^3\)

Abstract

We study a model of dynamic policy-making with three distinct features. First, policy agreements made today persist until they are replaced with a new agreement. Second, agents take into account the dynamic consequences of today’s policies for future policy-making opportunities. Third, there is uncertainty about who will hold political power to propose and to veto policy changes in the future. We study the optimal reform agenda of agents who face such an environment and who either favor or oppose long-run reform vis-à-vis an initial status quo. We characterize when today’s agenda-setter holds back from fully exploiting present opportunities to move policy toward her long-run ideal. When there is a high chance that tomorrow’s proposer and veto player are aligned in favor of long-term reform, an agenda-setter who is hostile to long-term reform may even implement more reform in the short-term than an agenda-setter who favors long-term reform. Optimal proposals vary both continuously or discontinuously and possibly non-monotonically with changes in agents’ uncertainty, ideological tastes and patience. In addition to the threat of losing future political power, we uncover circumstances in which the prospect of retaining power serves as an equally powerful motivation for agents to hold back from fully exploiting their immediate opportunities to change policy.

\(^1\)We thank Bård Harstad, Niall Hughes, Gilat Levy, Stephane Wolton, and seminar audiences at Bristol, the LSE, Chicago and Nottingham for helpful comments and suggestions.

\(^2\)Department of Economics, University of Warwick. Email: p.buisseret@warwick.ac.uk

\(^3\)Department of Economics, University of Illinois. Email: danber@illinois.edu
1. Introduction

Policies implemented today partly determine the policies implemented in the future. This dynamic linkage in policy-making may arise through information (Callander and Hummel 2014), preferences (Glaeser and Shleifer 2005) and institutions (Bowen, Chen and Eraslan 2014). We study the consequences of a dynamic linkage that arises in contexts where existing policy agreements prevail until they are superseded by a new agreement. This may be a consequence of formal institutional rules, such as mandatory spending programs in the United States (Bowen, Chen and Eraslan 2014). It may also arise de facto: an example is the Barnett formula, used in the United Kingdom to adjust public expenditure across Northern Ireland, Scotland and Wales. Introduced in 1978, it was intended to serve as a temporary expedient, but has been in continuous use, ever since.

A crucial feature of these environments is that the immediate payoff from today’s policy also represents the opportunity cost of changing policy, tomorrow. In this paper, we ask: how does this affect the short-term reform strategy of an agent whose long-term preference is to move policy away from an unpalatable status quo? How does this strategy vary with the form and degree of uncertainty over who will hold power in the future? And, how do the answers to these questions depend on agents’ ideological preferences in favor of, or against, long-term policy reform?

We explore these questions in a political economy setting with far-sighted agents, building on the seminal framework of Romer and Rosenthal (1979). A crucial ingredient of our analysis, and our main departure from existing work, is that agents face uncertainty about who will hold power in the future both to propose and to accept policies vis-à-vis the endogenous status quo.

In our model, there is a proposer and a restrainer. The proposer may be an executive, such as a president or a prime minister, or a senior legislative office-holder such as the majority leader in a legislative chamber. The restrainer may be interpreted as the median legislator in the same or another legislative chamber, or a super-majority where such a rule applies. More generally, it may constitute any agent that can forestall progress on an initiative, such as a faction within a governing party or a coalition of governing parties (Roemer (1999), Levy (2004)).

We consider three types of restrainer: a progressive, a centrist and a conservative. Both the centrist and progressive would like to move policy in the same direction away from an exogenously given status quo, but the progressive prefers to move policy further than the centrist. The conser-

\footnote{Lord Barnett, himself, reflected in 1997: “I am flattered that the Barnett Formula has lasted twenty years...[at] the time, I must confess, I did not think it would last a year or even twenty minutes.” Treasury Committee, HM Treasury, evidence to the Treasury Committee, The Barnett Formula, second report HC 341 1997-98, Q.1}
ervative also wishes to shift policy away from the status quo, but in the opposite direction to both the progressive and centrist. To ease presentation, we assume that the restrainer is initially a centrist.

Likewise, the proposer may either be a radical or a reactionary. The radical wishes to move policy away from the status quo in the same direction as the progressive and centrist restrainers, but to a greater extent than both. Similarly, the reactionary wishes to shift policy in the same direction as the conservative restrainer, but to a greater extent.

Thus, a crucial feature of our setup is that the proposer and the restraining voter are at best imperfectly aligned. Even when their interests are nominally aligned, e.g., when they belong to the same political party, the ‘effective’ decisive agent need not precisely share the preferences of the proposer. This may be due to explicit supermajority requirements or the implicit constraints arising from the ability of a determined minority—on the chamber floor, in a legislative committee or a faction within the majority party—to impede the progress of a bill.

The timing unfolds as follows. At date one, the proposer offers the restrainer a choice between the status quo, and an alternative policy. If the proposer’s alternative is adopted by the restrainer, it becomes the new status quo. Otherwise, the initial status quo remains in place. Between periods, the identities of both the legislative proposer and the restrainer may change, for example due to an election or some form of upheaval. Thus, a reactionary proposer may remain in power or be replaced by a radical proposer, or vice versa. Similarly, the centrist restrainer may retain her veto power, or be replaced by a progressive or conservative. Once again, the proposer designs a policy. If approved by the restraining voter, it is implemented; otherwise the status quo prevails.

We explore how optimal proposal strategies are determined by uncertainty about the distribution of future proposal and veto power, as well as agents’ policy preferences and their relative concern for short- versus long-term policy outcomes. If agents care solely about the short-term, the optimal proposal takes a simple form: move policy as far as possible in the proposer’s favored direction, subject to the constraint that the restrainer prefers the outcome to the status quo.

When agents care about the future though, optimal proposals may take strikingly different forms. Suppose that a radical date-one proposer believes that tomorrow’s election will yield a progressive restrainer and that she will also retain proposal power. For example, if each agent is separately elected and the election timing is staggered, the proposer (say, the president) may be certain to hold power for another term, but the identity of the restrainer (lower chamber majority) is uncertain. The extent to which a radical will be able to exploit a future progressive restrainer in order to move policy in her favored direction is proportionate to the restrainer’s discontent with the status quo. This exploitability is endogenous to the radical’s choice of date-one proposal, which—
if accepted—will become the new status quo: the less reform she proposes today, the greater the opportunity for more potent reform in the future.

Suppose, instead, that a date one radical proposer believes that (1) the date-two restrainer is likely to be progressive, but (2) she will cede proposal power to the reactionary. In that case, static and dynamic incentives are aligned: a progressive restrainer will frustrate any subsequent attempt by a reactionary proposer to move policy back toward the initial status quo, but the reactionary proposer will be unwilling to instigate any further movement toward the radical’s ideal point. Since both future gains and losses are bounded by the prospect of political mis-alignment, it is better to bring forward any prospective reform.

But if a date-two radical proposer believes both that (1) the date-two proposer is likely to be a reactionary, and (2) the proposer will face a conservative restrainer, then her incentives to hold back from unfettered reform are compounded: the more a radical moves policy in her favored direction today, the more frustrated a conservative restrainer will be with the new status quo. In turn, this increases the ability of a future reactionary proposer to exploit a conservative restrainer and implement a more potent counter-reform.

A date-one reactionary proposer faces a similar problem. If she believes that (1) the date-two restrainer will be a progressive, and (2) she is likely to retain proposal power, there is little reason to offer short-term concessions: any policy movement in the direction of the progressive will be locked in over the long-term. But if, instead, the reactionary proposer believes that she will cede proposal authority to the radical proposer, she may benefit from implementing a partial reform in order to partially acquiesce to the progressive’s desire for change. By doing so, she diminishes the ability of a future radical to exploit the progressive, forestalling even greater movement away from the initial status quo.

More generally, the exploitability of a potential restraining voter at date two is determined by the degree of imperfect alignment between the holders of future proposal and veto powers, relative to the new induced status quo. This is partly exogenous, because it relates to aggregate uncertainty about the distribution of these powers. But it is also a dynamic consequence of the date-one proposal. This is because the proposal determines (i) which of the potential restrainers will be partially aligned with each of the possible future proposers and (ii) how much these restrainers can be exploited. The degree to which these restrainers can be exploited varies smoothly with the initial proposal, but small changes in the proposal can exert discontinuous effects on who is aligned.

We provide conditions under which a reactionary proposes more initial reform than a radical. This arises when the radical proposer and the progressive restrainer are relatively likely to hold
proposal and veto power at the second date. In this case, the radical ‘steps back in order to leap forward’, fostering the opportunity to make dramatic future reform over the long-run by showing restraint in the short-run. For the same reason, the reactionary ‘steps forward in order to keep back’, sacrificing ground today with a view to preventing more drastic reform in the future.

The predominant explanation for why policymakers hold back from fully exploiting their contemporaneous political power is that they fear losing power in the future (Acemoglu and Robinson (2000), Acemoglu, Vindigni and Ticchi (2010)). This feature is also present in our setting. But we also show that even absent the threat of replacement, an equally powerful inducement for today’s policymakers to hold back is the opportunity cost that short-term gains engender for the achievement of long-run gains. When a reactionary proposer chooses to offer more initial reform than the radical, both agents believe that the radical is relatively likely to hold power in the future. For the reactionary, the threat of losing power drives her to adopt incremental reform in the hope of forestalling more rampant reform in the future. This corresponds to the traditional explanation for why a policymaker would hold back. For the radical, however, her short-term restraint is driven instead by the opportunity cost of today’s reform: our analysis highlights the fact that satiating the progressive’s taste for policy change in the short-run diminishes the magnitude of what the progressive will be prepared to support in the future.

Our model can make sense of situations in which policy advocacy and opposition cannot be explained by the respective groups’ and individuals’ contemporaneous policy interests. A powerful illustration of ‘stepping forward to keep back’ can be found in the Second Reform Act of 1867. That a British Conservative Government would implement legislation extending voting rights to the British working class was long seen as paradoxical. However, Gallagher (1980) argues that “[t]he Act was certainly conservative in that it was an early concession to public opinion” (Gallagher, 1980, 147), while Cole (1950) argues that its enactment effectively postponed further reform for nearly 20 years.

A second example from British political history illustrates the phenomenon of ‘stepping back to leap forward’. In 1969, the British Labour government attempted to reform the House of Lords—the upper chamber of which membership was partly hereditary—by restricting the voting rights of hereditary peers and weakening their capacity to delay legislation approved in the House of Commons. It was defeated, in part, by a coalition of left-wing abolitionists within the Labour party, led by Michael Foot, who “was anxious that any reform (rather than outright abolition) would merely serve to imbue the House of Lords with greater legitimacy and longevity...” (Shell, 2006, 191)

Do politically-minded agents possess the foresight to make these kinds of calculations? Evidence of this foresight is illustrated by a contemporary example from American politics, where the oppo-
tunity cost of short-run reform played a prominent role. The 2009 *American Clean Energy and Security Act* was designed to “curb the heat-trapping gases scientists have linked to climate change”\(^6\) by creating a cap and trade system. The legislation was opposed by TheClean.org, “a grassroots coalition... devoted to moving the U.S... to an economy based on renewable energy,” which argued:

Since President Obama is likely to sign the bill with great fanfare, what will the public take away from this? Will they see it as a “win”—that the problem is solved? If so, what will that mean for pushing for the needed steps later? How will the public be mobilized to push their Representatives when the official and media message is that this is “landmark” legislation?

\textit{‘Why We Cannot Support This Bill’}\(^6\)

We show that optimal proposals may vary continuously, discontinuously and (possibly) non-monotonically with the intensity of agents’ ideological tastes as well as uncertainty about who will hold power in the future. The discontinuity arises from a proposer’s decision about which side of a centrist restrainer’s ideal policy to place her initial proposal. This placement determines whether, tomorrow, the centrist restrainer will be imperfectly aligned with the reactionary or the radical.

Suppose, for example, that a radical proposer is relatively likely to hold power in the future. Consider an increase in the prospect that the restrainer is a progressive that comes entirely from a decrease in the prospect of a conservative restrainer. How does this affect the proposer’s choice of policy? For a reactionary proposer, the increased likelihood of a progressive restrainer always induces her to propose more initial reform. One might also suppose that the incentives of a radical proposer push her to reform less in the long run. We show that this intuition may be incorrect.

There are two distinct reasons why a radical may gain from holding back, initially. First, if she holds future power and faces a progressive, she benefits from raising endogenously her degree of alignment with this restrainer. Second, if she cedes proposal power to a reactionary and this proposer also faces a conservative restrainer, the initial radical proposer benefits from reducing these agents’ subsequent alignment. Both of these forces call for less initial reform by the radical.

However, increasing the prospect of a progressive restrainer at the expense of the prospect of a conservative restrainer raises the salience of the first imperative, but diminishes the urgency of the

second. The relative magnitudes with which these opposing effects change the optimal proposal depend on the ‘primitive’ mis-alignment between the radical and both the progressive and conservative restrainers (i.e., the distances between their ideologies), and the radical’s own prospects for holding power. Moreover, agents have concave utility over policy outcomes. This means that a radical attaches greater weight to the marginal payoff consequences associated with changes in the policy outcome of a reactionary-conservative proposer-restrainer pairing. Only if the radical is very likely to hold proposal power in the future, for example, a president prior to a mid-term election, does she respond to the higher prospect of a progressive by engaging in less short-run reform. We characterize when the environment that a radical faces leads her to respond to a more favorable distribution over the set of future restrainers by holding back reform and when it leads her, instead, to accelerate it.

Our benchmark analysis assumes that the proposer is dynamically sophisticated, but that the restrainer evaluates alternatives to the status quo based on her instantaneous payoff. In the final part of the paper, we consider the case in which the initial centrist restrainer also evaluates the proposal according to its short- and long-term consequences. Now the set of initial proposals that she prefers to the initial status quo depends upon her beliefs about which of the proposers and restrainers will hold power in the future.

Suppose, for example, that there is a relatively high prospect of both a radical proposer and a progressive restrainer at date two. A myopic centrist restrainer accepts initial reform only if it does not give her a worse instantaneous payoff than the initial status quo. A dynamically sophisticated centrist restrainer, however, realizes that by rejecting incremental reform at the outset she raises the prospect of more extreme policy outcomes in the future. This raises her willingness to accept more short-run reform, even though it is worse for her in the short-run than the status quo. If the risk of a radical-progressive axis is sufficiently high, a dynamically sophisticated centrist may accept initial reform proposals that are even more extreme than the progressive restrainer’s ideal outcome. The reason is that these policies guarantee that no further movement toward the radical’s ideal policy will take place in the future.

How does this affect proposal strategies? The reactionary proposer has even more to lose than the centrist restrainer from a future radical-progressive pairing. We show that she may propose more ‘reactionary’ reform in the short term in order to reduce to an even greater extent the radical’s subsequent ability to exploit the progressive. Suppose, instead, that the radical proposer initially holds proposal power. On the one hand, she is relatively likely to hold proposal power in the future and face the more primitively-aligned progressive restrainer; just as in the benchmark setting, this gives her an incentive to hold back. On the other hand, the value of holding back has
diminished because the dynamically sophisticated centrist is prepared to accept more aggressive initial reform at the outset. Since the radical is risk averse, she may choose to exploit the initial centrist restrainer’s foresight by proposing the maximal level of initial reform that the centrist is prepared to accept—even if this neutralizes her own ability to undertake more reform in the future.

Suppose, instead, that there is a relatively high prospect of a reactionary proposer and a conservative restrainer at date two. This has two effects on the set of policies that the dynamically sophisticated centrist restrainer is prepared to accept over the initial status quo. First, she will no longer accept some initial reform proposals that she would have accepted in the myopic case. This is because even modest reform will antagonize a conservative restrainer, and raise the ability of the reactionary to exploit her in the future. Second, a dynamically sophisticated centrist restrainer will now accept proposals that move the initial status quo toward the conservative proposer’s ideal in order to satiate the conservative’s taste for counter-reform.

As a consequence, the initial radical proposer may undertake incremental reaction by proposing a policy which is worse for her in the short-run than the status quo. By doing so, she mitigates the long-run risk of unfettered movement toward the reactionary proposer’s preferred policy outcome. A practical example of this reasoning can be found in Schroeder’s defense of his package of rightist social and economic reform, ‘Agenda 2010’, in which he argued: “Either we modernize ourselves, and by that I mean as a social market economy, or others will modernize us, and by that I mean unchecked market forces which will simply brush aside the social element” [7]

The outline of the paper is as follows. After a review of the literature, we present our base model. We first analyze two benchmark cases: one in which agents are wholly impatient, and one in which agents care about the future but in which veto power is certain to remain in the hands of the centrist restrainer in both periods. We then analyze the full model in which the identity of both the proposer and the restrainer may change over time.

1.1. Related Literature

Our work relates to several important papers in which agents bargain over policies, and there is a reversion point which is either fixed, or evolves as a function of earlier agreement or disagreement. A pioneering contribution is Romer and Rosenthal (1979b), in which a proposer with fixed identity makes a proposal (or sequence of proposals) to a group of voters, which is pitted against a fixed, exogenous status quo. As in our model, the reversion point exerts a powerful influence on

equilibrium proposals, and may leave significant rent for the agenda-setter. This framework has been extended to legislative bargaining contexts in both spatial and distributive settings.

Baron (1996) introduces an endogenous status quo to a spatial legislative bargaining setting. He fixes the distribution of preferences of agents but allows the proposer to be drawn in each period according to a random recognition rule. Baron recovers a ‘dynamic median voter theorem’: policies may move to the left or the right in any period, but they gradually converge to the median voter’s ideal policy. Moreover, in any given period, they never move further away from the median voter’s ideal policy. Our innovation is to introduce uncertainty about the preferences of the future decisive voter. For example, societal preferences over political and social issues may evolve over time in ways that cannot be perfectly anticipated today. With this uncertainty, convergence to either the present or the anticipated future pivotal voter’s ideal policy need not occur.

Epple and Riordan (1987) introduce an endogenous status quo to a ‘divide the dollar’ setting. Agents bargain over the division of a fixed surplus, and agreements struck today become the reversion point in case of a subsequent failure to reach agreement. More recent work includes Kalandrakis (2004), Kalandrakis (2010), Duggan and Kalandrakis (2012), Baron and Bowen (2013), Nunnari (2014) and Anesi and Seidmann (2014). Some authors study policy environments with an endogenous status quo, which admit both spatial and distributive interpretations (for example, Bernheim, Rangel and Rayo (2006), Diermeier and Fong (2011)) and others explicitly include both dimensions (Cho (2012) and Bowen, Chen and Eraslan (2014)).

Some of the strategic considerations that we identify also appear in Graham and Bernhardt (2015), who consider the design of an optimal voting rule (e.g., the optimal size of a supermajority) in a legislative setting when citizen preferences may change over time, and the preferences of legislators and citizens can diverge. The optimal voting rule must weigh the value of flexibility to adjust policy away from the status quo toward the policy preferred by citizens against the value of rigidity encapsulated in a large supermajority that protects society against an unrepresentative legislature.

Our work also relates to a large literature on the political economy of reform. In these models, uncertainty about economic fundamentals, agents’ preferences, or future prospects for holding power exert a powerful influence on incumbent power-holders’ behavior while in office. Cukierman and Tommasi (1998) investigate why parties with an avowed historical opposition to certain kinds of reforms—such as market liberalization—are often the most likely to implement these policies while in office. Their answer is that these agents’ relative hostility to these policies ensures that only they can credibly claim that they are indeed necessary. Such reversals can also occur in our setting. However, our explanation is based not on asymmetric information about the policy
context, but rather the fear that a failure to implement reform now will only make the inevitable actions of a successor even more drastic. Acemoglu, Egorov and Sonin (2013) show that when politicians’ preference congruence with voters are private information, they may choose populist policies (i.e., to the left of the median voter) in order to signal their congruence.

Other work on the political economy of reform focuses on other channels through which a dynamic linkage in policy-making can arise. In Callander and Hummel (2014), agents can use information from past policy outcomes to forecast the consequences of future policies. More generally, parties use contemporaneous policies to manipulate their prospects for holding office, or the distribution of long term policy outcomes. Work in this vein includes Prato (2014), Callander and Raiha (2014), Milesi-Ferretti and Spolaore (1994), and over the long-run, Acemoglu, Egorov and Sonin (2014). Callander and Raiha (2014) make an important observation that is relevant for our own motivation: dynamic linkages can arise not only from institutional and de facto features of political bargaining environments, but also from the inherent durability of policies, themselves; in their leading example, public infrastructure projects persist beyond a single electoral cycle.8

2. Model

We consider a two-date economy, with dates 1 and 2. The policy space is $\mathbb{R}$. There are two agents: a decisive restraining voter (“the restrainer”), and a legislative proposer (“the proposer”), whose date $t$ ideal policies are $r_t$ and $p_t$, respectively. The legislative proposer may be interpreted as the executive or a senior legislative office-holder. The restrainer could be the median legislator or the ‘effective’ pivotal legislator in cases where a super-majority requirement applies. In other settings, the restrainer could be the median legislator within a governing party or coalition of parties, or the median legislator in the majority party.

The stage payoff of each agent with ideal policy $i$ associated with implemented policy $y_t \in \mathbb{R}$ at date $t$ is $u_i(y_t) = -(y_t - i)^2$. Initially, there is a status quo $s_1 > 0$ that is inherited from a previous legislative cycle. The proposer is either a reactionary, or a radical, with ideal policies $e$ and $-e$, respectively, where $e > s_1$. Initially, the restrainer is a centrist, with an ideal policy that we normalize to zero. Symmetry of agents’ ideal policies facilitates tractability in the latter part of the paper, but is not needed for our results.

8It may also be politically infeasible to simply cancel a project put in place by a previous government, or there may be significant costs associated with doing so. For a recent example, see “UK taxpayer faces £220m bill over e-borders contract termination", The Guardian, August 18 2014, http://goo.gl/ogYLa8.
The timing is as follows. At the start of date one, the proposer chooses a policy \( y_1 \in \mathbb{R} \) that the restrainer may *accept* or *reject*. If the proposal is accepted, it is implemented; otherwise the status quo \((s_1)\) is implemented. The policy implemented at date one serves as the status quo at the start of date two \((s_2)\).

In between dates 1 and 2, an election takes place that may change the identity of the proposer, the restrainer, or both. For example, in a parliamentary system, both agents may change during the course of a single election; in a presidential system in which election timing is staggered, one agent may remain in office for sure, whilst the other is subject to potential replacement. In contexts where proposals originate in the legislature, the change in restrainer could be due to a change in president. Even though this is constitutionally stipulated in the United States, there are also circumstances in which it may be natural to conceive of the president as a proposer, in which case a change in restrainer may be due to a mid-term election. We assume that at date two, the restrainer may remain a centrist or be replaced by a *conservative* restrainer with ideal policy \( m > s_1 \), or by a *progressive* restrainer with ideal policy \(-m\). Likewise, the proposer may remain a reactionary (radical) or be replaced by a radical (reactionary). We let \( \alpha \) denote the probability that the date-two proposer is a radical, and let \( \beta = 1 - \alpha \) denote the probability that the date-two proposer is a reactionary. For simplicity, we assume that the probability distributions over these transitions are independent, but we can easily accommodate correlation in these distributions. Indeed, we later consider special cases in which these transitions are correlated.

At date two, the proposer chooses a policy \( y_2 \in \mathbb{R} \), which the restrainer may *accept* or *reject*. If the proposal is accepted, it is implemented; otherwise the date-two status quo \((s_2)\) is implemented. The game then ends.

A crucial feature of our setting is that the proposer and restrainer are at best imperfectly aligned (i.e., \( e \neq m \)). In many real-world legislative environments, the proposer and the restrainer may come from different parties. In the United States, for example, it is rare for a single party to control the House, the Senate and the presidency and even when the same party controls each branch, a supermajority may be required in the Senate, and preferences may vary across the three branches. This possibility arises if agents face different electoral constituencies—e.g., national versus local electorates. In parliamentary systems where it is common for a single party simultaneously to hold a legislative majority as well as the executive, a party leader who acts as a proposer must still win the support of a majority within her own governing party. This problem can be especially severe.
when parties must work together in a coalition government.\footnote{In 2010, the UK experienced its first Conservative and Liberal Democrat coalition government. The coalition endured several high-profile disagreements between the leadership of each party on key policies; see, e.g., “Cameron faces serious Cabinet split over arming Syrian rebels”, The Independent, June 5, 2013, http://goo.gl/tZSuwn.}

Institutional rules may also render the ‘effective’ restrainer different from the median of the legislative chamber in which the party holds a majority. This would be the case if proposals initiate in a lower chamber but are subject to veto by an agent in the upper chamber. Alternatively, it may be possible for a determined gatekeeper such as the senior member of a legislative subcommittee to stop a bill from even progressing to the floor of the chamber.

Initially, we do not impose an ordering on the ideology of the proposers and the relatively polarized restrainers (i.e., on the ordering of $e$ and $m$). However, dynamic trade-offs arise almost exclusively in settings where at least one proposer is more ideologically extreme than the corresponding restrainer (i.e., in our symmetric setting, when $e > m$). To see why, suppose that the date-two restrainer and date-two proposer will have ideal policies that lie on the same side of the date-two status quo, $s_2$. If the restrainer has a greater taste for policy change than the proposer (i.e., if $m > e$), then she will allow the proposer to achieve her ideal policy outcome for any date-two status quo. In turn, this date-two proposer-restrainer pairing induces no strategic trade-offs from the perspective of the date-one proposer, since the final policy outcome will be invariant to the initial proposal. Thus, we focus the bulk of our analysis on settings in which the proposer is relatively more ‘extreme’ than her most closely aligned restrainer, i.e., when $e > m$.\footnote{We could also allow for the possibility of a centrist proposer. However, since she will be able to implement her ideal policy for any date-two status quo, the prospect of a centrist proposer adds little additional insight.}

The payoff of an agent with ideal policy $i$ is $(1 - \delta)u_i(y_1) + \delta u_i(y_2)$, where the convex weight $\delta \in (0, 1]$ captures the degree to which agents place relative value on policy that is made in the next term, as opposed to the current term. The policymaker may place relatively less emphasis on the current term than the next term (i.e., $\delta > \frac{1}{2}$) if an election will soon take place, since there will be a subsequent opportunity to revise whatever policy agreement is struck in the present legislative cycle. When the vote over the first date policy takes place immediately prior to the election, $\delta$ may be close to one, since there will be an imminent opportunity to revise policy after the election. The most natural literal interpretation of our two date formulation is that the policy put in place at the end of a two-date term is subsequently locked in over a sufficiently long horizon that future opportunities to change it are largely discounted by relatively impatient politicians. In practice, it is often politically and practically infeasible for lawmakers to implement frequent
major innovations to a policy area (e.g., health insurance).

Throughout, we assume that the legislative proposer is ‘dynamically sophisticated’: she recognizes that political competition is not a one-shot game and thus takes fully into account the future consequences of her proposal. To simplify exposition, our benchmark analysis assumes that the restrainer evaluates policy solely according to her status quo payoff. This heuristic device allows us to focus, initially, on the dynamic incentives of the legislative proposer at date one. Later, we consider a restrainer who is also dynamically sophisticated, highlighting which features of equilibrium do and do not change relative to the benchmark analysis.

We assume that the distributions over the future holders of proposal power and veto power are independent and exogenous. In practice, the forces that make a conservative restrainer more likely may also make a reactionary proposer more likely. The model can easily be adapted to allow for positive correlation, and this only strengthens incentives for agents to hold back from moving the initial outcome toward their respective ideal policies. However, there are also situations in which this assumption is less plausible. For example, if the proposer and restrainer are determined separately in staggered elections, it may be that the proposer’s identity is fixed, but the restrainer can change at a given election. In an American context, for example, the president tends to face a midterm election in which his party is likely to perform badly. In that case, the restrainer’s ideology is likely to move away from the proposer’s. The model is easily modified to accommodate this.

We also assume the exogeneity of the distributions over future proposal and veto power. In general, policy reforms have indirect effects on preferences. That is, given agents’ tastes and preferences, they affect their \textit{induced} preference trade-offs over future reforms vis-à-vis the induced status quo. Our analysis focuses on this effect. Policy reforms may also change agents’ underlying \textit{primitive} preferences. For example, allowing occupants of state-housing to purchase these homes makes them owners of fixed assets, which may alter their preferences over different redistributive policies.\footnote{An example of this is Margaret Thatcher’s controversial ‘right-to-buy’ policy, in the 1980s.} Translated into our framework, there are settings in which the distribution over proposal and veto power is itself a function of today’s policy choices. We make two observations. First, our framework allows us to avoid conflating the two channels whilst still uncovering a bevy of subtle trade-offs. Second, the underlying demographics of a society change slowly: in particular, they take several legislative cycles to evolve.\footnote{For example, Glaeser and Schleifer (2005) document the process by which James Curley, Irish Bostonian politician, attempted to supplant the predominantly English Bostonian population with the Irish, a process that succeeded over the course of fifty years.}
3. A Simple Benchmark

Suppose either (1) the interaction lasts only one date, or (2) politicians are wholly impatient ($\delta = 0$), or (3) there are no future opportunities to revise policy decisions taken today. Since this setting is strategically equivalent to the problem faced by a proposer at date two in settings where agents are far-sighted, we drop time subscripts, and refer to the status quo as $s$, and the ideal points of the proposer and restrainer as $p$ and $r$, respectively.

When future opportunities to change policy are either absent or entirely discounted by today’s proposer, her optimal proposal moves policy as close as possible to her ideal point, subject to receiving the approval of the restrainer. Since only immediate payoffs matter, the restrainer will accept any policy that is closer to her ideal policy ($r$) than the current period status quo ($s$).

Suppose that a radical with ideal policy $-e$ holds proposal power. If the restrainer holds ideal policy $r \geq s$, she will veto any proposal that moves the policy outcome toward the radical’s ideal policy. Further, the radical proposer would not wish to move policy away from her ideal policy. Thus, if the restrainer has ideal policy $r \geq s$, the radical can do no better than propose the status quo.

Suppose, instead, that the restrainer has ideal policy $r < s$. Then, she will accept any proposal lying between $r$ and $s$. Since her loss is symmetric around her ideal point, she will also accept any proposal $y$ lying between her ideal policy and the ideal policy of the radical proposer, so long as it is not further from her ideal point than the status quo. Thus, the most reform she is prepared to accept is a proposal that moves the status quo to a policy $y < r$ satisfying $s-r = r-y$, or $y = 2r-s$.

If a radical proposer’s ideal policy is sufficiently palatable to the restrainer relative to the status quo (i.e., $2r-s \leq -e$), the radical will propose her own ideal policy. Otherwise, she can do no better than propose the greatest degree of reform that the restrainer will accept, i.e., $y = 2r-s$.

Therefore the (static) optimal proposal of the radical is:

$$y^*(-e,r,s) = \begin{cases} 
  s & \text{if } s \leq r \\
  s-2(s-r) & \text{if } r < s < e+2r \\
  -e & \text{if } s \geq e+2r.
\end{cases} \tag{1}$$

Importantly, the proposer’s ability to move policy increases with the distance between that period’s status quo ($s$) and the restrainer’s ideal policy ($r$). This is particularly relevant when a radical proposer and restrainer are partially aligned relative to the status quo ($s > r$), but not so much that the restrainer would allow the proposer to implement her ideal policy ($s < e+2r$). In this case, a radical proposer will fully exploit the restrainer’s desire for reform.
A similar logic delivers the optimal proposal of a reactionary proposer with ideology $e > m$:

$$y^*(e, r, s) = \begin{cases} 
    s & \text{if } s \geq r \\
    s + 2(r - s) & \text{if } 2r - e < s < r \\
    e & \text{if } s \leq 2r - e
\end{cases}$$

(2)

Together, we obtain:

**Result 1.** When the proposer cares only about the immediate consequences of her proposal, her optimal proposal moves the policy outcome as close as possible to her ideal policy.

So, when future opportunities to change policy are entirely discounted, a proposer will fully exploit an aligned restrainer by either proposing her ideal point, or instead by moving policy in her preferred ideal direction to the maximal extent possible. When the proposer and restrainer are only partially aligned relative to the status quo, a proposer’s ability to move policy rises with the distance between the status quo and the restrainer’s ideal policy, i.e., $|r - s|$. When the status quo arises from a previous (date one) proposal, this feature will provide the proposer with incentives to refrain from maximizing her static payoff at date one in order to increase her subsequent advantage at date two.

**Date One Proposals Benchmark: Centrist Restrainer Holds Veto Power At Both Dates**

We now study optimal proposals at date one. In a static environment, each proposer fully exploiting the centrist to move the policy outcome as close to possible to her ideal policy. In our dynamic model, today’s proposer and restrainer may be uncertain about the identities of tomorrow’s proposer and restrainer. We begin by studying a context in which the centrist restrainer holds veto power at both dates. In addition to serving as a useful benchmark, it can also represent a setting in which a legislative chamber acts as the proposer, the president is the restrainer, and only the legislative chamber faces an imminent midterm election.

At date one, a centrist restrainer will accept any proposal that is closer to her ideal policy than the status quo. This is not a consequence of our maintained assumption that the restrainer evaluates proposals according to her instantaneous payoff. On the contrary, if a restrainer is certain to retain veto power, her acceptance strategy will be the same when she is dynamically sophisticated, and therefore internalizes the long-run consequences of her date-one acceptance decision.$^{13}$

For presentational purposes, we begin by considering a proposer’s preferences over two alternative date-one proposals that are symmetric around the centrist restrainer’s ideal policy: $y \in [0, s_1]$

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$^{13}$This can be verified by inspection of Lemma 2, which considers a dynamically sophisticated restrainer.
and \(-y \leq 0\). If a proposer chooses \(y\), the centrist restrainer will accept more reform at date two and will accept no movement toward a reactionary proposer’s ideal policy. If a proposer instead chooses \(-y\), the centrist restrainer will reject any further reform that moves policy further toward the radical’s ideal point at date two, and will even allow the initial reform to be reversed.

We first establish that a radical proposer at date one strictly prefers an initial proposal \(-y < 0\) over \(y > 0\), whereas a reactionary prefers an initial proposal \(y > 0\) over \(-y < 0\).

**Result 2.** If the centrist restrainer is certain to hold veto power at both dates, then at date one a radical proposer will propose a policy \(-y_1 \leq 0\), while a reactionary will propose a policy \(y_1 \geq 0\).

The reason is that at date two, the induced distribution over policy outcomes is invariant to the choice of either of these initial policies: at date two, for either a status quo \(s_2 = y\) or \(s_2 = -y\), a radical will implement \(-y\) and a reactionary will implement \(y\).

This result does not imply that the proposer moves policy as close as possible to her ideal point, subject to obtaining approval from the restrainer—as her static incentives would suggest. In fact, her proposal trades off between static and dynamic incentives. Catering to her instantaneous payoff improves her long term outcome at date two if she is realized to be the proposer at that date. This is because she can do no better than lock in her gains at date two by maintaining the induced status quo, \(s_2(=y_1)\). However, as she moves policy closer to her ideal, the subsequent penalty from losing proposal power becomes increasingly severe, rising at twice the rate, since an opposing proposer can reverse the policy in her own favored direction by a distance of \(2|y_1|\).

The payoff of a proposer with ideal point \(p_1 = i\) who proposes policy \(y_1\) is therefore:

\[
u_i(y_1) + \delta \Pr(p_2 = -i) (u_i(-y_1) - u_i(y_1)),
\]

where \(\Pr(p_2 = -i)\) is the probability that the date 1 proposer cedes proposal authority to the opposing proposer at date two. We therefore obtain:

**Proposition 1.** If the centrist restrainer is certain to hold veto power at both dates, then an interior solution for the proposer with ideal policy \(i \in \{-e, e\}\) satisfies:

\[
y_1^*(i) = (1 - \delta) i - \delta i (\Pr(p_2 = -i) - \Pr(p_2 = i)).
\]

The threat of ceding power in the future creates an incentive for a proposer to choose a policy that is further from her ideal point than she would in the absence of a prospective change in proposal power. When the restrainer is always a centrist, each proposer’s concern for the long-run
always induces policy moderation. Nonetheless, we will soon show that dynamic incentives need
not induce policy moderation when the identity of the restrainer can also change between dates.

The proposer’s trade-offs are both static and dynamic. Even if she cares only about the future,
there is a tension between catering to her ideal policy and moderating her proposal. Nonetheless,
when the restrainer’s identity never changes between dates, Result 2 establishes that a reactionary
proposer at date one never implements more short-term reform than a radical proposer.

Result 2 also holds in a related setting in which (1) the identity of the restrainer may also change
in between periods, but (2) the ideologies of the progressive and conservative restrainers are more
extreme than that of the radical and reactionary proposers (i.e., \( m > e \)). When a progressive re-
strainer has a greater appetite for reform than a radical proposer, a radical who faces a progressive
will be able to achieve her ideal outcome \(-e\) at date two regardless of the location of the date-two
status quo. The same is true in the event of a reactionary-conservative proposer-restrainer pairing
at date two. Since the precise location of the date-one policy only affects the alignment between
each proposer and the centrist, a date-one proposer therefore faces no direct trade-offs from the
prospect of a radical-progressive or reactionary-conservative axis at date two. Thus, a radical at
date one prefers a policy \(-y_1 \leq 0\), while a reactionary proposer prefers a policy \(y_1 \geq 0\).

Since the strategic problem faced by each proposer in this case is similar to the benchmark in
which the restrainer is certain to be centrist in both periods, we focus henceforth on a setting in
which each proposer is ideologically more extreme than each of the relatively polarized restrainers
(i.e., \( e > m \)). To simplify the presentation, we assume an even greater degree of imperfect align-
ment between proposers and restrainers: \( e - m > m + s_1 \) (see Figure 1, below). This implies that for
any date two status quo that results from the date one interaction, each proposer would still like to
move policy closer to her ideal point than any realized restrainer would be prepared to accept.

**Date One Proposals: Identity of Proposers and Restrainers May Change Across Dates**

We now study optimal proposals at date one when the identities of both the proposer and the
restrainer may change across dates.

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14We prove this result in the Appendix. The interior solution for each proposer differs from the solution
characterized in Proposition 1, but the trade-offs are similar.

15In the intermediate case of \( 0 < e - m < m + s_1 \), the interval of policies that the centrist restrainer prefers to the
status quo can be partitioned in the following way: if \( s_2 \in [-s_1, 2m - e] \), a date-two reactionary proposer who faces
a conservative restrainer can implement her ideal policy \((e)\); if \( s_2 \in [e - 2m, s_1] \), a date-two radical proposer who
faces a progressive restrainer can implement her ideal policy \((-e)\). The additional cases that this setting generates
complicate analysis without providing insights.
When the identity of the restrainer was fixed across dates, we showed that each proposer always chooses a policy that renders the centrist restrainer unwilling to accept further policy change in the proposer’s favored direction. That is, the optimal date-one proposal renders the centrist restrainer exploitable only by the opposing proposer, at date two.

When the identity of the restrainer can change, by contrast, each proposer faces a non-trivial decision about which types of restrainers she wishes to be partially aligned with her at date two. When the restraining voter is not dynamically sophisticated, she weakly prefers any policy $y_1 \in [-s_1, s_1]$ to the status quo ($s_1$). This means that a proposer faces an initial decision about which side of the centrist voter’s ideal policy to place her date-one proposal.

We now identify the preferred policy of an agent with an ideal policy $i$, at date 1. Her continuation payoff from an (accepted) policy $y_1$ that becomes the date-two status quo ($s_2$) is:

$$ V_i(y_1) \equiv \alpha \left[ \sum_{r_2 < y_1} \Pr(r_2) u_i(y_1 - 2(y_1 - r_2)) + \sum_{r_2 \geq y_1} \Pr(r_2) u_i(y_1) \right] + \beta \left[ \sum_{r_2 > y_1} \Pr(r_2) u_i(y_1 + 2(r_2 - y_1)) + \sum_{r_2 \leq y_1} \Pr(r_2) u_i(y_1) \right]. $$

The date-two proposer will be a radical with probability $\alpha$. If she holds proposal power and the restrainer is exploitable i.e., if $(r_2 < y_1)$, then she will shift policy at date two to $y_1 - 2(y_1 - r_2)$. If, instead, the restrainer cannot be exploited by the radical (i.e., if $r_2 \geq y_1$), then the radical can do no better than maintain the status quo. With probability $\beta$, tomorrow’s proposer is instead a reactionary. If she can exploit the restrainer (i.e., if $r_2 > y_1$), then she will move policy to $y_1 + 2(r_2 - y_1)$. Otherwise, she too will maintain the status quo.

Substituting these possible date-two policy outcomes into $V_i(y_1)$ and recalling the quadratic structure of preferences yields:

$$ V_i(y_1) \equiv -\alpha \left[ \sum_{r_2 < y_1} \Pr(r_2)(2r_2 - i - y_1)^2 + \sum_{r_2 \geq y_1} \Pr(r_2)(i - y_1)^2 \right] - \beta \left[ \sum_{r_2 > y_1} \Pr(r_2)(2r_2 - i - y_1)^2 + \sum_{r_2 \leq y_1} \Pr(r_2)(i - y_1)^2 \right]. $$

Figure 1: Agents’ ideal policies, and the location of the initial status quo

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The policy $2r_2 - i$ can be interpreted as agent $i$’s date-two ‘pivot-adjusted’ ideal policy, where the pivot is the location of the partially-aligned restrainer. These pivot adjustments take into account the induced opportunity to move policy in the future when the restrainer and proposer are partially aligned, and allow us to express date-two policy trade-offs in terms of the date one policy choice, $y_1$.

Under the supposition that the centrist restrainer evaluates proposals solely according to their immediate payoff implications, the set of proposals that she will accept over the status quo is $[-s_1, s_1]$. Later, we consider a foresighted restrainer who understands both that she may no longer be able to constrain the proposer if she loses veto power and that the proposer may also change.

The optimal policy of an agent with ideology $i$ solves:

$$
\max_{y_1 \in [-s_1, s_1]} (1 - \delta)u_i(y_1) + \delta V_i(y_1).
$$

(7)

The static incentives of the proposer are to move policy as close as possible to her ideal policy. Lemma 1 identifies a trade-off with respect to the dynamic consequences for future reform.

**Lemma 1.** At an interior optimum, the policy of an agent with ideology $i$ satisfies:

$$
y_1(i) = (1 - \delta)i + \delta \left( \alpha \sum_{r_2 > y_1(i)} \Pr(r_2) + \beta \sum_{r_2 < y_1(i)} \Pr(r_2) \right) i
+ \delta \left( \alpha \sum_{r_2 < y_1(i)} \Pr(r_2)(2r_2 - i) + \beta \sum_{r_2 > y_1(i)} \Pr(r_2)(2r_2 - i) \right),
$$

(8)

where $y_1(i) \in [-s_1, 0)$, or $y_1(i) \in (0, s_1]$.

There are at most two solutions satisfying (8)—one on each side of the centrist restrainer’s ideal policy. This is because the identities of the restrainer types who will be aligned with each of the proposers under an induced status quo $y_1$ changes as the proposal switches from one side of the centrist restrainer’s ideal point to the other.

To obtain the discounted part of (8), we apply a mean-variance decomposition to agent $i$’s continuation payoff. We then obtain a discount-weighted, pivot-adjusted ideal policy that varies according to static and dynamic incentives. The dynamic incentives are themselves determined through two competing channels. The two dynamic components are the alignment channel:

$$
\alpha \sum_{r_2 < y_1(i)} \Pr(r_2)(2r_2 - i) + \beta \sum_{r_2 > y_1(i)} \Pr(r_2)(2r_2 - i),
$$

(9)

and the mis-alignment channel:

$$
\alpha \sum_{r_2 > y_1(i)} \Pr(r_2) + \beta \sum_{r_2 < y_1(i)} \Pr(r_2).
$$

(10)
Alignment Channel: In equilibrium, the initial proposal \( y_1(i) \) becomes the status quo \( (s_2) \) at date two. With probability \( \alpha \), the date-two proposer is a radical. If she faces a restrainer who is partially aligned with her relative to the induced status quo—i.e. if \( r_2 < s_2(= y_1(i)) \)—then a radical will move the policy to \( s_2 - 2(s_2 - r_2) = 2r_2 - s_2 \). With complementary probability \( \beta = 1 - \alpha \), the date-two proposer is a reactionary. If a reactionary proposer faces a restrainer with whom she is partially aligned relative to the induced status quo—i.e. \( r_2 > s_2 \)—then she will implement the policy outcome \( s_2 + 2(r_2 - s_2) = 2r_2 - s_2 \).

Relative to the ideal policy of a partially-aligned restrainer, \( r_2 \), each proposer therefore attains her ideal policy outcome only if the induced status quo is sufficiently unpalatable to her respective partially-aligned restrainer, i.e., only if \( |s_2| \geq |2r_2 - i| \). The absolute magnitude of \( 2r_2 - i \) captures the primitive ideological conflict of interest between the proposer and the partially aligned restrainer. As this conflict grows, a given date-two status quo will induce a final policy outcome that falls increasingly short of the proposer’s ideal.

The prospect of retaining proposal power at date two and facing a more aligned restrainer than the centrist creates a powerful incentive for the initial proposer to endogenously raise her future alignment with this restrainer. Moving the initial status quo toward the date-one proposer’s ideal policy increases her immediate payoff. However, it also satiates an (imperfectly) aligned restrainer’s subsequent taste for policy change. This exacerbates the conflict of interest between these agents in the subsequent period.

The initial proposer may also cede power to the opposing proposer. If the latter also faces a restrainer with whom she is partially aligned, she will be able to move policy in the opposite direction to the initial proposer’s ideal policy. The extent to which she can do so will depend on the degree of her own alignment with a partially aligned restrainer, relative to the induced status quo \( (s_2 = y_1(i)) \). This is partly controlled by the date-one proposer: by moving policy closer to her ideal point, she antagonizes those restrainers with whom she is not aligned, raising their future alignment with the opposing proposer. By instead conceding the short-term payoff of catering to her immediate ideological taste, the initial proposer weakens the future alignment of opposing proposer-restrainer pairings and thereby forestalls a more dramatic movement in the opposite direction to her long-run ideal.

The alignment channel thus emphasizes two complementary reasons for why a date-one proposer should hold back from fully exploiting her initial monopoly control of the agenda. The first reason is the threat of losing political power to an opposing proposer-restrainer pairing at date two. The second reason is that if she retains proposal power at date two, then catering to her immediate interest at date one engenders an opportunity cost of exploiting a more primitively-aligned restrainer.
The concavity of agents’ payoffs over policies induces an asymmetry in the relative emphasis placed by a proposer on each of these two motives for holding back. This is because the most salient payoff events for a proposer are those induced by policy outcomes which are furthest from her ideal point. Changes in both the conflict of interest between each proposer and restrainer (i.e., $e$ and $m$) and the uncertainty over future holders of proposal and veto power change the rate at which each proposer trades off each of these components of the alignment channel.\(^{16}\)

Through the alignment channel, a radical is incentivized to offer less reform today, both to exploit her anticipated favorable future reform prospects, and to limit the adverse consequences of ceding power to the reactionary proposer who faces an aligned restrainer. The reactionary is similarly encouraged to concede ground today by offering initial reform: this partially satiates the desire of the radical-exploitable restrainer for change, insuring the reactionary against more dramatic losses in the future.

**Mis-alignment Channel:** It is possible that at date two, the proposer and the restrainer ideologies admit no mutually acceptable alternative to the induced status quo. This occurs if a proposer holds power but faces a restrainer whose ideal point lies on the opposite of the status quo to her own ideal point. When this happens, the status quo $s_2$ will once again be implemented.

As the prospect of this policy inertia increases, the date-one proposer prefers either to front-load reform at the outset (if she is a radical) or to hold the line on the initial status quo (if she is a reactionary). The reason is that a greater prospect of inertia at date two reduces the benefit from showing restraint at date one, since early concessions are only beneficial if they ultimately serve either to spur significantly better policy outcomes or to mitigate even worse policy outcomes at date two. Future gridlock limits both the advantage of holding subsequent proposal power and also the disadvantage of losing it; mis-alignment therefore constitutes a form of insurance for each proposer against the adverse consequences of initially accelerating her own policy agenda. The disadvantage of accelerating her own agenda is that less can be achieved with a centrist at date one than would be achieved in the future if the proposer held power at date two and faced a more polarized restrainer with whom she is partially aligned.

\(^{16}\)This asymmetry does not rely on concavity of agents’ objective functions. So long as the curvature of $u(\cdot)$ is non-constant, the proposer’s trade-offs over each component of the alignment channel will vary.
4. Comparative Statics

The immediate interest of a proposer at date one is to move policy away from the initial status quo \( (s_1) \) in the direction of her long-run ideal policy outcome. However, the date two consequences of a date-one proposal present conflicting imperatives.

A date-one proposal \( (y_1) \) induces a lottery over date two policy outcomes. From the perspective of an agent with ideology \( i \), the outcome at date two takes one of three forms: it may move the induced status quo \( s_2(= y_1) \) closer to her ideal point, leave it unaltered, or move it away from her long-run preference. Because the marginal utility of policy outcomes changes with the policies themselves, each agent trades off the payoff consequences of these outcomes at different rates. Moreover, these rates vary with the degree of imbalance in the distribution over future proposal and veto power, as well as the degree of primitive mis-alignment between proposer and restrainers.

We first focus on ‘local’ comparative statics that change the location of an interior solution \( y_1(i) \in (-s_1, 0) \) or \( y_1(i) \in (0, s_1) \) within each respective interval. We then discuss forces that may lead to ‘jumps’ in a date-one proposer’s optimal proposal from one side of the centrist’s ideal point to the other.

Changes in Uncertainty about Proposal and Veto Power

We begin by characterizing possibly paradoxical effects of a probabilistic shift toward a more reform-minded restrainer: under many plausible circumstances, both a radical and a reactionary proposer respond to a shift toward more reform-minded restrainers at date two by accelerating early reform at date one.

**Proposition 2.** Consider a shift in the distribution over date two restrainers that takes positive mass from a conservative restrainer and redistributes it to a progressive restrainer.

1. A reactionary proposer responds by moving her proposal closer to her ideal policy \( (e) \) if and only if \( \alpha < \frac{1}{2} - \frac{m}{2e} \), i.e., if and only if she is very likely to hold proposal power at date two.

2. A radical proposer responds by moving policy away from her ideal policy \( (-e) \) if and only if \( \alpha > \frac{1}{2} + \frac{m}{2e} \), i.e., if and only if she is very likely to hold proposal power at date two.

Consider a president who is facing a midterm election. Though she will remain in office, she may be uncertain about the election’s consequences for the ideology of the pivotal legislator in the lower chamber. The Proposition states that if she anticipates a favorable shift in the preferences of the pivotal legislator, it is better to hold off executing her agenda, since she will be able to achieve
far more after the midterm election. Suppose, instead, the proposer anticipates an unfavorable shift in the ideology of the pivotal legislator. Since the next legislative session yields little scope for reversing any initial concessions, the president prefers to accelerate her long-run agenda prior to the midterm election. Finally, if the president must also face election and there is sufficient uncertainty about whether she will retain office, the Proposition states that regardless of her ideological preferences, she moves the initial policy toward the anticipated location of the new pivotal legislator’s ideal policy.

Formally, the local change in the optimal proposal of an agent with ideology $i$ when $\epsilon > 0$ mass is taken from the prospect of a conservative and redistributed to the prospect of a progressive is:

$$\delta \epsilon (\beta - \alpha) - \alpha(2m + i) - \beta(2m - i).$$  \hspace{1cm} (11)

A date-one proposer faces a compound lottery over proposer-restrainer pairings at date two. The consequences of raising the prospect of progressive restrainer depend on the proposer’s relative forecast that the date-two proposer will be a radical (and thus aligned with the progressive) or a reactionary. The first term in (11) is the change in an optimal proposal that arises through the mis-alignment channel. With probability $\beta(= 1 - \alpha)$, a reactionary holds proposal power at date two, while a radical holds proposal power with residual probability $\alpha$. When a reactionary is more likely than a radical ($\beta - \alpha > 0$), shifting probability to a progressive restrainer raises the probability of mis-alignment at date two. This increased weight on the mis-alignment channel pushes a date-one proposer initially to accelerate her agenda by moving her proposal closer to her ideal point. This is because the principal role of a radical-aligned restrainer at date two is to stand as a bulwark against subsequent counter-reform. If, instead, the radical is more likely to be the proposer at date two, so that $\beta - \alpha < 0$, then the principal role of a radical-aligned restrainer is to enable the radical to pursue her long run agenda more aggressively at date two, relative to the induced status quo, $s_2$. This attenuates the incentive of both a radical and a reactionary proposer to accelerate reform via the mis-alignment channel.

The additional two terms in (11) represent the change in an optimal proposal that arises from the alignment channel. From the perspective of a date-one proposer with ideology $i$, there are two relevant classes of aligned proposer-restrainer pairings that can arise at date two. If a date-one proposer subsequently holds proposal power at date two and faces an aligned restrainer, she will be able to move policy even closer to her ideal point vis-à-vis the induced status quo at date two $s_2(= y_1)$. If, instead, she cedes proposal power to an opposing proposer who faces a restrainer with whom she is aligned, this opposing proposer will move policy in the opposite direction of the
date-one proposer’s long-run ideal.

Each of these prospects pushes a date-one proposer to hold back from fully exploiting her initial monopoly control of the date one agenda. Importantly, with concave payoffs the losses suffered by the initial proposer are more severe at locations further away from her ideal policy. Therefore the possibility of an opposed proposer-restrainer pairing is weighted relatively more heavily by the date-one proposer in the alignment channel.

Consider the problem faced by an initial radical proposer (with ideal policy \(-e\)). To the extent that she expects to hold subsequent proposal power at date two (with probability \(\alpha\)), an increased prospect of a progressive restrainer raises a radical’s prospects of a favorable aligned proposer-restrainer pairing at date two. This gives her a greater incentive to hold back from implementing partial reform, since by doing so she increases her subsequent ability to exploit a progressive restrainer and achieve outcomes that are even closer to her ideal policy \((i)\). This effect is captured by the second term in (11), i.e., \(\alpha(e - 2m)\).

However, reducing the prospect of a conservative restrainer simultaneously lowers the radical’s prospects of an unfavorable proposer-restrainer pairing at date two. This lowers the cost to her moving policy toward her ideal point in the short-term, since she worries less about indirectly raising the subsequent exploitability of a conservative restrainer by a reactionary proposer. This effect is captured by the third term in (11), i.e., \(-\beta(e + 2m)\). Thus, the overall effect on the optimal proposal via the alignment channel is potentially ambiguous.

The alignment channel adjusts policy in order to balance the proposer’s probability-adjusted losses across both favorable and unfavorable aligned proposer-restrainer pairings. Because the payoff consequences associated with a reactionary-conservative pairing are more salient for the radical, the net effect on the alignment channel is to decrease the overall salience of the alignment channel in a radical proposer’s solution, unless she is very likely to hold proposal power once again at date two (i.e., unless \(\alpha\) is very large).

Concavity of agents’ payoffs further implies that the payoff consequences of a mis-aligned proposer-restrainer pairing at date two—whereby the date-two status quo is implemented once again as that date’s policy outcome—also weigh more heavily on a radical’s calculation than those associated with favorable alignment between herself and the progressive restrainer. This creates an additional hurdle that the radical’s prospect for holding power must surpass in order for her to respond to a higher prospect of a progressive restrainer with less reform at date one.

The requisite threshold on the radical’s prospect of holding power rises as her primitive alignment with the progressive and her primitive mis-alignment with the conservative (both captured
by the term $\frac{\alpha}{\sigma}$ increases. A higher primitive alignment with a progressive restrainer reduces a
date one radical’s imperative to raise this alignment endogenously through her implicit choice of
the date-two status quo. A higher primitive mis-alignment with a conservative restrainer raises the
salience of that part of the alignment channel that emphasizes a reactionary-conservative axis. A
fall in the prospect of a conservative restrainer therefore induces a relatively greater decline in the
salience of the alignment channel, and pushes the restrainer to respond with more initial reform.

For a reactionary proposer at date one, a symmetric logic implies that only if she is very likely
to hold proposal power (i.e., only if $\alpha$ is very small) will she respond to a higher prospect of a
progressive restrainer at date two with less reform. In this case, a reactionary is likely to remain
proposer, but is less likely to find an accommodating aligned conservative restrainer that can be
exploited. It is therefore better not to give early concessions at date one, since there is both a di-
minished threat of subsequent radical reform and also a limited prospect for reversing these initial
concessions at date two in the event that she retains her proposal power.

Other changes in the distribution over restrainers may have ambiguous effects. Consider, for
example, an increased prospect of a centrist restrainer again holding veto power at date two.
The effect on an optimal proposal at date one depends crucially on whether this initial proposal
subsequently aligns a centrist with a radical proposer ($y_1(i) > 0$) or with a reactionary proposer
($y_1(i) < 0$). For a radical proposer who chooses to exploit a centrist at date one by selecting
$y_1(-\epsilon) < 0$, a higher prospect of a centrist raises the prospect either of subsequent mis-alignment
between herself and a centrist, or opposing alignment between a centrist and a reactionary proposer
at date two. Similarly, if a reactionary proposer fails to satiate a date-one centrist’s appetite for
reform at date one ($y_1(\epsilon) > 0$), the prospect of a centrist at date two raises the risk either of subse-
quent mis-alignment, or of a radical-centrist alliance which induces further reform. Thus, the initial
discrete choice about which proposer to align with a centrist directly affects the local consequences
for optimal proposals of changes in uncertainty about who will hold veto power at date two.

A complementary set of trade-offs arises with changes in the distribution over future proposers.
Suppose that the probability of one of the proposers holding power in the future rises. If the
prospect of a restrainer who is not aligned with that proposer is large enough, the mis-alignment
channel calls on the date-one proposer to respond by moving the initial policy closer to her own
ideal policy. As before, the alignment channel yields a potentially ambiguous response.
Proposition 3. Consider a shift in the distribution over date two proposers that raises the prospect of a proposer with ideology $i$ at date two.

(1) Suppose that a restrainer with whom this proposer is partially aligned is relatively likely to hold veto power at date two. Then, a proposer with ideology $i$ moves her date-one proposal further away from her ideal policy if and only if her preferences are sufficiently polarized relative to the restrainers with which she is partially aligned. The proposer with the opposing ideology ($-i$) always moves her initial proposal further away from her ideal policy.

(2) Suppose, instead, that a restrainer with whom this proposer is partially aligned is relatively unlikely to hold veto power. Then, the proposer with ideology $i$ at date one moves her date-one proposal closer to her ideal policy. The proposer with the opposing ideology ($-i$) moves her date-one proposal closer to her ideal policy if and only if her preferences are sufficiently polarized relative to the restrainers with which she is partially aligned.

Consider a president who is facing an election, in which control of both the presidency and the legislature may change hands. If the current president’s prospects of retaining power increase, should she respond by accelerating her policy agenda before the election takes place, or should she instead hold back? If she anticipates a more hostile pivotal legislator after the election, it is better to bring forward her agenda, since the next legislative session is more likely to yield gridlock. If, instead, she expects that the pivotal legislator will move closer to her own policy, her response depends on how favorable she believes the shift will be. If she anticipates a pivotal legislator whose ideal outcome is only modestly closer to her own, the president prefers to hold back at date one to increase her ability to move the long-run outcome closer to her ideal policy at date two. If, instead, she believes the pivotal legislator will move significantly closer to her own ideology, she will once again accelerate her agenda. However, her motivation for doing so is very different from the setting where she anticipates a more hostile post-election environment: now the president expects to face a legislator that will accept outcomes significantly closer to the president’s ideal point for any inherited date two status quo, due to these agents’ increased inherent alignment. This gives the president less of an imperative to hold back at date one in order to achieve better outcomes at date two.

More generally, if the date-one proposer believes that her prospects for retaining proposal power have increased, her decision to hold back or instead to exploit a centrist restrainer depends on her prospects for facing an aligned restrainer at date two. If she is relatively likely to face a restrainer with whom she is mis-aligned, she derives little benefit from holding back. Through the mis-alignment channel, she is induced to move the initial policy closer to her ideal policy.
If, instead, she anticipates that an aligned restrainer will hold veto power at date two, her relative value of holding back at date one depends on the value of endogenously raising her alignment with these aligned restrainers. If her primitive conflict of interest with these agents is high, she prefers to hold back more at the outset in order to raise this alignment relative to the induced status quo. Otherwise, the first-order consequence of raising her prospect of holding power is to diminish the urgency of lowering the opposing proposer’s alignment with her aligned restrainer. This leads the initial proposer to move her initial proposal toward her ideal policy.

To summarize: the effects of changes in uncertainty over either proposer or veto power at date two depend on (1) the degree of balance in uncertainty over the other class of political power and (2) the degree of imbalance in the conflicts of interest between the proposer and each of the possible aligned and mis-aligned restrainers. When there is a change in uncertainty over future holders of either proposal or veto power that favors the proposer, she will respond by moving her initial proposal further from her ideal point only if there is sufficiently favorable imbalance in the distribution over the other kind of political power. Otherwise, the shift in uncertainty induces both a radical and a reactionary proposer to engage in less short-term restraint and instead move the date one policy outcome toward their respective ideal policy outcomes.

Changes in Ideology

We next consider the consequences of changes in the ideological conflict between each of the proposers and restrainers. These changes affect the trade-offs each proposer faces at date one between using her implicit control of the date two status quo to (1) increase her alignment with a prospective future aligned restrainer, (2) lower the alignment of an opposing proposer with her prospective aligned restrainer, and (3) accelerate her initial agenda in anticipation of mis-alignment at date two.

Raising the polarization of restrainers (by raising $m$) affects the primitive conflict of interest between each of the proposers and these restrainers. It lowers the conflict of interest between a radical proposer and a progressive restrainer, and between a reactionary proposer and a conservative restrainer. It raises the conflict of interest between a radical proposer and a conservative restrainer, and between a reactionary proposer and a progressive restrainer. This conflict of interest matters only in the event of alignment at date two, and so it has no effect on an optimal proposal through the mis-alignment channel. However, it affects how each proposer trades off both favorable and unfavorable aligned proposer-restrainer pairings, in proportion to the relative likelihood of these events.

Proposition 4. Increasing the polarization of the restrainers’ ideological preferences (raising $m$) leads both the radical and the reactionary proposer to move their initial proposals locally closer
to the progressive restrainer’s ideal policy if and only if:

$$\beta \Pr(r_2 = m) < \alpha \Pr(r_2 = -m).$$  (12)

For the sake of tractability, the proposition uses a single parameter \((m)\) to summarize both the conservative and progressive restrainers’ ideologies. To understand the result, suppose however that only the progressive restrainer becomes more ideologically extreme, i.e., her ideology moves toward the radical proposer’s ideal policy. This lowers the radical’s primitive conflict of interest with the progressive, diminishing her imperative to lower this conflict via her implicit choice of date two status quo, i.e., lessening the need to keep \(s_2\) far from \(-m\) and encouraging her to move policy further from the status quo toward her own ideal policy \((-e)\). Likewise, it raises a reactionary proposer’s primitive conflict of interest with the progressive, inducing her to make larger initial concessions in order to avoid the consequences of a subsequent radical-progressive axis. The greater is the probability of a radical-progressive pairing, the greater is the urgency for an initial reactionary proposer to inoculate herself at date one by moving the initial policy closer to the progressive restrainer’s ideal policy.

The opposite effect operates when the conservative’s ideology moves closer to that of the reactionary. This raises the radical’s primitive conflict of interest with the conservative, increasing her imperative to lower this conflict by proposing a smaller initial shift in policy away from the status quo. By catering less to her immediate desire to reform the status quo, she inoculates herself against the consequences of a subsequent reactionary-conservative axis. Likewise, it lowers a reactionary proposer’s benefit to moving policy away from the conservative restrainer’s ideal point in order to cultivate a prospect for potent counter-reform at date two.

Thus, the net effect of simultaneously raising the polarization of both proposers hinges on the relative prospect of a radical-progressive pairing vs. a reactionary-conservative pairing, at date two.

Suppose that there is a right-wing status quo policy, and an imminent election that is expected to bring both the presidency and the legislature under the control of the Left. This could arise from a ‘coattail’ effect, in which members of the legislature that are politically aligned with the presidential candidate expect their own electoral fortunes to benefit from their candidate’s popular support \((\text{Ferejohn and Calvert} (1984))\). If the legislature is also expected to become more ideologically polarized, the initial incumbent proposer—regardless of whether she is a radical or a reactionary—moves the initial policy further to the left. A reactionary makes this concession in order to avert more drastic policy shifts in the future. The motives of a radical are quite different: she initiates more reform today since she can already achieve more in the future with a more
ideologically polarized aligned restrainer for any initial choice of proposal.

Unlike increasing the polarization of restrainers, increasing the polarization of proposers’ ideological preferences affects both static and dynamic trade-offs. It increases the short-term incentive for a proposer to move policy toward her ideal point, since more extreme ideological preferences raise the immediate policy costs of holding back in the short-run. Also, in contrast with the consequences of increasing the polarization of restrainers, increasing the polarization of the proposers affects both the alignment and mis-alignment channels.

**Proposition 5.** If a mis-aligned proposer-restrainer pairing at date two is more likely than an aligned pairing, then raising $e$—the intensity of the proposer’s preference—leads her to move her initial proposal closer to her ideal policy. If an aligned proposer-restrainer pairing at date two is more likely than a mis-aligned pairing, then there exists a degree of patience $\delta < 1$ such that if and only if $\delta \geq \bar{\delta}$, increasing the intensity of the proposer’s preference leads the proposer to move her initial proposal further away from her ideal policy.

A more ideologically extreme proposer bears a higher cost of mis-alignment at date two, since the induced status quo at that date will be implemented once again. Thus, the mis-alignment channel pushes a proposer to accelerate her initial agenda, if a mis-aligned pairing is more likely than an aligned pairing. However, a more ideological proposer has a greater intrinsic conflict of interest with each of the relatively polarized restrainers—both with whom she is aligned and mis-aligned. This gives her greater incentives to hold back from moving her initial proposal toward her long-run ideal through the alignment channel. First, by holding back she endogenously lowers the conflict of interest between herself and her relatively aligned restrainer. Second, by holding back, she endogenously raises the conflict of interest between the opposing proposer and her own relatively aligned restrainer, reducing how far the opposing proposer can move policy.

If the prospect of an aligned proposer-restrainer pairing exceeds that of a mis-aligned pairing, static and dynamic incentives oppose each other. Only if a date-one proposer is sufficiently concerned with date two outcomes—for example, due to the imminence of an election—will she respond by holding back at date one. As the prospect of an aligned pairing rises, the requisite degree of patience falls since the initial proposer has greater certainty about the imperative to hold back from exploiting the centrist for the sake of her date two payoff.

Suppose that the next election may change the identity of both the president and the legislative majority. If agents anticipate that control of each branch will fall to different political parties, a more ideological president will respond by accelerating her agenda before the election. Suppose, in-
stead, agents anticipate that control of each branch will be held by the same party. The consequence of raising the intensity of the proposer’s preferences today depends on the imminence of the election \( (\delta) \), or alternatively the prospect for re-visiting the policy issue again after the election. If an election is imminent and there will be an opportunity to revisit the issue early in the next legislative session, the president holds off working on the issue. This may be due to (1) a fear of losing power to an opposing aligned proposer-restrainer pairing, or (2) an attempt to create even more favorable conditions for aggressive reform just after the election. Otherwise, despite the likely prospect of either favorable or unfavorable unified government, she will accelerate her agenda prior to the election.

To summarize: changes in agents’ ideology can affect a date-one proposer’s static and dynamic incentives differently, and even dynamic incentives may present conflicting imperatives. Dynamic incentives are affected through changes in each proposer’s primitive conflict of interest with each of the restrainers. Depending on her forecast of which proposer-restrainer pairing will emerge—both aligned or mis-aligned and also favorable or unfavorable alignment—dynamic incentives may dictate either more or less restraint in the short-run for a date-one proposer.

Changes in Agents’ Relative Concern for Short- and Long-Run Payoffs

A date-one proposer’s short-run incentive is always to exploit a centrist veto player as much as possible. We have already shown that dynamic incentives may be in partial concord or conflict with this short-run incentive. However, if there is any prospect of alignment at date two, a date-one proposer’s long-term incentive to accelerate her agenda must be less powerful than her short-run incentive. Therefore, raising a date-one proposer’s patience always induces her to hold back more from moving her initial proposal toward her ideal policy.

**Proposition 6.** If a proposer becomes relatively more concerned about her date-two payoff than her date-one payoff (i.e., if \( \delta \) is higher), then she always holds back more from moving her initial proposal toward her ideal policy.

Short-run incentives yield no trade-offs for a proposer, since she has monopoly control of the agenda and is constrained in the short-run only by the requirement that she secure the acceptance of a centrist restrainer. By contrast, any prospect of either (1) losing proposal power at date two to an opposing proposer who faces an aligned restrainer relative to the induced status quo, or (2) retaining proposal power at date two and facing a strictly more primitively aligned restrainer gives a date-one proposer a dynamic incentive to refrain from unfettered exploitation of the centrist at date one. Because dynamic incentives always urge more short-term restraint than static incentives,
raising a proposer’s relative concern for the date two outcome gives her a stronger incentive to hold back at date one from moving policy closer to her ideal.

Proposition 6 implies that legislative activity (as measured by the submission of bills) should peak at the start of each legislative cycle, and steadily decline as the next cycle approaches. Yet our explanation for this phenomenon is distinct from ‘honeymoon’ arguments that emphasize the legislature’s deference to a president in the period immediate after his or her election (McCarty (1997)). Instead, we emphasize the relative imminence of subsequent opportunities to change policy in the future. Regardless of whether the circumstances in which these opportunities arise are expected to be friendly or hostile to today’s proposer, their increased proximity always serves as a force for restraint in the short run. Our prediction that legislative activity should peak at the start of a cycle and diminish steadily thereafter is overwhelmingly reflected in the data. Over the period 1974-2013 in the United States Congress, in each two-year congressional session, on average, thirty-five per cent of all bills were introduced in the first four months, fifty per cent in the first seven months, and almost seventy per cent in the first year. [17]

**Discrete Changes in Proposals**

Changes in tastes, uncertainty and concern for the future affect local comparative statics. In addition, they affect the discrete trade-offs associated with which restrainers each proposer wishes to (partially) align with herself in the future. These discrete trade-offs exist unless the centrist restrainer holds veto power either with probability zero or probability one at date two. If the centrist never holds veto power at date two, the alignment of any future restrainers and proposers is constant for any initial proposal accepted by the initial centrist restrainer, and the local solutions characterized in Lemma 1 coincide. If the centrist always holds veto power at date two, Result 2 implies that each proposer always strictly prefers to choose a policy that does not align herself with the centrist restrainer.

Suppose, therefore, that there is a possible, but not certain, prospect that tomorrow’s proposer will again face a centrist restrainer. Changes in fundamentals that affect the alignment channel have consequences for each proposer’s locally optimal initial proposal. We have shown that both the sign and magnitude of these changes depend on which future proposer types the initial proposal aligns with the centrist restrainer. In turn, each proposer’s local trade-offs over alignment and mis-alignment—and finally her value over the local solutions induced by these trade-offs—also vary at different rates with changes in fundamentals.

We focus our exploration of possible ‘jumps’ in optimal policies by exploring how changes in the uncertainty associated with future proposal power affect an initial radical proposer’s preference for aligning herself with a future centrist restrainer.

The prospect of a discrete jump in optimal policies requires that there exist multiple interior solutions $y_{-1}^+(-e) \in [-s_1, 0]$ and $y_{+1}^+(-e) \in (0, s_1]$. Our first observation is that both of these interior solutions can exist only if the radical proposer is sufficiently likely to hold proposal power (i.e., $\alpha - \beta > 0$, sufficiently large). To see why, recognize that Lemma 1 implies that the difference in the solutions is given by:

$$y_{+1}^+(-e) - y_{-1}^+(-e) = 2e\delta(\alpha - \beta) \Pr(\text{centrist}),$$

which can only be positive (i.e., $y_{+1}^+(-e) > 0 > y_{-1}^+(-e)$) if $\alpha > \beta$. When each proposer is equally likely to hold proposal power ($\alpha = \beta$), the solutions $y_{-1}^+(-e)$ and $y_{+1}^+(-e)$ coincide. Raising the relative prospect of a reactionary proposer so that $\beta > \alpha$ raises the probability that the centrist is mis-aligned with the date-two proposer at $y_{+1}^+(-e)$, which, ceteris paribus, induces the radical to move $y_{+1}^+(-e)$ closer to her own ideal policy; but it raises the probability that the centrist is aligned with the date-two proposer at $y_{-1}^+(-e)$, which, ceteris paribus, induces the radical to move her policy toward the reactionary’s ideal point, implying $y_{+1}^+(-e) < y_{-1}^+(-e)$, a contradiction.

Suppose, then, that a radical proposer is relatively likely to hold proposal at date two ($\alpha > \beta$). In that case, the discrete choice of a proposer is driven by the following question: when is it worthwhile to refrain from exploiting the centrist at date one in the hopes of either (1) retaining proposal power and obtaining a strictly more aligned restrainer at date two, or (2) inoculating herself against an aligned but opposing proposer-restrainer pairing at date two?

How this question resolves as a function of uncertainty over the evolution of proposal power depends on the relative likelihood of a conservative versus a progressive restrainer at date two. There are three pertinent regions on which this likelihood ratio may take values.

Suppose, first, that a conservative restrainer is sufficiently less likely than a progressive restrainer in the following sense:

$$\frac{\Pr(\text{conservative restrainer})}{\Pr(\text{progressive restrainer})} \leq 1 - \frac{2m}{e}.$$  

If proposal power is initially fairly balanced—i.e., $\alpha > \beta$ but the difference is close to zero—a radical proposer at date one is primarily concerned about the risk of proposal power switching to the reactionary proposer at date two. A reactionary proposer at date two is also likely to face a progressive restrainer, with whom she is mis-aligned. This implies that the date-two policy outcome
is relatively likely to remain ‘stuck’ at the induced status quo, \( s_2 = y_1 \). It is therefore better for an initial radical proposer at date one to take advantage of her immediate opportunity to exploit the centrist restrainer, rather than show initial restraint that may not bear fruit.

As the radical’s prospects for maintaining proposal power at date two increase (i.e., as \( \alpha \) rises), so does her relative value of holding back at date one, since she is more likely to hold office once again and there is a good prospect that she will face a progressive at date two. There exists a critical threshold \( \alpha^*(\delta) \) at which the radical proposer’s optimal proposal switches from an initial proposal that does not align herself with the centrist to one that does this. This is the point at which it is better to ‘step back in order to leap forward more vigorously’. It is a degree of confidence in her own prospect of retaining power at which a radical proposer prefers to switch from exploiting the centrist at date one to holding back in the hope of extracting relatively more from a subsequent progressive restrainer. The threshold \( \alpha^*(\delta) \) decreases in the degree of patience (\( \delta \)) since a greater concern for the long-term consequences of the date-one policy outcome increases the willingness of a radical to hold back with even less favorable prospects of holding proposal power.

Suppose, instead, that the progressive restrainer is still more likely at date two than a conservative restrainer, but that their likelihoods are now closer to each other in the following sense:

\[
1 - 2m < \frac{\Pr(\text{conservative restrainer})}{\Pr(\text{progressive restrainer})} < 1.
\]

When the initial distribution of proposal power is evenly balanced, as in the previous case, the same incentives drive today’s radical to favor accelerated early reform. However, as the radical’s prospect of retaining proposal power at date two (\( \alpha \) rises), the relatively greater prospect that she faces a conservative restrainer rather than a progressive in the future implies that the first order consequence is to raise the prospect of mis-alignment at date two. Thus, when the likelihood ratio of a conservative restrainer versus a progressive restrainer is less than one—but not too much less than one—the radical will never alter her discrete choice about whether to align herself or the reactionary with the centrist, for any change in the distribution of proposal power and for any discount factor. Instead, she always aligns the centrist with the reactionary by choosing an initial proposal to the left of the centrist’s ideal point. In other words: a radical never steps back to leap forward, because the possibility of drawing an aligned progressive is not high enough to sacrifice her ability to better exploit a centrist in one ‘jump’ rather than in two. As the proposer becomes increasingly concerned for date-one outcomes (i.e., lower \( \delta \)), incentives to hold back locally diminish even further.

Suppose, finally, that a conservative restrainer is more likely at date two than a progressive. Then, if proposal power is initially fairly balanced—i.e., if \( \alpha > \beta \), is positive, but small—the radical
is initially nervous about the risk of proposal power switching to the reactionary proposer. But now, the reactionary proposer is also relatively likely to face the conservative restrainer, with whom she is partially aligned. So, the radical initially prefers to neutralize the reactionary’s ability to affect a potent counter reform in the future by opting for a policy that aligns the centrist with the radical. That is, in contrast to the previous cases, relatively low prospects of holding future proposal power lead the radical to favor less reform in the short run.

However, as the prospect of the radical holding power at date two rises, the value of forestalling the reactionary falls. Instead, the first-order consequence of a greater prospect of retaining proposal power is to increase the prospect of mis-alignment through the pairing of a radical proposer with a conservative restrainer. There exists a critical threshold \( \alpha^{**}(\delta) \) at which the radical’s discrete choice reverts from aligning herself with the centrist to instead accelerating reform as much as possible, in anticipation of gridlock at date two. At this point, the need to hold back from exploiting the centrist at date for fear of a reactionary-conservative pairing at date two is trumped by the urgency of accelerating reform at date one in anticipation of the induced status quo being implemented once again at date two. The fact that the initial radical proposer now exploits the centrist by moving the status to the opposite side of the centrist’s ideal point is simply a by-product of the radical’s desire to achieve as much reform as possible at date one in anticipation of the induced status quo being implemented, once again, at date two. The threshold \( \alpha^{**}(\delta) \) increases in the degree of patience (\( \delta \)) since a more patient proposer is more willing to hold back from exploiting the centrist in order to inoculate herself against a reactionary-conservative axis at date two.

The next proposition summarizes the consequences of changes in the distribution of proposal power for a date one radical’s decision to align a date-two centrist restrainer with the radical or the reactionary proposer. These consequences depend on (1) the distribution of uncertainty over future restrainers and (2) the initial distribution of uncertainty over future proposers. Let \( y_1^*(-e) \) denote the interior solution of the radical proposer which, from amongst these two candidate interior solutions, maximizes her expected payoff.

**Proposition 7.** Suppose that \( \alpha > \beta \), so that a radical is more likely to hold proposal power at date two.

1. If \( \frac{\Pr(\text{conservative restrainer})}{\Pr(\text{progressive restrainer})} \leq 1 - \frac{2m}{e} \) then there exists \( \alpha^*(\delta) \) (decreasing in \( \delta \)) such that \( y_1^*(-e) > 0 \) if \( \alpha > \alpha^*(\delta) \) and \( y_1^*(-e) < 0 \) otherwise.

2. If \( 1 - \frac{2m}{e} < \frac{\Pr(\text{conservative restrainer})}{\Pr(\text{progressive restrainer})} \leq 1 \), then \( y_1^*(-e) < 0 \) for all \( \delta \).
Figure 2: Examples of how a radical’s optimal date-one proposal varies with her prospects of holding proposal power at date two. Parameters: $\delta = 1$, $e = 9$ and $m = 3$. In (a) $\frac{\Pr(r_2 = m)}{\Pr(r_2 = -m)} = 0$, in (b) $\frac{\Pr(r_2 = m)}{\Pr(r_2 = -m)} = \frac{7}{13}$, and in (c) $\frac{\Pr(r_2 = m)}{\Pr(r_2 = -m)} = 30$.

3. If a conservative restrainer is more likely than progressive restrainer, then there exists $\alpha^{**}(\delta)$ (increasing in $\delta$) such that $y_1^*(e) < 0$ if $\alpha > \alpha^{**}(\delta)$ and $y_1^*(-e) > 0$ otherwise.

The asymmetry in the thresholds for $\frac{\Pr(\text{conservative restrainer})}{\Pr(\text{progressive restrainer})}$ reflects the risk aversion of agents, since a radical proposer’s date-two payoff is most strongly affected by the consequences of either opposed alignment between a reactionary and a conservative, or of mis-alignment. The ratio $\frac{2m}{e}$ is a measure of the degree of intrinsic alignment between the progressive and radical. As $m$ increases, the urgency of holding back at date one to raise a date two radical’s alignment with the progressive restrainer falls. This raises the bar for a radical to forego early exploitation of the centrist.

Figure 2 illustrates the radical’s (globally) optimal proposal for a set of benchmark parameters. Notice the non-monotonicity in the third panel: in this example, the date two restrainer is most likely to be a centrist, but the relative prospect of a conservative restrainer is much larger than a progressive restrainer. When an initial radical proposer has a comparatively weak prospect of holding future proposal power (i.e. $\alpha \leq \alpha^{**}$), she foregoes her ability to exploit the centrist by keeping policy to the right of the centrist’s ideal point at date one. She does so because of her imperative to reduce the subsequent alignment of a reactionary-conservative proposer-restrainer pairing. As a consequence, a radical proposer will be aligned with a centrist restrainer at date two.

As the prospect of holding future proposal power ($\alpha$) rises, a radical initially holds back even more at date one, but not out of fear of a conservative restrainer. Instead, she holds back in order to raise her alignment with the centrist. The radical’s decision not to exploit the centrist at date one leaves open the possibility of exploiting her at date two, and a centrist restrainer is relatively likely to arise at that date. So, the initial radical proposer’s best option is to raise this alignment endogenously, since she has already opted not to move the initial policy past the centrist’s ideal.

At the critical threshold $\alpha^{**}$, the fear of an aligned reactionary-conservative axis is trumped
by the prospect of a mis-aligned radical-conservative pairing. If the radical holds future proposal power, she is most likely either to face a centrist with whom she can achieve no more than she could today, or a conservative with whom she can achieve no further reform, whatsoever. Her best option is to accelerate reform by exploiting the centrist restrainer in order to give herself the best possible status quo at date two, which is likely to be implemented, once again. Conditional on rendering the centrist unwilling to accept any further reform at date two, however, the radical is almost certainly going to be mis-aligned with tomorrow’s restrainer. So, further increases in proposal power lead the radical to accelerate reform up to the maximum extent possible, as if she had chosen her initial proposal based solely on static considerations.

Our comparative statics generate nuanced predictions about a proposer’s behavior at different points in the legislative cycle. For example, suppose that the proposer is the president and the restrainer is the median of the lower legislative chamber. Suppose, moreover, that elections are staggered. In an ‘on year’ in which both offices must be filled, it may be likely that the post-election ideology of both office holders are aligned. If a mutual shift in the ideology of both office-holders toward either ideological spectrum is anticipated, our model predicts that today’s proposer will hold back from trying to implement her long-run agenda immediately before the election takes place. For example, this could manifest itself as leaving an issue unresolved and delaying its consideration until after the election. This would be due to one of two very different reasons: (1) the fear of ceding power to an opposing but aligned proposer-restrainer pairing, or (2) an attempt to lay the groundwork for an even more favorable reform climate immediately after the election.

At a mid-term election, by contrast, the proposer’s identity is fixed and only the identity of the restrainer can change. If, as is common, the president’s party is likely to suffer in the mid-term, then our model predicts that the proposer before the election should be more aggressive in catering to her short-term policy interest. The reason is that once a mis-aligned proposer-restrainer pairing has been realized, there will be gridlock through the next legislative term. This gives the initial proposer an incentive to push through whatever she can at the outset, since she is insured both against the prospect of a reversal (since she will retain proposal power) but also precluded from a subsequent move in her preferred direction (since the restrainer will likely reject any such change).

This prediction appears to be consistent with the behavior of the Democrats during their limited period of unified government from 2009 until 2011. The 111th Congress was “one of the three most productive Congresses” since 1900, passing “more landmark legislation than any since the era of
In the wake of the 2010 mid-terms, the Democrats “squeezed through a raft of priorities”\[^{18}\] including lifting a ban on homosexual men and women serving openly in the military, and approving the New Start arms control treaty with Russia. According to *The Washington Post*, the avowed Democrat strategy was to “play the ‘long game’... [by] writing their agenda into law” in anticipation of an imminent and near-certain switch in control of the House.

We close by highlighting conditions under which a seemingly paradoxical ‘reversal’ occurs: a reactionary proposer at date one moves the initial policy outcome further from his ideal point \((e)\) and closer to the radical’s ideal point \((-e)\) than the radical, himself. A sufficient set of conditions is that (1) the radical proposer is relatively likely to hold proposal in the future and (2) the progressive restrainer is relatively likely to hold veto power in the future.

**Proposition 8.** If, at date two, the radical proposer is relatively likely to hold power \((\alpha > \beta)\) and the restrainer is likely to be a progressive \((\Pr(r_2 = -m) > \frac{1}{2})\) then there exists a degree of patience, \(\delta^* < 1\) such that: if \(\delta \geq \delta^*\), a reactionary proposer successfully proposes more reform at date one than a radical proposer.

In the event that the agents who are (primitively) favorable to reform are sufficiently likely to enjoy both proposal and veto power at date two, it is valuable for a radical proposer at date one to ‘step back’ in order to ‘leap forward more vigorously’ at date two. For the same reason, the reactionary proposer at date one prefers to offer incremental reform in order to forecast a wave of even more potent reform in the future.

This result does not hinge on a proposer’s risk aversion. Even if proposers have linear policy losses, so long as the distribution over restrainers admits the possibility of the centrist restrainer holding power at date two, the possibility of a reactionary offering more reform than a radical at date one remains\[^{20}\]

This result can illuminate a range of contemporary and historical examples in which politicians appear to advocate or oppose policies that do not cater to their contemporaneous interests. We earlier elaborated on an attempt in 1969 to reform the House of Lords by the British Labour government that was vanquished, in part, by opposition from within the Labour party. Strikingly, it was a Conservative government more than ten years earlier that implemented the *Life Peerages Act*.

\[^{18}\]“Lame-duck session of Congress most productive in decades”, *Washington Post*, 12/26/2010
\[^{20}\]That risk aversion plays no role in the proposer’s solution with linear loss follows from the fact that all possible policy outcomes lie on the same side of her ideal point.
of 1958. This Act allowed individuals who did not hold hereditary peerages to become members of the House of Lords by appointment. It also allowed for the creation of female peers who would be entitled to sit in the House of Lords, for the first time. It was bitterly opposed by the Labour party leadership, embodied in Hugh Gaitskell’s accusation during the bill’s debate:

“[t]he Bill is not really a reform Bill, as we see it.... It leaves the present powers of the House of Lords unchanged and it gives, conveniently, an apparently slightly more respectable appearance to the House of Lords. We are opposed to a cloak of respectability put upon a person when the reality is quite unchanged.”

Subsequent retrospection by the Conservative party supports at least the spirit of Gaitskell’s objection. Writing a policy briefing to his fellow parliamentarians in 1998, Conservative Member of Parliament Andrew Tyrie argued: “It was Conservative reforms of the late 1950s and early 1960s which... modernised the Lords enough to protect it from those who wanted it abolished” (Tyrie 1998, ii). In this policy context, the forces identified in Proposition 8 appear to be quite relevant.

Discussion. We close this section by observing that it is straightforward to add more restrainer types. All characterizations of locally optimal proposals remain valid, but there are more policies in each of the relevant sub-intervals. We can similarly allow for more proposer types. In particular, we could allow for a ‘centrist’ proposer whose ideal point, for example, coincides with the ideal policy of the centrist restrainer. Then, when this centrist proposer holds proposal power at date two, so long as she is aligned with the date two restrainer, she will be able to implement her ideal point regardless of the date two status quo. Once more, conditional on the realization of this proposer and an aligned restrainer, there are no marginal dynamic trade-offs for any date-one proposer associated with local changes in policy: they all result in the same date two outcome. However, this raises no conceptual difficulties: the strategic forces we identify conditional on not realizing a centrist proposer remain.

5. A Dynamically-Sophisticated Restrainer

To this point, we have focused on the strategic considerations of a proposer given the premise that the restrainer evaluates proposals solely according to their consequences for her instantaneous payoff at date one. This enabled a simple characterization of the set of proposals preferred by the restrainer to the status quo, which simplified exposition.

---

21Law Lords were previously the only class of non-hereditary peers.
22HC Deb 12 February 1958 vol 582, c 423
In settings where the restrainer is thought to be a pivotal legislator, it may be more natural to afford her the same dynamic sophistication as the proposer. This raises the question: how are results affected when the restrainer evaluate proposals relative to the status quo based not only on her current payoff, but also her future payoff? To keep the analysis tractable, we focus on two scenarios: one where the date-two restrainer is certain to be either a progressive or centrist, and one where the date-two restrainer is certain to be either a centrist or conservative. We confine the latter analysis to the Appendix, since the key intuitions are similar in both settings.

Since date two trade-offs are the same for a restrainer in both the dynamic and myopic case, we focus on the date-one trade-offs. In general, there may be policies that a centrist restrainer at date one (a) accepts when she is dynamically sophisticated, but would reject were she myopic, and (b) rejects when she is dynamically sophisticated, but would accept were she myopic. Recall that a myopic restrainer accepts any policy that gives her a higher instantaneous payoff than the status quo, i.e., any policy $y_1 \in [-s_1, s_1]$. In contrast, a dynamically-sophisticated restrainer trades off payoffs over time at the same rate $\delta$ as a proposer. However, she trades off the alignment and mis-alignment effects at different rates than each proposer, since her ideal point differs from theirs.

Consider, first, a date-two restrainer who is certain to be either a progressive or a centrist. Today’s centrist restrainer internalizes the dynamic benefit from policies that restrict the scope for future movement away from her ideal point. Since either she or the progressive will hold veto power at date two, she is concerned about the prospect of a radical-progressive axis. Our first observation is that the dynamically sophisticated centrist even more strongly prefers a policy $y_1 \in [-s_1, s_1]$ to the status quo than the myopic centrist. Like the myopic centrist, she enjoys a higher stage payoff from such a policy vis-a-vis the status quo. In addition, however, her dynamic benefit is increased: if she is the date-two restrainer, or the date-two proposer is a reactionary, then the centrist is no worse off with the induced status quo ($s_2 = y_1$) than with the initial status quo ($s_1$); but, in the event of a radical-progressive proposer-restrainer pairing, the ability of the radical to exploit the progressive will be diminished by the new induced status quo.

This observation means that there are now policies $y_1 < -s_1$ that are further from the centrist’s ideal than the status quo—policies that are closer to the radical’s ideal point—that the centrist restrainer at date one will accept over the status quo, even though such policies give the centrist restrainer a lower stage payoff than the date one status quo ($-s_1$). As a result, the centrist will accept policies $y_1 < -s_1$ whenever the probability of a future radical-progressive pairing is high enough.

Indeed, there may even be policies lying between the ideal point of the radical proposer ($-e$) and the progressive restrainer ($-m$) that the centrist restrainer would accept at date one over the
status quo. This is because a date-two status quo in \((-e, -m)\) guarantees that policy cannot move further toward the radical’s ideal point at date two. When the probability of a radical-progressive pairing and \(\delta\) are both high enough the centrist restrainer at date one may want to inoculate herself against the ability of a radical proposer to exploit a progressive restrainer, at date two.

The centrist restrainer’s fear of a radical-progressive axis in the future can also be exploited by an initial radical proposer. Because agents have concave utility, the radical is relatively more sensitive to the marginal payoff consequences of policy outcomes that are closer to the centrist’s ideal policy than those that are closer to her own ideal policy. Conversely, the centrist is relatively more sensitive to the marginal payoff consequences of policy outcomes that are closer to the radical’s ideal policy than those that are closer to her own ideal policy. If a centrist restrainer is prepared to accept policies closer to the radical’s ideal point at the outset, the value to a radical proposer of holding back at date one falls. This is because her payoff gains from holding back in the favorable event of a radical-progressive pairing at date two are less valuable on the margin than her payoff gains from accelerating her agenda in the event of mis-alignment at date two, given that the latter payoff gains take place at locations that are further from her ideal policy. This induces a radical to exploit the dynamically-sophisticated centrist to a greater extent than she would when the centrist is myopic. In fact, a centrist restrainer may be worse off for her dynamic sophistication, since it renders her vulnerable to exploitation by a radical at date one.

**Lemma 2.** If the date two restrainer is certain to be either progressive or centrist, then the dynamically sophisticated centrist restrainer at date one prefers any policy:

\[
y_1 \in \left[ \max \{-m, -s_1 - 4\delta\alpha \Pr(r_2 = -m)m\}, s_1 \right],
\]

over the initial status quo, \(s_1\). Moreover, if:

\[
\delta\alpha \Pr(r_2 = -m) \geq \frac{1}{4} \left(1 - \frac{s_1}{m}\right),
\]

the dynamically-sophisticated centrist restrainer at date also prefers some policies \(y_1 \in [-2m - s_1, -m]\) to the initial status quo, \(s_1\).

The willingness of the dynamically sophisticated centrist restrainer to accept policies that give her a lower instantaneous payoff than the initial status quo is proportional to her discontent with the initial status quo \((s_1)\), her relative concern for the future \((\delta)\), the risk of a date two radical proposer \((\alpha)\), and the risk of a date two progressive restrainer with ideology \(-m\).\(^{23}\)

\(^{23}\)In the Appendix, we fully characterize the set of policies on the interval \([-2m - s_1, -m]\) which an initial centrist
Figure 3: Illustration of the dynamically sophisticated centrist restraider’s acceptance set at date one when the probability of a radical proposer at date two is high. The red line represents additional policies that she accepts because she partly internalizes the value of averting a long-term policy outcome that is closer to the radical’s ideal policy.

Under the supposition that the date-two restraider is certain to be either progressive or centrist, our earlier characterizations of locally optimal proposals remain valid. However, the set of discrete choices about future proposer-restraider alignment that are available to a date-one proposer potentially expands with a dynamically-sophisticated restraider. Recall our earlier finding that when the prospect of a radical proposer and progressive restraider pairing is sufficiently large, the radical proposes less reform in the short-run than a reactionary. This result presumed that the centrist restraider was myopic.

Suppose that a radical-progressive pairing is sufficiently likely that a dynamically-sophisticated centrist restraider would accept some proposals lying between the ideal points of the radical and progressive (i.e., \( y_1 \in (-e, -m) \)). Consider the locally optimal proposal of each proposer on this sub-interval. On this sub-interval, a radical wants to propose policy as close as possible to her ideal point, consistent with winning approval from the centrist. This is because there is no subsequent prospect of further reform: her initial proposal renders her mis-aligned with each possible future restraider. Indeed, this may also represent her global optimum, to the extent that she prefers to exploit the centrist restraider’s initial fear of a radical-progressive axis, rather than benefit from this even further indirectly by stepping back to leap forward. In contrast, a date-one reactionary proposer who is sufficiently fearful of a radical-progressive axis will prefer to propose policy \(-m\), since it is the closest policy to her own ideal point that ensures date-two policy will move no closer to the radical’s ideal policy. Thus, the high prospect of a radical-progressive pairing may no longer imply that the radical adopts less reform in the short-run than the reactionary.

The possibility of a radical choosing less reform in the short-run than the reactionary can still

restraider would prefer over the status quo, \( s_1 \). The condition given in the Lemma is sufficient, but not necessary for this set to be non-empty. For example, suppose that the centrist is wholly patient (\( \delta = 1 \)), tomorrow’s proposer is sure to be a reactionary (\( \alpha = 0 \)) and tomorrow’s restraider is sure to be a progressive (\( \Pr(r_2 = -m) = 1 \)). Then, the initial centrist will accept any policy that moves the date-two policy outcome closer to her ideal policy than the initial status quo, \( s_1 \). This implies that she will accept a policy \( y_1 \in [-2m - s_1, -2m + s_1] \).
arise, but it requires that the prospect of the radical holding proposal power be large, but not so large as to trigger the above effects.

**Proposition 9.** Suppose that the date-two restrainer is always a centrist or a progressive, and that the progressive restrainer is relatively likely to hold veto power. If (1) \( \alpha \in \left( \frac{1}{2}, \frac{1}{2} + \frac{m^2}{2e} \right) \), i.e., a radical proposer is relatively likely, but not too likely, to hold proposal power and (2) agents are sufficiently patient, the reactionary proposer’s optimal proposal induces more initial reform of the status quo than the radical’s.

The upper bound, \( \frac{1}{2} + \frac{m^2}{2e} \), on the probability of a radical proposer rises as the progressive restrainer becomes more (primitively) aligned with the radical (larger \( \frac{m^2}{2e} \)), since this allows the radical restrainer to achieve more extreme policies for any induced status quo at date two.

Our final result establishes that when the centrist restrainer is dynamically sophisticated, circumstances arise in which the radical proposer may be prepared and able to move policy even further away from her ideal policy than the initial status quo \( s_1 \), in the direction of the reactionary proposer’s ideal policy. This arises when both she and the initial centrist restrainer fear the prospect of a future alliance between a reactionary proposer and conservative restrainer.

**Proposition 10.** Suppose that the date-two restrainer is always a centrist or a conservative. Then, a radical proposer at date one proposes a policy \( y_1 \in [s_1, e) \) that is even further from his ideal point than the status quo if either:

1. the initial status quo is sufficiently close to the centrist restrainer’s ideal point (\( s_1 \leq 2\beta \Pr(r_2 = m)m \)) and the agents are sufficiently patient; or,

2. (i) the initial status quo is far from the centrist restrainer’s ideal point (\( s_1 > 2\beta \Pr(r_2 = m)m \)), (ii) the agents are sufficiently patient (iii) a reactionary-conservative pairing is relatively likely and (iv) the proposers are sufficiently polarized, i.e., \( e \) is sufficiently large.

Proposition 10 may help explain the widely documented phenomenon that left-wing governments have been as likely as their right-wing counterparts to implement programs privatizing state-owned industries, or engage in deficit-cutting and other pro-market reforms (see [Alesina, Ardagna and Trebbi (2006)](https://doi.org/10.1093/oxfordhb/9780199677415.013.0022) and [Roland (2008)](https://doi.org/10.1093/oxfordhb/9780199677415.013.0022)). A prominent explanation, due to [Cukierman and Tommasi (1998)](https://doi.org/10.1093/oxfordhb/9780199677415.013.0022), is that politicians have private information about the necessity of these policies. In such an environment, left-wing parties can more credibly appeal to the necessity of these policies than can their right-wing opponents. This is because the ideological proclivity of left-wing parties
renders them intrinsically more hostile to these policies, regardless of fundamentals. Though we also lean on the *ceteris paribus* hostility of the radical to the status quo as a source of ‘reversals’, the only uncertainty in our model concerns who holds power in the future. Our explanation is consistent with Schroeder’s defense of ‘Agenda 2010’, in which he argued: “Either we modernize ourselves, and by that I mean as a social market economy, or others will modernize us, and by that I mean unchecked market forces which will simply brush aside the social element”.

6. Conclusion

Knowing when to ‘step back’—whether primarily to leap forward or instead to keep back—is a fundamental strategic imperative for political agents seeking not only to make short-run gains, but also to achieve long-term victory. We show that the prospect of losing or retaining political power yield two distinct rationales for agents to refrain from moving policy fully toward their long-run ideal. We characterize when radical reform advocates prefer less reform in the short-run than would long-term reform opponents, and illuminate our results with a range of examples in which politicians seem to advocate or oppose policies that do not cater to their contemporaneous interests.

Although our interpretations and illustrations of the political context have primarily been legislative, the dynamic trade-offs we uncover have far more general significance. In her study of social movements, Gupta (2009) argues that incremental victories can have unintended consequences for a movement’s ability to mobilize human and financial resources in the future. She finds: “on the one hand, movements seek to make incremental gains in advancing their larger policy agenda; at the same time, this success carries a risk of long-term movement decline, as it can... enervate programmatic activity as continued gains potentially diminish the urgency of the issue or the demonstrable need for greater activism”.

She concludes: “[s]uccess can be a bit of a poisoned chalice to groups if their demonstrated ability to achieve good outcomes leads to subsequent attrition in support levels”.

Evidence of the strategic imperative to ‘step back in order to leap forward’ can also be found in the legal context. Bell (1976) assesses the trade-offs faced by the NAACP in pursuing legal attacks on racial segregation in American schools. According to its 1934 Annual Report, the organization’s

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25 Gupta (2009), 406.

26 ibid., 408.
aim was “to secure decisions, rulings and public opinion on the broad principle instead of being devoted to merely miscellaneous cases” After Brown v. Board of Education of Topeka (1954), civil rights lawyers who prosecuted local cases faced a tension between “serving two masters”: their local clients, and their NAACP employers who sought “to develop a broad scale attack on Jim Crow institutions” In particular, “civil rights lawyers would not settle for anything less than a desegregated system”, even when local plaintiffs might have settled litigation in return for school board promises to provide better segregated schools. As an assistant counsel to the NAACP in Mississippi, Bell recalls providing counsel to a local community whose segregated school had been closed by local authorities. He warned that they would not receive support from the NAACP and Legal Defense Fund in an attempt merely to re-open the school, but that they would receive support if they pursued a full-scale desegregation suit, which was eventually filed in 1963—one of the first in the state.

We conclude that the trade-offs we have analyzed play a fundamental role in strategies for both achieving - as well as potentially undermining - prospects for long-term policy change.

References


28 Schraub (2013), 1288.
29 Bell (1976), 476-477.


### 7. Appendix

In the proofs, we adopt the parameterization $\Pr(r_2 = -m) = p$, $\Pr(r_2 = 0) = q$, and $\Pr(r_2 = m) = 1 - p - q$.

**Proof of Result 2**

We first show that if the centrist restrainer is certain to hold veto power at both dates, then, at date one, a radical proposer will propose a policy $y_1 \leq 0$ and a reactionary proposer will propose a policy $y_1 \geq 0$. A proposal $y_1 \in (0, e)$ yields a payoff to the proposer with ideology $i$:

\[ (1 - \delta)u_i(y_1) + \delta(\alpha u_i(-y_1) + \beta u_i(y_1)), \]  \hspace{1cm} (14)

and the corresponding proposal $-y_1 < 0$ yields the payoff:

\[ (1 - \delta)u_i(-y_1) + \delta(\alpha u_i(-y_1) + \beta u_i(y_1)). \]  \hspace{1cm} (15)

The difference of these two payoffs is $(1 - \delta)(u_i(y_1) - u_i(-y_1))$ which is strictly negative if $i = -e$ and strictly positive if $i = e$. This completes the argument.

Suppose, next, that the date-two restrainer may be a progressive, a centrist or a conservative. Following our discussion in the text, we show that if the progressive restrainer is more polarized than the radical proposer and the conservative restrainer is more polarized than the reactionary proposer (i.e., $e > m$), then Result 2 applies also in this setting. Let $\Pr(r_2 = -m) = p$, $\Pr(r_2 = 0) = q$, and $\Pr(r_2 = m) = 1 - p - q$. A proposal $y_1 > 0$ yields a payoff to the proposer with ideology $i$:

\[ (1 - \delta)u_i(y_1) + \delta \alpha (pu_i(-e) + qu_i(-y_1) + (1 - p - q)u_i(y_1)) + \delta \beta (pu_i(y_1) + qu_i(y_1) + (1 - p - q)u_i(e)), \]  \hspace{1cm} (16)

and the corresponding proposal $-y_1 < 0$ yields the payoff:

\[ (1 - \delta)u_i(-y_1) + \delta \alpha (pu_i(-e) + qu_i(-y_1) + (1 - p - q)u_i(-y_1)) + \delta \beta (pu_i(-y_1) + qu_i(y_1) + (1 - p - q)u_i(e)). \]  \hspace{1cm} (17)

Taking the difference of these two expressions yields the result.
Proof of Lemma 1

The proposer with ideology \(i\) solves the following problem on the interval \([0, s_1]\):

\[
\max_{y_1 \in [0, s_1]} (1 - \delta) u_i(y_1) + \delta V(y_1).
\]

(18)

Recalling the quadratic structure of preferences, we obtain the following solution from the first-order condition associated with (18):

\[
y_1(i) = (1 - \delta)i + \delta \left( \alpha \sum_{r_2 > y_1(i)} \Pr(r_2) + \beta \sum_{r_2 \leq y_1(i)} \Pr(r_2) \right) i
\]

\[
+ \delta \left( \alpha \sum_{r_2 \leq y_1(i)} \Pr(r_2)(2r_2 - i) + \beta \sum_{r_2 > y_1(i)} \Pr(r_2)(2r_2 - i) \right),
\]

(19)

which characterizes an interior solution on the interval \([0, s_1]\). Likewise, an interior solution on the interval \([-s_1, 0]\) to the problem:

\[
\max_{y_1 \in [-s_1, 0]} (1 - \delta) u_i(y_1) + \delta V(y_1),
\]

(20)

is characterized by the following expression:

\[
y_1(i) = (1 - \delta)i + \delta \left( \alpha \sum_{r_2 \geq y_1(i)} \Pr(r_2) + \beta \sum_{r_2 < y_1(i)} \Pr(r_2) \right) i
\]

\[
+ \delta \left( \alpha \sum_{r_2 < y_1(i)} \Pr(r_2)(2r_2 - i) + \beta \sum_{r_2 \geq y_1(i)} \Pr(r_2)(2r_2 - i) \right).
\]

(21)

Proof of Proposition 3

Fix a locally optimal proposal \(y^\alpha_1(i)\) which we index by the distribution function over the set of date-two proposers summarized by \(\alpha\). We then have:

\[
\text{sgn} \left( \frac{\partial y^\alpha_1(i)}{\partial \alpha} \right) = \text{sgn} \left[ -i \left( \sum_{r_2 < y^\alpha_1(i)} \Pr(r_2) - \sum_{r_2 > y^\alpha_1(i)} \Pr(r_2) \right) - \sum_{r_2 \in \{-m, m\}} \Pr(r_2)m \right].
\]

(22)

Then, there exists \(\bar{e}(p, q, m)\) such that:

\[
\text{sgn} \left( \frac{\partial y^\alpha_1(-e)}{\partial \alpha} \right) \left| \sum_{r_2 \leq y^\alpha_1(-e)} \Pr(r_2) \right| \begin{cases} 
\geq 0 & \text{if } e \geq \bar{e}(p, q, m) \\
< 0 & \text{if } e < \bar{e}(p, q, m)
\end{cases}
\]

(23)

\[
\text{sgn} \left( \frac{\partial y^\alpha_1(e)}{\partial \alpha} \right) \left| \sum_{r_2 \leq y^\alpha_1(e)} \Pr(r_2) \right| < 0,
\]

(24)
and
\[
\text{sgn}\left(\frac{\partial y_1^\alpha(e)}{\partial \alpha}\right)\bigg|_{\sum_{r_2 \leq y_1^\alpha(e)} \Pr(r_2) < \frac{1}{2}} \begin{cases} 
\geq 0 & \text{if } e \geq \tilde{c}(p, q, m) \\
< 0 & \text{if } e < \tilde{c}(p, q, m)
\end{cases}
\]
(25)
\[
\text{sgn}\left(\frac{\partial y_1^\alpha(-e)}{\partial \alpha}\right)\bigg|_{\sum_{r_2 \leq y_1^\alpha(-e)} \Pr(r_2) \leq \frac{1}{2}} < 0.
\]
(26)

Finally, \(\text{sgn}\left(\frac{\partial y_1^\alpha(i)}{\partial |i|}\right) = \text{sgn}\left(\frac{\partial y_1^\alpha(i)}{\partial \alpha}\right)\) completes the argument.

**Proof of Proposition 4**

Differentiating \(y_1(i)\) with respect to \(m\) yields:

\[
\frac{1}{2\delta} \frac{\partial y_1(i)}{\partial m} = -\alpha p + \beta(1 - p - q),
\]
(27)
from which the result is immediate.

**Proof of Proposition 5**

We have:

\[
\text{sgn}\left(\frac{\partial y_1(i)}{\partial |i|}\right) = \text{sgn}(i)\left(1 - \delta \left(1 + (\alpha - \beta)\left(\sum_{r_2 < y_1(i)} \Pr(r_2) - \sum_{r_2 > y_1(i)} \Pr(r_2)\right)\right)\right).
\]
(28)

If \((\alpha - \beta)(2 \Pr(r_2 < y_1(i)) - 1) < 0\), then \(\text{sgn}\left(\frac{\partial y_1(i)}{\partial |i|}\right) = \text{sgn}(i)\). If, instead, \((\alpha - \beta)(2 \Pr(r_2 < y_1(i)) - 1) > 0\), then \(\text{sgn}\left(\frac{\partial y_1(i)}{\partial |i|}\right) = \text{sgn}(i)\) and \(\text{sgn}\left(\frac{\partial y_1(i)}{\partial \delta}\right|_{\delta=0} = -\text{sgn}(i)\). So, linearity in \(\delta\) implies that there exists \(\bar{\delta} < 1\) such that

\[
\text{sgn}\left(\frac{\partial y_1(i)}{\partial |i|}\right) = \begin{cases} 
\text{sgn}(i) & \text{if } \delta \leq \bar{\delta} \\
-\text{sgn}(i) & \text{if } \delta > \bar{\delta}
\end{cases}
\]
(29)

Finally, the condition \((\alpha - \beta)(2 \Pr(r_2 < y_1(i)) - 1) < 0\) is equivalent to:

\[
\alpha \sum_{r_2 < y_1(i)} \Pr(r_2) + \beta \sum_{r_2 > y_1(i)} \Pr(r_2) < \alpha \sum_{r_2 > y_1(i)} \Pr(r_2) + \beta \sum_{r_2 < y_1(i)} \Pr(r_2),
\]
(30)
where the LHS is the probability of an aligned proposer-restrainer pairing at date two, and the RHS is the probability of a mis-aligned proposer-restrainer pairing at date two.
Proof of Proposition 6

We have:

\[
\frac{1}{2} \frac{\partial y(i)}{\partial \delta} = -i \left( \alpha \sum_{r_2 < y_1(i)} \Pr(r_2) + \beta \sum_{r_2 > y_1(i)} \Pr(r_2) \right) + \alpha \sum_{r_2 < y_1(i)} \Pr(r_2) r_2 + \beta \sum_{r_2 > y_1(i)} \Pr(r_2) r_2, \tag{31}
\]

and since \( e \geq |r_2| \) for all \( r_2 \in \{-m, 0, m\} \), \( \text{sgn} \left( \frac{\partial y(i)}{\partial \delta} \right) = -\text{sgn}(i) \).

We now state a Lemma which is useful in the proof of Proposition 7 and more generally for assessing discrete comparative statics. For a date-one proposer with ideology \( i \), define \( y_1^-(i) < 0 \) to be a proposer’s interior solution aligning the reactionary with the centrist, and \( y_1^+(i) > 0 \) to be the interior solution aligning the radical with the centrist. Letting \( p = \Pr(r_2 = -m) \) and \( q = \Pr(r_2 = 0) \):

\[
y_1^+(i) \equiv i(1 - \delta) - \delta i(\alpha - \beta)(2p + 2q - 1) + 2m(\beta(1 - p - q) - \alpha p) \tag{32}
\]

\[
y_1^-(i) \equiv i(1 - \delta) - \delta i(\alpha - \beta)(2p - 1) + 2m(\beta(1 - p - q) - \alpha p). \tag{33}
\]

**Lemma 3.** A proposer with ideal point \( i \) is indifferent between a proposal \( y_1^+(i) > 0 \) aligning the centrist restrainer with the radical and a proposal \( y_1^-(i) < 0 \) aligning the centrist with the reactionary if and only if the centrist restrainer is indifferent between these proposals.

**Proof.** Define the payoff difference function:

\[
Z(i, \alpha, m, p, q) \equiv (1 - \delta)(u_i(y_1^+(i)) - u_i(y_1^-(i))) + \delta (V_i(y_1^+(i)) - V_i(y_1^-(i))) . \tag{34}
\]

\( Z(i, \alpha, m, p, q) \) can be written \( (y_1^+(i) - y_1^-(i))(y_1^+(i) + y_1^-(i)) \) which has roots at \( y_1^+(i) = y_1^-(i) \) and \( y_1^+(i) = -y_1^-(i) \). In both cases, the centrist restrainer is indifferent between these proposals. However, we have \( y_1^+(i) = y_1^-(i) \) only if \( y_1^+(i) = y_1^-(i) = 0 \), which implies \( \alpha = \beta = \frac{1}{2} \). We have \( y_1^+(i) > y_1^-(i) \) only if \( \alpha > \beta \), so \( y_1^+(i) = -y_1^-(i) > 0 \) only if \( \alpha > \beta \).

**Proof of Proposition 7**

We note that \( Z(i, \alpha, m, p, q) \) defined in the previous Lemma has roots at \( y_1^+(i) = y_1^-(i) \) and \( y_1^+(i) = -y_1^-(i) \). Since \( y_1^+(i) \) and \( y_1^-(i) \) are linear in \( \alpha \), there is at most one value of \( \alpha \) solving \( y_1^+(i) = y_1^-(i) \), and at most one value solving \( y_1^+(i) = -y_1^-(i) \). It is straightforward to show that when \( \alpha = \frac{1}{2} \), \( y_1^+(i) = y_1^-(i) \). So, \( Z(i, \alpha, m, p, q) = 0 \) at \( \alpha = \frac{1}{2} \) and at most one other value of
\( \alpha \in \left( \frac{1}{2}, 1 \right] \), which solves \( y_1^+(i) = -y_1^-(i) \). For \( \alpha > \frac{1}{2} \), we have:

\[
y_1^+(i) + y_1^-(i) = (1 - \delta)i + \delta \left( \alpha \sum_{r_2 > 0} \Pr(r_2) + \beta \sum_{r_2 < 0} \Pr(r_2) \right)i
\]

\[
+ \delta \left( \alpha \sum_{r_2 \leq 0} \Pr(r_2)(2r_2 - i) + \beta \sum_{r_2 > 0} \Pr(r_2)(2r_2 - i) \right)
\]

\[
+ (1 - \delta)i + \delta \left( \alpha \sum_{r_2 \geq 0} \Pr(r_2)(2r_2 - i) + \beta \sum_{r_2 < 0} \Pr(r_2)(2r_2 - i) \right)
\]

\[
= \varphi(\alpha, \delta, i, p, q).
\]

where \( p = \Pr(r_2 = -m) \) and \( q = \Pr(r_2 = 0) \). Substitution yields:

\[
\varphi(\alpha, \delta, i, p, q) = i(\delta(4\alpha - 8\alpha p + 4p + 4\alpha q + 2q - 4) + 2) - 4\delta m(\alpha + p - \alpha q + q - 1),
\]

which is linear in \( \delta \) and in \( \alpha \). For \( \alpha \in \left( \frac{1}{2}, 1 \right) \), \( \varphi(\alpha, \delta, -e, p, q) \) is strictly increasing in \( \delta \). Finally, \( \varphi(\alpha, \delta, -e, p, q) \) is strictly increasing in \( \alpha \) only if:

\[
\frac{1 - p - q}{p} < \frac{e - m}{e + m}.
\]

1. Suppose \( \frac{1 - p - q}{p} < 1 - \frac{2m}{e} \). Since \( 1 - \frac{2m}{e} < \frac{e - m}{e + m} \), this implies \( \varphi(\alpha, \delta, -e, p, q) \) is strictly increasing in \( \alpha \in \left( \frac{1}{2}, 1 \right) \), and strictly increasing in \( \delta \). Define:

\[
\alpha^*(\delta) = \frac{e(\delta(2p + q - 2) + 1) + 2\delta m(p + q - 1)}{2\delta(e(2p + q - 1) + m(q - 1))}
\]

It follows that \( y_1^*(-e) > 0 \) if and only if \( \alpha > \alpha^*(\delta) \). The cut-off \( \alpha^*(\delta) \) is strictly decreasing in \( \delta \), since:

\[
\frac{\partial \alpha^*(\delta)}{\partial \delta} = -\frac{e}{2\delta^2(e(2p + q - 1) + m(q - 1))},
\]

and so \( \frac{\partial \alpha^*(\delta)}{\partial \delta} < 0 \) by \( \frac{1 - p - q}{p} < \frac{e - m}{e + m} \). We have \( \alpha^*(\delta) < 1 \) if and only if \( \delta > \frac{e}{2ep + eq - 2mp} \equiv \delta_1 \), where \( \delta_1 < 1 \) by \( \frac{1 - p - q}{p} < 1 - \frac{2m}{e} \).

2. Consider, next, \( \frac{1 - p - q}{p} \in \left[ 1 - \frac{2m}{e}, 1 \right] \). This implies \( \varphi(\frac{1}{2}, 1, -e, p, q) \leq 0 \) and \( \varphi(1, 1, -e, p, q) \leq 0 \). Since \( \varphi(\alpha, \delta, -e, p, q) \) is linear in \( \alpha \) and strictly increasing in \( \delta \), we therefore have \( y_1^*(-e) < 0 \) for all \( \alpha \in \left( \frac{1}{2}, 1 \right) \).

3. Consider, finally, \( \frac{1 - p - q}{p} > 1 \). Since \( \frac{e - m}{e + m} < 1 \), this implies \( \varphi(\alpha, \delta, -e, p, q) \) is strictly decreasing in \( \alpha \in \left( \frac{1}{2}, 1 \right) \), and strictly increasing in \( \delta \). It follows that \( y_1^*(-e) > 0 \) if and only if \( \alpha < \alpha^*(\delta) \).
However, \( \alpha^*(\delta) \) is strictly increasing in \( \delta \), since \( \frac{1-p-q}{p} > 1 > \frac{e-m}{e+m} \). We have \( \alpha^*(\delta) > \frac{1}{2} \) if and only if \( \delta > \frac{e}{e+m(1-2p-q)} \equiv \delta_2 \), where \( \delta_2 < 1 \) by \( \frac{1-p-q}{p} > 1 \).

**Proof of Proposition 8**

Let the global solution for agent \( i \) in the interval \([-s_1, s_1]\) be \( y^*_i(i) \). We are assuming \( \alpha > \beta \) and \( p > \frac{1}{2} \).

1. Suppose, first, \( y^*_i(-e) \geq 0 \). If \( y^*_i(e) \leq 0 \), the result is immediate. Suppose, instead, \( y^*_i(e) > 0 \). Strict concavity of agents’ payoffs implies \( y^*_i(e) = \min\{\max\{0, y^+_i(e)\}, s_1\} \) and \( y^*_i(-e) \geq 0 \) likewise implies \( y^*_i(-e) = \min\{\max\{0, y^+_i(-e)\}, s_1\} \). It is therefore sufficient to show \( y^+_i(e) \leq y^+_i(-e) \). This is true if:

\[
\delta \geq (1 + (2\alpha - 1)(2(p + q) - 1))^{-1} \equiv \delta_1(\alpha, p, q), \tag{40}
\]

where \( \delta_1(\alpha, p, q) < 1 \) by \( \alpha > \frac{1}{2} \) and \( p > \frac{1}{2} \).

2. Suppose, instead, \( y^*_i(-e) \leq 0 \). It is sufficient to establish (i) \( y^-_i(e) \leq y^-_i(-e) \) and (ii) \( y^+_i(e) = \min\{\max\{y^-_i(e), -s_1\}, 0\} \). Point (i) holds if:

\[
\delta \geq (1 + (2\alpha - 1)(2p - 1))^{-1} \equiv \delta_2(\alpha, p), \tag{41}
\]

where \( \delta_2(\alpha, p) < 1 \) by \( \alpha > \frac{1}{2} \) and \( p > \frac{1}{2} \). We finally verify that (ii) is satisfied. By \( \alpha > \beta \) and \( p > \frac{1}{2} \), we have \( y^+_i(e) \leq y^-_i(e) \), since for all \( \delta \in [0, 1] \):

\[
e(1 - \delta) - e\delta(2\alpha - 1)(2(p + q) - 1) \leq e(1 - \delta) - e\delta(2\alpha - 1)(2p - 1), \tag{42}
\]

so \( y^-_i(e) \leq 0 \) implies \( y^+_i(e) \leq 0 \) and thus \( y^*_i(e) \leq 0 \). Thus, \( y^*_i(-e) \leq y^*_i(e) \) so long as \( \delta > \max\{\delta_1, \delta_2\} \).

**Proof of Lemma 2**

We characterize the set of policies weakly preferred by the centrist restrainer over the status quo. We use the notation \( p \equiv f(-m) \) and \( 1 - p = f(0) \). Define:

\[
\psi(\alpha, p, m, \delta, s_1) \equiv 4\delta m^2 p (2\alpha + \alpha^2 \delta p - 2\alpha \delta p + \delta p - 1) + 4\alpha \delta m p s_1 + s_1^2, \tag{43}
\]

We show that if the restrainer at date two is certain to be other progressive or centrist, we show that the dynamically sophisticated centrist restrainer prefers to the status quo \( s_1 \) a policy \( y_1 \) satisfying:

\[
y_1 \in \max\{-m, -s_1 - 4\alpha \delta m\}, s_1\}. \tag{44}
\]
If, in addition, \( \psi(\alpha, p, m, \delta, s_1) \geq 0 \) and \(-(1 - \alpha)2\delta pm - \sqrt{\psi(\alpha, p, m, \delta, s_1)} < -m \), then the sophisticated centrist restrainer also prefers to the status quo \( s_1 \) a policy \( y_1 \) satisfying:

\[
y_1 \in \left[ -(1 - \alpha)2\delta pm - \sqrt{\psi(\alpha, p, m, \delta, s_1)}, \min\{-m, -(1 - \alpha)2\delta pm + \sqrt{\psi(\alpha, p, m, \delta, s_1)} \} \right]. \tag{45}
\]

The payoff of the centrist restrainer who has ideal policy 0 associated with policy \( y_1 \), is \( (1 - \delta)u_0(s_1) + \delta V_0(s_1) \), where \( u_0(s_1) \) is the date one payoff and \( V_0(s_1) \) is the continuation payoff. So, the payoff to the centrist restrainer from \( y_1 = s_1 \) is:

\[
(1 - \delta)u_0(s_1) + \delta \alpha (pu_0(-2m - s_1) + (1 - p)u_0(-s_1)) + \delta \beta u_0(s_1). \tag{46}
\]

We proceed to compare this payoff with the payoff from: \( y_1 > e, y_1 \in [e - 2m, e], y_1 \in [s_1, e - 2m], \)

\( y_1 \in [0, s_1], y_1 \in [-m, 0], y_1 \in [-e, -m] \) and \( y < -e \). For a proposal \( y_1 \), define:

\[
\Delta(y_1) = (1 - \delta)(u_0(y_1) - u_0(s_1)) + \delta(V_0(y_1) - V_0(s_1)), \tag{47}
\]

which is the difference in a centrist’s payoff from a policy \( y_1 \) and her payoff from the status quo, \( s_1 \).

(i) Consider \( y_1 < -e \). The payoff to the centrist restrainer from a policy \( y_1 < -e \) is:

\[
(1 - \delta)u_0(y_1) + \delta \alpha u_0(-e) + \delta \beta (pu_0(\min\{-2m - y_1, e\}) + (1 - p)u_0(e)). \tag{48}
\]

Since \( e > 2m + s_1 \) and \( y_1 < -e \), we have \(-2m - y_1 > s_1 \). Then, since \( u_0(y_1) < u_0(s_1) \) and \( V_1(y_1) < V_1(s_1) \) for any \( y_1 < -e \), we have shown \( \Delta(y_1) < 0 \).

(ii) Consider \( y_1 \in [-e, -m] \). The payoff to the centrist restrainer from a policy \( y_1 \in [-e, -m] \) is:

\[
(1 - \delta)u_0(y_1) + \delta \alpha u_0(y_1) + \delta \beta (pu_0(\min\{-2m - y_1, e\}) + (1 - p)u_0(-y_1)). \tag{49}
\]

By inspection, we have \( \Delta(y_1) < 0 \) if \( y_1 < -2m - s_1 \). Consider, instead, \( y_1 \geq -2m - s_1 \). Then:

\[
\Delta(y_1) = 4(2\alpha - 1)\delta m^2 p + 4\alpha \delta m p s_1 - 4(1 - \alpha)\delta m p y_1 + s_1^2 - y_1^2, \tag{50}
\]

which is strictly concave in \( y_1 \), and has roots given by:

\[
-2(1 - \alpha)\delta pm \pm \sqrt{\psi(\alpha, p, m, \delta, s_1)}. \tag{51}
\]

Under the condition \( \psi(\alpha, p, m, \delta, s_1) > 0 \) and \(-2(1 - \alpha)\delta pm - \sqrt{\psi(\alpha, p, m, \delta, s_1)} < -m \), we obtain \( \Delta(y_1) \geq 0 \) only if:

\[
y_1 \in [-2(1 - \alpha)\delta pm - \sqrt{\psi(\alpha, p, m, \delta, s_1)}, \min\{-m, -(1 - \alpha)2\delta pm + \sqrt{\psi(\alpha, p, m, \delta, s_1)} \}]. \tag{52}
\]

The second claim in the Lemma is a consequence of the observation that \( \Delta(-m) = (m + s_1)(m(4\alpha \delta p - 1) + s_1) \) is strictly positive if \( \delta \alpha p > \frac{1}{3} \left(1 - \frac{n}{m}\right) \).
(iii) Consider $y_1 \in [-m, 0]$. The payoff to the centrist restrainer from a policy $y_1 \in [-m, 0]$ is:

$$(1 - \delta)u_0(y_1) + \delta \alpha (pu_0(-2m - y_1) + (1 - p)u_0(y_1)) + \delta \beta (pu_0(y_1) + (1 - p)u_0(-y_1)).$$  \hfill (53)

We therefore obtain:

$$\Delta(y_1) = (s_1 - y_1)(4\alpha \delta mp + s_1 + y_1),$$  \hfill (54)

which implies $\Delta(y_1) \geq 0$ if and only if $y_1 \geq \max\{-s_1 - 4\alpha \delta mp, -m\}$.

(iv) Consider $y_1 \in [0, s_1]$. The payoff to the centrist restrainer from a policy $y_1 \in [0, s_1]$ is:

$$(1 - \delta)u_0(y_1) + \delta \alpha (pu_0(-2m - y_1) + (1 - p)u_0(-y_1)) + \delta \beta u_0(y_1).$$  \hfill (55)

We therefore obtain:

$$\Delta(y_1) = (s_1 - y_1)(4\alpha \delta mp + s_1 + y_1),$$  \hfill (56)

which implies $\Delta(y_1) \geq 0$ if and only if $y \geq \max\{-s_1 - 4\alpha \delta mp, -m\}$, which is always satisfied for $y_1 \in [0, s_1]$.

(v) Consider $y_1 \in [s_1, e - 2m]$. The payoff to the centrist restrainer from a policy $y_1 \in [s_1, e - 2m]$ is:

$$(1 - \delta)u_0(y_1) + \delta \alpha (pu_0(-2m - y_1) + (1 - p)u_0(-y_1)) + \delta \beta u_0(y_1).$$  \hfill (57)

We therefore obtain:

$$\Delta(y_1) = (s_1 - y_1)(4\alpha \delta mp + s_1 + y_1),$$  \hfill (58)

which implies $\Delta(y_1) < 0$ for $y_1 \in [s_1, e - 2m]$.

(vi) Consider $y_1 \in (e - 2m, e]$. The payoff to the centrist restrainer from a policy $y_1 \in (e - 2m, e]$ is:

$$(1 - \delta)u_0(y_1) + \delta \alpha (pu_0(-e) + (1 - p)u_0(-y_1)) + \delta \beta u_0(y_1).$$  \hfill (59)

By inspection, $u_0(y_1) < u_0(s_1)$ and $V_1(y_1) < V_1(s_1)$, so $\Delta(y_1) < 0$ for $y_1 \in (e - 2m, e]$.

(vii) The case $y_1 > e$ follows a similar argument to (i).

Proof of Proposition 9

The structure of the proof is as follows. First, we provide conditions on the distribution of proposal power ($\alpha$) and patience ($\delta$) under which the radical proposer’s (globally) optimal proposal at date one satisfies $y^*_1(-e) \in [\max\{-m, -s_1 - 4\alpha \delta pm\}, 0)$. Second, we show that these conditions are sufficient for the reactionary proposer’s (globally) optimal proposal to satisfy $y^*_1(e) \leq y^*_1(-e)$.
• Step 1: If \( \alpha \in (\frac{1}{2}, \frac{1}{2} + \frac{m}{2e}) \), then for \( \delta \) sufficiently close to 1, the radical proposer strictly prefers an interior solution:

\[
y_1(-e) \in \left[ \max\{-m, -s_1 + 4\delta \alpha pm\}, 0 \right],
\]

to both an interior solution

\[
y_1(-e) \in \left[ -(1-\alpha)2\delta pm - \sqrt{\psi(\alpha, p, m, \delta, s_1)}, \min\{-m, -(1-\alpha)2\delta pm + \sqrt{\psi(\alpha, p, m, \delta, s_1)}\} \right],
\]

and an interior solution \( y_1(-e) \in (0, s_1] \).

Note that we do not yet establish the existence of these interior solutions on their respective sub-intervals. If \( \alpha > \frac{1}{2} \), then \( \psi(\alpha, p, m, \delta, s_1) > 0 \) and by the previous Lemma, \( \alpha > \frac{1}{2} \) and \( p > \frac{1}{2} \) and \( \delta \) sufficiently close to 1 implies that a centrist restrainer would strictly prefer some policies on the interval \([-2m - s_1, -m]\) to the status quo, \( s_1 \). We must therefore consider the possibility that radical proposer at date one would choose a proposal:

\[
y_1(-e) \in \left[ -(1-\alpha)2\delta pm - \sqrt{\psi}, \min\{-m, -(1-\alpha)2\delta pm + \sqrt{\psi}\} \right]. \tag{60}
\]

The difference of a radical proposer’s value from proposing an interior solution on this sub-interval, and her value from proposing an interior solution \( y_1(-e) \in [0, s_1] \) is:

\[
4(2\alpha - 1)\delta \left( e^2(1-\delta) - 2(1-\delta)emp + m^2p(1-\delta p) \right), \tag{61}
\]

which is strictly positive for \( \delta = 1 \). So, an interior solution \( y_1(-e) \in [0, s_1] \) is strictly dominated for a radical proposer by an interior solution \( y_1(-e) \in [-2m - s_1, -m] \) when \( \delta \) is sufficiently close to 1.

Next, we compare the radical proposer’s value at date one from an interior solution \( y_1(-e) \in [\max\{-m, -s_1 - 4\delta \alpha pm\}, 0\] to her value from an interior solution on the interval \( y_1(-e) \in [0, s_1] \). The former is greatest if:

\[
4(2\alpha - 1)\delta p(m - e)(e(\delta(2\alpha - 2\alpha p + p - 2) + 1) + m(\delta p - 1)) \geq 0. \tag{62}
\]

The LHS is strictly concave in \( \alpha \), with roots \( \alpha = \frac{1}{2} \) and \( \alpha = \frac{\delta p(2-p)+m(1-\delta p)-e}{2m(1-p)} \equiv \alpha(\delta, e, p, m) < 1 \). If \( \delta > \frac{e-m}{e-mp} \), then \( \alpha(\delta, e, p, m) > \frac{1}{2} \), and an interior solution \( y_1(-e) \in [\max\{-m, -s_1 - 4\delta \alpha pm\}, 0\] is strictly preferred by a radical proposer at date one to an interior solution \( y_1(-e) \) on the interval \( y_1(-e) \) if \( \alpha < \alpha(\delta, e, p, m) \). The threshold \( \alpha(\delta, e, p, m) \) is strictly increasing in \( \delta \), and satisfies \( \alpha(1, e, p, m) = \frac{1}{2} + \frac{m}{2e} \).
• Step 2: When $\alpha \in \left(\frac{1}{2}, \frac{1}{2} + \frac{m}{2e}\right)$, $p > \frac{1}{2}$ and $\delta$ is sufficiently close to one, an interior solution:

$$y_1(-e) \in \left[\max\{-m, -s_1 - 4\delta \alpha pm\}, 0\right],$$

exists, and constitutes the globally optimal proposal of a radical proposer at date one, $y_1^*(-e)$. We wish to show that for $\delta$ sufficiently close to one, the following conditions are satisfied:

$$\max\{-m, -s_1 - 4\delta \alpha pm\} \leq (1 - \delta)(-e) + \delta e(\alpha - \beta)(2p - 1) - 2\alpha \delta mp \leq 0. \quad (63)$$

where the middle expression is the radical proposer’s interior solution on this interval, $y_1(-e)$. This solution is strictly increasing in $\delta$. For $\delta$ sufficiently large, the first inequality is trivially satisfied if $\max\{-m, -s_1 - 4\delta \alpha pm\} \neq -m$. Suppose, instead, $\max\{-m, -s_1 - 4\delta \alpha pm\} = -m$. Then, for the first inequality to be satisfied, for $\delta$ sufficiently large, the following condition must be satisfied:

$$e(\alpha - \beta)(2p - 1) - 2\alpha \delta mp \geq -m, \quad (64)$$

which is true under $\alpha > \frac{1}{2}$ and $p > \frac{1}{2}$. So, we need only verify:

$$e(\alpha - \beta)(2p - 1) - 2\alpha \delta mp < 0, \quad (65)$$

in order to conclude that $\text{[63]}$ is satisfied for $\delta$ sufficiently close to one. Suppose, instead, that this inequality fails. Then, we have:

$$2\alpha(e(2p - 1) - mp) \geq e(2p - 1), \quad (66)$$

which implies $e(2p - 1) \geq mp$. The inequality $\text{[66]}$ is equivalent to $\alpha \geq \frac{e(2p - 1)}{2(e(2p - 1) - mp)}$. The difference of this expression and $\tilde{\alpha}(1, e, m, p) = \frac{e + m}{2e} > 0$. So, for $\delta$ sufficiently close to 1, $\alpha \geq \frac{e(2p - 1)}{2(e(2p - 1) - mp)}$ cannot be satisfied by supposition of $\alpha < \tilde{\alpha}(1, e, m, p)$ and thus an interior solution $y_1(-e) \in \left[\max\{-m, -s_1 - 4\delta \alpha pm\}, 0\right]$ exists.

By the previous step, our conditions $\alpha < \tilde{\alpha}(1, e, m, p)$ and $\delta$ sufficiently close to one imply that this interior solution is also the radical proposer’s global solution for her choice of proposal at date one.

• Step 3: When $\alpha \in \left(\frac{1}{2}, \frac{1}{2} + \frac{m}{2e}\right)$, $p > \frac{1}{2}$ and $\delta$ is sufficiently close to one, a reactionary proposer at date one makes a proposal satisfying $y_1^*(e) \leq y_1^*(-e)$.

Suppose, first, $y_1^*(e) \in (0, s_1]$. Then:

$$y_1^*(e) = \min\{e(1 - \delta) - \delta e(\alpha - \beta) - 2\delta \alpha pm, s_1\}. \quad (67)$$
For $\delta$ sufficiently close to one, $\alpha > \frac{1}{2}$ yields a contradiction. So, the reactionary proposer’s optimal date-one proposal satisfies $y^*_1(e) \leq 0$. If $y^*_1(e) \leq \max\{-m, -s_1 - 4\delta \alpha pm\}$, the Proposition is correct, by Step 2. Suppose, instead, $y^*(e) \in (\max\{-m, -s_1 - 4\delta \alpha pm\}, 0]$. Then, her proposal satisfies:

$$y^*(e) = \max\{e(1 - \delta) - \delta e(\alpha - \beta)(2p - 1) - 2\delta \alpha pm, 0\},$$

(68)

which for $\alpha > \frac{1}{2}$ and $p > \frac{1}{2}$ satisfies $y^*(e) < 0$ for $\delta$ sufficiently close to one. We therefore have:

$$y^*_1(e) < y^*_1(-e) \iff e(1 - \delta) - e\delta(\alpha - \beta)(2p - 1) \leq -e(1 - \delta) + e\delta(\alpha - \beta)(2p - 1),$$

(69)

which is true for $\delta$ sufficiently close to one. This completes the argument.

**Proof of Proposition 10**

We use the notation $q \equiv \Pr(r_2 = 0)$, and $1 - q \equiv \Pr(r_2 = m)$. Define:

$$\phi(\alpha, q, m, \delta, s_1) = 4\delta m^2(1 - q)\left(1 - 2\alpha + \alpha^2\delta(1 - q)\right) - 4(1 - \alpha)\delta m(1 - q)s_1 + s_1^2.$$

(70)

We start with a Lemma which characterizes the set of policies preferred by a dynamically sophisticated centrist at date zero to the status quo.

**Lemma 4.** If the restrainer at date two is certain to be either a centrist or conservative ($p = 0$), then the dynamically sophisticated centrist restrainer at date one prefers any policy:

$$y_1 \in \begin{cases} 
  [-s_1 + \delta 4\beta(1 - q)m, s_1] & \text{if } s_1 \geq 2\delta \beta(1 - q)m \\
  [s_1, \min\{-s_1 + \delta 4\beta(1 - q)m, m\}] & \text{if } s_1 \leq 2\delta \beta(1 - q)m
\end{cases}$$

(71)

over the status quo. If $\phi(\alpha, q, m, \delta, s_1) \geq 0$ and

$$\alpha 2\delta(1 - q)m + \sqrt{\phi(\alpha, q, m, \delta, s_1)} > m$$

(72)

then the proposer also weakly prefers a proposal:

$$y_1 \in [\max\left\{m, \alpha 2\delta(1 - q)m - \sqrt{\phi(\alpha, q, m, \delta, s_1)}\right\}, \alpha 2\delta(1 - q)m + \sqrt{\phi(\alpha, q, m, \delta, s_1)}]$$

(73)

to the status quo, $s_1$. 

55
Proof. The payoff of the centrist restrainer who has ideal policy 0 associated with policy \( y \), is 
\[
(1 - \delta)u_0(s_1) + \delta V_0(s_1),
\]
where \( u_0(s_1) \) is the date one payoff and \( V_0(s_1) \) is the continuation payoff. So, the payoff to the centrist restrainer from \( y \) is 
\[
(1 - \delta)u_0(s_1) + \delta \alpha(qu_0(-s_1) + (1 - q)u_0(s_1)) + \delta \beta(qu_0(s_1) + (1 - q)u_0(2m - s_1)) \tag{74}
\]
We must compare this payoff with the payoff from: 
\[
y_1 \leq -e, \quad y_1 \in (-e, 2m - e], \quad y_1 \in (2m - e, 0], \quad y_1 \in (0, s), \quad y_1 \in [s, m], \quad y_1 \in (m, e], \quad y_1 > e.
\]
However, it is easy to show that the restrainer never prefers a policy \( y_1 < -s_1 \) to the status quo. So, we focus on the following cases: 
\[
y_1 \in [-s_1, 0], \quad y_1 \in (0, s), \quad y_1 \in [s, m], \quad y_1 \in (m, e], \quad y_1 > e.
\]
For any such proposal \( y_1 \), define: 
\[
\Delta(y_1) \equiv (1 - \delta)(u_0(y_1) - u_0(s_1)) + \delta(V_0(y_1) - V_0(s_1)), \tag{75}
\]
which is the difference in a centrist’s payoff from a policy \( y_1 \) rather than the status quo, \( s_1 \).

(i) The payoff to the centrist restrainer from a policy \( y_1 \in [-s_1, 0] \) is: 
\[
(1 - \delta)u_0(y_1) + \delta \alpha(qu_0(y_1) - y_1) + \delta \beta(qu_0(-y_1) + (1 - q)u_0(2m - y_1)). \tag{76}
\]
We therefore obtain: 
\[
\Delta(y_1) = (s_1 - y_1)(s_1 + y_1 - 4\beta\delta m(1 - q)), \tag{77}
\]
which implies \( \Delta(y_1) \geq 0 \) if and only if \( y_1 \geq -s_1 + 4\beta\delta(1 - q)m \). This is consistent with the condition \( y_1 \leq 0 \) if and only if \( s_1 \geq 4\beta\delta(1 - q)m \).

(ii) The payoff to the centrist restrainer from a policy \( y_1 \in [0, s_1] \) is: 
\[
(1 - \delta)u_0(y_1) + \delta \alpha(qu_0(-y_1) + (1 - q)u_0(y_1)) + \delta \beta(qu_0(y_1) + (1 - q)u_0(2m - y_1)). \tag{78}
\]
We therefore obtain: 
\[
\Delta(y_1) = (s_1 - y_1)(s_1 + y_1 - 4\beta\delta m(1 - q)), \tag{79}
\]
which implies \( \Delta(y_1) \geq 0 \) if and only if \( y_1 \geq -s_1 + 4\beta\delta(1 - q)m \). This is consistent with the condition \( y_1 \leq s_1 \) only if \( s_1 \geq 2\beta(1 - q)m \).

(iii) The payoff to the centrist restrainer from a policy \( y_1 \in [s_1, m] \) is: 
\[
(1 - \delta)u_0(y_1) + \delta \alpha(qu_0(-y_1) + (1 - q)u_0(y_1)) + \delta \beta(qu_0(y_1) + (1 - q)u_0(2m - y_1)). \tag{80}
\]
We therefore obtain:

\[ \Delta(y_1) = (s_1 - y_1)(s_1 + y_1 - 4\beta \delta m(1 - q)), \]  

(81)

which implies \( \Delta(y_1) \geq 0 \) if and only if \( y_1 \leq -s_1 + \delta 4\beta (1 - q)m \). This is consistent with \( y_1 \geq s_1 \) if and only if \( s_1 \leq \delta 2\beta (1 - q)m \).

(iv) The payoff to the centrist restrainer from policy \( y_1 \in [m, e] \) is:

\[ (1 - \delta)u_0(y_1) + \delta \alpha (qu_0(-y_1) + (1 - q)u_0(2m - y_1)) + \beta u_0(y_1). \]  

(82)

We therefore have:

\[ \Delta(y_1) = 4(1 - 2\alpha)\delta m^2(1 - q) - 4(1 - \alpha)\delta m(1 - q)s + 4\alpha\delta m(1 - q)y + s_1^2 - y^2. \]  

(83)

It is immediate that \( \Delta(y_1) < 0 \) for any policy \( y_1 > 2m - s_1 \). Solving for the roots of \( \Delta(y_1) \), we obtain the condition for \( \Delta(y_1) \geq 0 \) to be \( \phi(\alpha, q, m, \delta, s_1) \geq 0 \) and:

\[ y_1 \in [\max \left\{ m, \alpha 2\delta (1 - q)m - \sqrt{\phi(\alpha, q, m, \delta, s_1)} \right\}, \alpha 2\delta (1 - q)m + \sqrt{\phi(\alpha, q, m, \delta, s_1)}]. \]  

(84)

(v) It is easy to show that the centrist restrainer at date one strictly prefers the date one status quo \( s_1 \) to any policy \( y_1 > -e \).

\[ \square \]

We now prove the proposition, starting with point (i). By the previous Lemma, \( s_1 \leq 2\beta m(1 - q) \) implies that the restrainer weakly prefers a proposal \( y_1 \) to the status quo \( s_1 \) only if \( y_1 \geq s_1 \). We next prove point (ii). If \( s_1 > 2\delta \beta (1 - q)m \) and \( \delta \geq \frac{s_1}{m4(1 - q)\beta} \equiv \delta_1(\beta, q, m, s_1) \), then a policy \( y_1 \in [-e, s_1] \) is preferred by the centrist restrainer to the status quo only if \( y_1 \in [0, s_1] \). Since \( 4(1 - q)\beta > 1 \) for \( q < \frac{1}{2} \) and \( \beta > \frac{1}{2} \), we have \( \delta_1(\beta, q, m, s_1) < 1 \). This step implies that for \( \delta > \delta_1 \), we have:

\[ y_1^*(-e) \geq \min\left\{ \max\{0, -e(1 - \delta) + \delta e(\alpha - \beta)(2q - 1) + 2\delta \beta (1 - q)m\}, s_1\right\} \]  

(85)

We therefore have \( y_1^*(-e) \geq s_1 \) if:

\[ e(\delta(\alpha - \beta)(2q - 1) + \delta - 1) \geq s_1 - \delta \beta 2(1 - q)m, \]  

(86)

where the RHS is strictly positive, by supposition. The LHS is positive so long as \( \delta \geq (1 + (\alpha - \beta)(2q - 1)^{-1} \equiv \delta_2 \). Since \( \alpha < \beta \) and \( q < \frac{1}{2} \), \( \delta_2 < 1 \). So, for \( \delta > \max\{\delta_1, \delta_2\} \), there exists \( \varepsilon(\delta) \) such that \( e \geq \varepsilon(\delta) \) implies \( y^*(-e) \geq s_1 \).