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Gortner Lecture
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The Politics of Polarization: A Modern Tragedy of the Commons

Thank you, Paul, and to the members of the Department of Public and International Affairs. I am honored that you have asked me to deliver the annual Gortner lecture during this, my first year teaching at Mason, all the more so because unlike past speakers, I am not an academic and I can't talk about my latest research or my academic area of expertise. That so many of you have shown up on this lovely spring afternoon merely reaffirms Lincoln's wisdom about how easy it is to fool some people so much of the time.

So consider what follows not so much the 2012 Gortner Lecture as the 2012 Gortner Musings on the nature of American politics today by someone who has observed the relatively close hand—and in particular what light economics might be able to shed on them.

If you were to ask Americans or Washington insiders what has been the single most noticeable change in American politics over the past two decades, you could probably get a pretty good consensus in both groups around the notion that politics has become more ideologically polarized, and that this polarization has in some significant way made it more difficult for government to address the big and the small problems that face the country.

To say politics has become polarized is another way of saying that politicians we nominate and those we elect have moved away from the ideological center—that the Democratic Party has become more liberal and the Republicans more conservative. No longer are there many, if any, elected Republicans that are more liberal than the most

conservative Democrats, or any elected Democrats more conservative than most liberal Republican. Liberal Republicans are all but extinct as a political species, and conservative Democrats aren't far behind. For those old enough to remember when parties boasted proudly that they offered "big tents," we can observe the tents are now noticeably smaller and no longer overlap.

One feature of this polarization is that genuine bipartisan compromise has gone from being the way most issues got resolved, the way most things got done, to a quaint anomaly. The new governing model in Washington, and in an increasing number of state legislatures, is that policy is now set by the "majority of the majority." Once the majority of the party in control of a legislative chamber decides what it wants to do, everyone in the party is expected to line up behind it and everyone in the other party lines up to oppose it. On all the most important issues, straight party line votes are now the general rule rather than the exception. That's new. More and more, ours is operating like a parliamentary system, albeit with the additional complications of bicameral legislatures and separation of executive and legislative powers which conspire to prevent legislative majorities from actually enacting their agenda.

But you're political scientists, so you already knew all that.

We also know, at least from the public opinion data and research, that Americans aren't happy about these developments. They don't like the polarization and partisanship and they don't like the gridlock. And their views on most issues are much closer to the center than to the increasingly extreme views of the politicians of either party.

So the question I'd like to noodle over this afternoon is: Why, in a democracy, does this persist? What is the cause of this failure of the political market place.

It's possible, of course, that in the sweep of history this is simply a short-term perturbation and our democratic system has all the capacity it needs to self-correct. After all, it has mostly done so in the past.

Or maybe not.

In the political model that many of us still carry around in our heads, it is the so-called median voter—the voter at the dead center of the ideological spectrum—who ultimately determines the long-term course for government policy. In the past, the best way--maybe the only way—for either party to increase its political market share was to moderate its views in order to attract the independent swing voter, resulting in platforms that came to look more and more like each other. Or to use the more modern construct of game theory, in a game such as politics that is played out in multiple rounds, the dominant strategy was to present yourself as more moderate than your competitor. When either party tried a different strategy – Goldwater in '64, say, or McGovern in '72—it failed. Moderation was the Nash equilibrium.

But what if things are different now? What if something fundamental has changed in the dynamics of the electoral or the legislative process so that the system has been knocked out of its Nash equilibrium and the winning strategy, the dominant strategy, the rational strategy is now NOT to be more moderate than your opponent but to be more zealous and committed to your party's ideology?

That question, of course, leads directly to another: If it is now a winning strategy for candidates to move away from the center, how can we square that with the fact that voters, as a group, are turned off by the extremism and the partisanship and want more moderation, more cooperation and more compromise? How has it come to be that self-interested, election-focused politicians no longer have the incentive to give the voters what they clearly want?

As it turns out, winning elections wouldn't be the only incentives politicians have to returning to the old ways of bipartisanship and moderation. We also know that at a personal level, many of the politicians themselves are privately also quite unhappy with how things have developed.

They are frustrated at not being able to get things accomplished.

Many chafe at the loss of independence that comes with party line voting, and the threat of being ostracized any time they think about deviating from the party line.

For people who thrive on the adulation and external validation, they are disheartened to have now lost the public's respect and goodwill toward them, to the point that their public approval ratings are now right down there with pornographers, oil company executives, Wall Street bankers and newspaper editors.

And almost to a person they have come to loathe the endless fundraising necessary to wage this increasingly partisan and ideological battle.

It is, of course, well within the power of these politicians to correct this problem, but curiously they don't—in fact, they don't even seem inclined to try.

To review, then, what we have, then, is an open, competitive market place – a democracy—in which politicians supposedly acting in their own self-interest fail to produce the optimal outcome, one that maximizes their own welfare as well as that of their customers and the society as a whole. We have what economists would quickly recognize as a market failure.

“It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from regard to their own interest,” wrote Adam Smith in explaining the magic of the “invisible hand.” It was Smith's great insight that in an open, competitive market, everyone pursuing their own interests generated the outcome that did the greatest good for the greatest number. And a version of that “invisible hand” theory is also woven into most theories about democracy and how it mediates among various competing interests.

Even Smith, of course, understood that markets were not perfect, that they sometimes developed an unhealthy dynamic and they failed to produce certain public goods. These market failures are now well understood by economists and tend to be the focus of government economic and social policies that, until recently at least, both parties

have long accepted.

It is certainly rational, for example, for one firm to dump its pollution into the river, but when everyone does it, it ruins the environment.

It is certainly rational when one person, nervous about the future of the economy, decides to play it safe by spending less and putting more away in the savings account. But when everyone does that, it becomes a self-fulfilling prophecy that sends the economy into a tailspin.

It's rational for Captain Bob and his crew to catch as many cod as they can off George's Bank, but if the entire fishing fleet does the same thing, they drive the species close to extinction, which could prevent anyone from catching cod ever again.

It's rational for me to get a bigger car so if I get in an accident, my kids are more likely to be shielded from injury. But if everyone does it, then all we have accomplished is wasting a lot of money and pollution on having big cars, with everyone's kids are more at risk of injury.

If I am young and healthy, it is rational for me to save money by not buying health insurance, knowing full well that if I show up at the emergency room with broken bones or a heart attack, they'll treat me anyway. But if everyone who is relatively young and healthy does that, the insurance market collapses.

If I run a company, it makes sense to invest in training my workers because it will increase their productivity and, with it, my profits. But I know if I train my worker, they are liable to take that training and go work for my competitor, who will get all the benefit from my investment. So none of us invests in worker training, and the economy is less productive and competitive as a result.

Externalities. The paradox of thrift. The tragedy of the commons. Positional arms races. Free-riding. Prisoners' dilemmas. What is common to all of these phenomena is that they result from people in a competitive context acting in a perfectly rational, self-interested manner, who nonetheless fail to generate the best outcome either for themselves or for the society as a whole. Moreover, the dynamic they

create is rarely self-correcting, creating self-reinforcing cycles in which things keep getting worse. The only way to stop them is through cooperation and collaboration among erstwhile competitors.

We are in the intellectual neighborhood now of Mancur Olson and Tom Schelling, two wonderful men who bridge the worlds of economics and political science and helped us all better understand the logic of collective action and the link between micromotives and macrobehavior. And it these and similar insights that I think can help us solve the mystery of why our political marketplace, is failing us.

Who can doubt, for example, that candidates and political parties and ideological wings of political parties are now caught up in a stubborn arms race when it comes to raising and spending of money? The sums have become astronomical, and go well beyond what would reasonably needed to provide for a well-informed electorate, and well beyond what is spent in any other advanced democracy.

These days, the average Senate candidate raises and spends \$9 million to win election, which works out to just over \$4,000 for each day in office over a six year term. For the average House candidate, its \$1.4 million, which works out to just under \$2,000 per day. And that includes Saturdays, Sundays and holidays. That level of fund-raising and spending is three, four, five times—what it was 25 years ago.

Notice that, in the House, this demand for ever greater amounts of spending has come despite the fact that fewer and fewer House races are actually seriously contested, either because of the natural advantages of incumbency or because of aggressive redistricting efforts on the part of both parties to create safe seats. For seriously contested House seats, the typical level of spending is a multiple of the \$1.4 million average.

Given this dramatic increase in campaign spending by candidates from both parties, in both primary and final elections, in both presidential and non-presidential years—spending by those with the most intimate knowledge of campaigns with the most at stake in terms of the outcome—it's fair to conclude that this spending must work, that it has a dispositive impact on the outcome of close contests. In fact, it

appears to work so well that it has now been embraced by a rapidly growing legion of “independent entities” that have now also joined in the arms race with their own fundraising and campaign spending.

The campaign finance arms race is the dominant reality of American politics today—everything else pales in comparison. And its impact extends beyond the campaigns to the day-to-day operations of the Congress. Members of Congress are now so fixed on assuring a sufficiently large war chest that they have been forced to sacrifice their own independence and freedom of action to leaders of parties and factions and grass-roots organizations who freely wield campaign cash as a blunt instrument of political discipline, rewarding those who tow the line and punishing those who do not.

That’s not to say that campaign money is always spent in the most effective or efficient manner. The rapid rise in the average price of a 30-second ad, and the rapid rise in the incomes of top political consultants, are pretty good signs that a significant chunk of this new campaign bounty has fueled a bidding wars for scare political resources, creating something of a campaign spending bubble.

But even allowing for this inefficiency, anyone who has a telephone or a TV set or an e-mail address surely must have noticed that this surge in political spending has resulted in an ever-increasing volume of political messages sent in our direction, and those messages have become increasingly negative about opposing candidates and parties. We may dislike them and recoil from this negative campaigning, but the unshakeable belief of those who work this process day to day is that they work.

Contrary to what many suppose, the primary purpose of negative advertising isn’t to move voters from supporting the other candidate to your candidate, or even to move undecided voters into your column. From the campaign’s viewpoint, that would be nice, but it rarely works that way.

No, the real purpose of negative advertising is to energize and solidify support among your own ideological base while turning everyone else off not only to the other candidate, but to the entire campaign. In other

words, once the legitimacy of candidacies has been established, the main effect of negative advertising is to alter the composition of the voter pool on election day.

This is true in all elections, but it is particularly effective in lower turnout elections—primaries of all sorts and final elections in non-presidential years, when turnout is routinely 40 percent or less. Rather than run the kind of positive message that might win the support and enthusiasm of the median voters, and get them to the polls, the name of the game now is to use massive amounts of negative advertising to energize your own base and suppress the turnout of everyone else, particularly those moderates and independents whose support cannot be relied upon. The effect of so much negative advertising isn't just to scare them away from the opposing candidate—the effect and the covert purpose is to turn them off to politics and to voting entirely, to turn moderate voters into non-voters.

The strategy has been successfully used even in presidential elections, when turnouts still run high. My friend Peter Hart, the dean of American political pollsters, notes that in 2004, the way George W. Bush won in Ohio was to significantly increase the voter turnout among conservatives in the exurban and rural area in the southwestern part of the state. If turnout in those precincts had been the same as turnout in the rest of the state, Bush would have lost. The fact that it was significantly higher tilted the state, and the entire election, to Bush.

Similarly, in 2008, Barack Obama was able to use negative move the nominally Republican states of North Carolina and Virginia into the Democratic column by significantly increasing turnout of reliably liberal voters around Charlotte and our own region here in northern Virginia, even as his advertising helped to dampen enthusiasm for McCain everywhere else.

Energizing the base through negative advertising has another important advantage: it increases campaign contributions from small donors and rich zealots. That money, in turn can then be plowed back into yet more negative advertising and sophisticated and expensive get-out-the-vote efforts on election day. And this virtuous, self-reinforcing cycle now creates a strong incentive to abandon the center and move to

the ideological extreme. You do not “energize the base” through moderation and compromise.

What makes this an effective and rational strategy, of course, is the phenomenon of “free-riding.” As Schelling and others have noted, it’s really actually pretty irrational for any one of us to vote. During these endless campaigns, it takes an extraordinary amount of time and energy to inform yourself about the candidates and the debate among them—how many hours did we all waste watching presidential primary debates this year? And it takes time and energy to interrupt your daily schedule and vote. And for what? How often is it that any one vote really makes a difference in the outcome? Almost never. So the rational thing for any of us is to just stay at home and let everyone else do their civic duty.

Unfortunately, if everyone follows that rational strategy, the political market fails, democracy doesn’t work, and we end up with an irrational, suboptimal outcome. And that is exactly the market failure that shrewd political campaigns now seek to turn to their advantage when they use their campaign war chests to turn off moderate voters and give them yet another reason to free-ride.

There is a vigorous debate in the academic literature on the question of whether negative advertising depresses or increases voter turnout, with each side marshaling its statistical evidence. What I am offering today is theory—and it is only that—to reconcile these two views: Negative advertising does both: it depresses turnout among moderates and independents while stimulating turnout at the ideological extremes. The result is more a change in the composition in the turnout than a dramatic or consistent change in the overall level of voter participation. That said, the secular trends in turnout also seem to be pointing downward, particularly when considering that Americans of voting age, on average, are becoming older, richer and better educated, characteristics we normally associate with higher rates of political participation.

You may well ask at this point that if this is such a winning strategy, why is it taking hold only now. Why didn’t people do this 25 years ago. I would offer several explanations.

The most obvious is that American politics has recently gone through a major realignment that began with the Civil Rights movement of the 1960s that finally ended the Democrat's solid hold on the South. The economic decline of the Midwest rust belt and the rapid growth in the Sunbelt were also a big part of this realignment. Add to that the increasing tendency of Americans to sort themselves into economically and politically homogenous neighborhoods, making it even easier for politicians to use the redistricting process to create "safe" congressional districts heavily skewed to one party and thus one ideological base.

Technology also plays a role. It is simply much easier today to pursue such a strategy of energizing the base and suppressing the moderate vote when you can target and tailor your political messages to different groups. Back when your media choices were mass media outlets like the major broadcast networks and their local affiliates, or an era when the most refined you could get was to send direct mail to everyone who lived in an entire zip code or subscribed to the New Republic or National Review, targeting political marketing based on ideology wasn't anywhere as efficient or effective. Targetting can now be much easier and more sophisticated as a result of the Internet, sophisticated databases and narrow-casted cable television networks that have segmented the market according to ideology.

A third explanation involves the rise of "independent" campaigns run by PACS, unions, business organizations and other special interest groups that have allowed well-heeled donors to evade campaign finance laws or hide their involvement from public disclosure. I am hardly the first to point out that these campaigns tend to run campaign advertising that is even more negative and more ideologically charged than the candidates themselves. Candidates have been all too happy to reap the benefits of this negative advertising while still being able to distance themselves from such bare knuckle tactics.

Finally, it is pretty evident that norms of political behavior have changed. There was a time not so long when people would have been genuinely offended by the kinds of negative and irresponsible advertising that are now routine in political campaigns, and candidates who ran them would have run the risk of offending independent voters and being criticized by the press. Now that negative advertising has

become so commonplace, nobody hardly notices. A Gresham's law has taken hold in American politics where bad advertising drives out good.

Again, this has all been the result of perfectly rational behavior on the part of candidates and parties trying to prevail in the next election. But as competition has forced everyone to engage in this kind of campaigning, it has had the effect of polluting the political conversation and poisoning the political well, increasing cynicism among voters to the point that many are now turned off to the political process. And, of course, that's exactly what the party ideologues desire, since it produces election results that makes it appear as if "the public" agrees with them.. Indeed, the one common thread that runs through political web sites of the left and the right these days is the scorn they both heap on moderates and centrists.

One clear result of all this is that even the politicians who prevail in these political gladiator contests now inherit a system that has become so bitter, so partisan, so ideologically polarized that they can't really accomplish anything. They find themselves widely disrespected not only by the voters, but by the media, the academy, business leaders and other elites. And they hate their jobs to boot. They know they and the nation would all be better off if they cooperated and compromised more, but they just can't—if they do, they know they will be run out of office either in the next primary, by someone who appeals to the party's political base, or in the final election, by an opponent whose extremism has allowed him to energize his base. They are trapped in the political equivalent of a prisoner's dilemma.

For us, meanwhile, this has become a modern day tragedy – tragedy of the commons, that is. The individual pursuit of rational self-interest by parties and politicians has led us not to a stable, welfare-maximizing outcome but a vicious, self-reinforcing cycle in which extremism begets more extremism, partisanship begets more partisanship, paralysis and stalemate begets more paralysis and more stalemate. We keep thinking it can't keep on like this, but it only gets worse—in the primaries, in the general elections and in the congressional sessions that follow.

There will some who may accuse me of falling into the journalistic trap of moral equivalency, or failing to note that it is the Republicans

who are the ones who have practiced the politics of extremism and suppression of the moderate vote and the Democrats who have offered moderation and compromise. I would agree that the move away from the political center has been asymmetric. But I would also point out that even key Democrats and the strategists of the Obama re-election campaign have now come around to thinking that their previous restraint has not inured to their political benefit and they have no choice now but to follow a more hard-edged, left-leaning strategy if they are to sufficiently energize their base in order to prevail in November.

And to those who now expect Mitt Romney to move to the center as he moves from primary to general election mode, I'd simply point out that didn't happen with either John Kerry or George Bush in 2004 or Obama or John McCain in 2008. The problem with Sarah Palin, you will recall, wasn't that she was too ideologically extreme—that part of it is still considered a base-energizing masterstroke and “game changer” by most campaign professionals. The problem with Sarah Palin was simply that her hard-edged ideology was not matched by any understanding of the issues.

It's not just me who thinks something fundamental has changed in American politics.

“After the primaries, candidates pivot toward the centre,” the Economist's editors wrote in their leader, “The Hardball Campaign.” “But Mr Romney knows that to turn out a conservative base that does not love him he must mobilise their hatred of Mr Obama. In the meantime, Mr Obama appears to believe that he cannot afford to present himself once more as a healer who will soar above party divisions. He is running a pore partisan campaign this time round. An already polarised American therefore faces a deeply polarising election.”

Like any commons problem, solving this one will involve cooperation and collective action. You probably know the list of fixes as well as I. A disarmament treaty for the campaign finance arms race involving spending caps and contribution limits. A ban on campaign spending by independent groups. A requirement that all broadcasters and cable networks provide free advertising time to all candidates as a condition of their licenses. A requirement that everyone vote or face a fine. Non-

partisan primaries. Transferring redistricting powers from party leaders to unelected, non-partisan experts. And, of course, that hearty perennial, a third party movement.

Simply to list these ideas, however, is to acknowledge how unlikely it is that this system can self-correct. Anyone who even bothers to mention them is dismissed as hopelessly naïve.

Unfortunately, I fear that what it will take is some sort of national crisis—a war, a terrorist attack, a financial crisis, an assassination—something to jolt the system out of its current path, re-engage the median voter once again at the center of American politics.

Here's the thing: When economic markets fail, there is always government that can step in and help to fix them, to stop the vicious cycles and impose the level of cooperation, collaboration and restraint necessary to make everyone better off. These interventions happen all the time and they make it possible for free markets to survive and thrive.

But when political markets fail, when government fails, there is no backstop, no other mechanism to step in a force the cooperation, collaboration and restraint that we all know is needed. And because of that, things may have to get a lot worse before they can get better.