Explaining the Electoral Success of Extremist Candidates

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Abstract

The present thesis attempts to explain why "extremist" candidates sometimes win elections against centrist opponents. The thesis proposes two different theoretical models to explain this phenomenon. The first model is a basic Downsian model except voters are uncertain about candidate platforms. This modification makes it possible for voters to choose extreme candidates over more moderate candidates to whom their preferred policy point is closer because of differences in certainty. Interestingly voters may choose extreme candidates either because the extreme candidates position is more or less certain than the moderate to whom they are closer. The second model modifies the basic Downs model to include voter preference over the candidate type, insider or outsider, which candidates can signal by taking more extreme policy positions. I find that when the voter preference for outsiders is either too high or too low both candidates select the median position. For intermediate values they form a separating equilibrium in which outsider type candidates claim an extreme position and insider candidates choose the preferred position of the median voter.

Contents

1 Introduction

The election of Donald Trump over Hillary Clinton in 2016 took the American political establishment, and by many accounts, the candidate himself, entirely by surprise. Trump, a political outsider with no prior experience in public office, a questionable personal history and record of controversial statements, defeated a candidate who possessed extensive political experience, strong institutional backing, and a substantial fundraising advantage. Clinton's close association with the political establishment, widely regarded as a strength prior to the election, may have instead weakened her appeal among many voters.

After losing the 2020 election and facing significant civil and criminal legal challenges, Trump returned to win the presidency again in 2024, defeating another experienced and establishment-backed opponent, who'd received endorsements from across the political spectrum from figures as unlikely to support a Democratic presidential candidate as Dick Cheney. Once more the political class had united around a moderate establishment candidate and once more they had failed.

However, far-right wing leaders unseating their establishment rivals is not limited to the United States. Across the free world a tide of far-right leaders have taken power in democracies as diverse as India, Hungary, Brazil, Italy and Japan. Though none have succeeded to the extent of Hitler or Mussolini in destroying their democracies many of these leaders have attempted to pull the democratic ladder up behind them: restricting civil liberties, attacking journalistic independence, changing election rules to make elections less competitive and undermining the rule of law.

Support for far-right political parties has risen in most European countries since 2000 with the Eurozone economic crisis and the 2015 Syrian refugee crisis particularly exacerbating the trend (Tournier-Sol and Gayte 2022). By 2025 one third of all European Union member states were either led or had governments supported by far-right parties[1]. Even in Europe's oldest democracies France and the United Kingdom the far-right is on the rise. The French political spectrum has been re-structured in a way economist Thomas Piketty describes as "Tripolarisation"[2], the replacement of the traditional center-left and center-right parties with a single centrist party and far-left and far-right populists on either side that has paralyzed their legislature and crippled the second term of President Emmanuel Macron. The National Rally in France (previously National Front) has repeatedly placed second in French presidential elections (2002, 2017, 2022). In the UK Reform UK, a right-wing anti-immigrant populist party, has as of early 2026 been leading in the polls for the next general

1. https://www.swp-berlin.org/en/publication/the-creeping-integration-of-far-right-parties-in-europe
2. A History of Political Conflict by Thomas Piketty

election. All these movements can be described as far-right populist movements.

How can candidates perceived as extreme or outside the political mainstream attract sufficient support to win competitive democratic elections? Electoral coalitions supporting such candidates are rarely composed entirely of voters with extreme preferences. Instead, they often include moderate voters whose support is pivotal for electoral success. This raises a key question: under what conditions might moderate voters rationally support candidates with more extreme platforms over more moderate ones.

One common explanation emphasizes the growing importance of populist or anti-establishment sentiment, which has been growing in importance in the United States since the Great Recession (Droste 2021). Mudde (2004) coined an influential definition of populism which captures its essence: "a thin-centered ideology that considers society to be ultimately separated into two homogeneous and antagonistic groups, the 'pure people' versus 'the corrupt elite' and which argues that politics should be an expression of the 'volonté générale' (general will) of the people." Populism is thin-centered because it has no inherent stance on most ideological and political issues. Populism can be right-wing or left-wing, statist or libertarian, democratic or authoritarian. It can focus on immigration, political corruption, wealth inequality or crime. What unites these different populist movements is their conception of the world's democracies as made up of the " pure people" versus "corrupt elites". Populist movements are often led by charismatic leaders who claim to speak and act for "the people" and often have little consideration for the rule of law when it impedes them from achieving their goals. This leaves successful populist movements at risk of descending into authoritarianism (Mount 2024).

The rise in populist sentiment in the United States has been linked to, amongst other things, economic transformations due to globalization and the widening wealth gap in the United States (Tournier-Sol and Gayte 2022). It has also, both in the United States and Europe been linked with anxieties around immigration and demographic change. This preference for non-elite candidates, if strong enough may lead moderate voters to prefer extreme candidates they believe to be outside the political establishment over establishment candidates with platforms more closely aligned with their own preferences.

A second possible explanation relates to voter beliefs about the certainty with which a candidate will implement a promised policy after the election. Interestingly, greater or lesser certainty can both help an extremist candidate overcome a more moderate one. Such a process may have influenced Arab American voters to support Trump over Harris due to their disapproval of the Biden administration's support for Israel in their conflict with Hamas, despite Trump's history of strong support for Israel. The thought process of many voters can perhaps be summarized by this quote from an Arab American activist in Dearborn,

Michigan, "Even if [Trump] will continue this genocide at a 99 percent chance, I'm going to take that 1 percent chance that he's going to stop it, as opposed to the 100 percent chance that it's going to continue under Harris [3]."

This thesis examines two mechanisms that may help explain this phenomenon within a formal framework of electoral competition. Both build on the standard Downsian model, but relax key assumptions in order to better capture features of real-world political behavior.

The first mechanism introduces uncertainty over candidates' post-election policy positions. Rather than taking campaign platforms as perfectly credible, voters are assumed to form beliefs about a distribution of possible policies that a candidate may implement once in office. When voters evaluate candidates based on expected utility over these distributions, differences in the shape and dispersion of beliefs, not just their expected values, can influence electoral choices. Under certain conditions, this can lead voters to prefer candidates whose expected policy positions are further from their ideal point.

The second mechanism develops an insider–outsider model of political competition. In this framework, voters derive utility not only from policy positions but also from candidate type, with voters placing value on candidates perceived as outsiders to the political establishment. In this model, candidates differ in the costs they face for adopting extreme positions, with insiders facing higher social and economic penalties than outsiders. As a result, extreme policy positions can function as costly signals of outsider status. When dissatisfaction with established elites is sufficiently strong, this signaling mechanism can make extreme platforms electorally advantageous, even among voters with moderate policy preferences.

Together, these two mechanisms provide complementary explanations for the electoral success of candidates with extreme platforms.

The remainder of the thesis is structured as follows. Section 2 reviews the relevant literature on electoral competition, political extremism, and populism. Section 3 develops a model of electoral competition under policy uncertainty and examines conditions under which voters may prefer more extreme candidates. Section 4 introduces the insider–outsider signaling model. Section 5 analyzes the equilibria and implications of the insider-outsider model. Section 6 concludes and discusses directions for future research.

2 Literature Review

Both my attempts to explain the electoral success of extremist candidates are based on the traditional Downsian model (Downs 1957). In the Downs model, political ideology is

3. https://www.aljazeera.com/news/2024/11/2/why-many-arab-voters-in-michigan-are-flocking-to-trump-ahead-of-us-election

represented as spectrum from 0 to 1. Political candidates are motivated only by winning office and have no inherent preference over policy. They simply announce whatever policy they believe maximizes their chance of winning. Voters are understand to take these claims as credible and vote based off whose claimed position is closer to their own preference. According to this model, in an election between two candidates where both candidates know the distribution of voters preferred positions, both candidates should select the median position which leads to each having a 50% chance of winning.

Since Downs numerous follow up works have attempted to explain why Downs central prediction, that candidates will chase voters towards the median of the distribution appears not to be accurately explain real life election behavior. Aragones and Palfrey (2002) examines a modified Downs model in which one candidate is preferred. In their model candidates are also uncertain about the exact distribution of voters. Since the less preferred candidates is guaranteed to lose if they choose the same position as the preferred candidates the preferred candidate chooses the expected median position and the weaker candidate chooses a more extreme position hoping for a favorable voter distribution.

Bernhardt, Buisseret, and Hidir (2020) examine a similar model in which one of two parties enjoys a "valence advantage", a flat increase to a voter's utility if that candidate wins that is independent of the candidate's political position. Their model is not a single election, but instead a legislative election in which each party cares not only about getting a majority but the size of their majority. When the advantage is very small, both parties attempt to contest the median voter, when the advantage is moderate the stronger party contests the median and the weaker party moves their position closer to their base. When the advantage is very strong the stronger party moves their position towards the opponents base in order to contest them and try to increase the size of their majority.

Osborne and Slivinski (1996) examine a model in which citizens can choose to run as candidates and if they win implement their preferred policy. They examine two voting systems, plurality as practiced in Canada the UK and most US elections as well as runoff elections such as the Instant Run-off voting used for the Australian House of Representatives or the two-round run-off used in French legislative and Presidential elections. They vary the cost to run and the value of winning office and find numerous interesting equilibria including those in which only one candidate runs, many, especially in the plurality system in which two candidates run each with a 50% chance of winning. Because candidates are also citizens and thus voters, they have preferences not only for winning themselves, but over the policy implemented by the eventual winner even if it is not them. This leads to equilibria in the model where candidates with no chance of winning run to attract votes away from and act as a spoiler for their less preferred candidate.

Dutta, Jackson, and Breton (2001) follows a similar line of inquiry and focuses on in what they call "strategic candidacy games" (SCGs) in which candidates strategically choose to enter or exit a race to influence the result when they themselves will not win. They find that "strategic candidacy" effects the outcome of all nondictatorial voting procedure that satisfies unanimity when voters are permitted any ordering of candidates. Sabato et al. (2017) deepens the SCG literature by introducing "real candidacy games" (RCGs) in which candidates not only have the option to opt out strategically, but can also modify their platforms to draw votes away from candidates they dislike.

Kartik and McAfee (2007) examines the same problem as I do, why extremist candidates may be more appealing than centrists. Their work was inspired by the 2000 election in which Al Gore was considered closer to the median of the American political spectrum and yet lost to George W. Bush. Their claim is that Bush may have benefited from the fact that voters not only care about the candidates stated position, but the probability that that politician is campaigning on their truly held beliefs. This could be desirable to voters either because it means they are more likely to carry out those policies once elected or simply because voters have a preference for an "honest" candidate. Kartik and McAfee (2007) examines a modified Downsian model in which voters have preferences over policy and assign a positive value to candidates of the "honest" type. "Honest" candidates always report their truly held position while other candidates strategically report the position that maximizes their chance of electoral victory. However, under this model specification the Downs predicted behaviour of choosing a median policy does not appear, even for strategic candidates because it makes it too unlikely that that candidate is "honest". Instead, the best strategy for strategic candidates is to mimic the "honest" candidates and randomly pick a policy based on the distribution of candidates' own preferred positions.

My thesis is also related to the economic literature on political extremism. Ferrero (2002) develops a model of a political extremist organization (such as a revolutionary or terrorist organization) modeled as a political firm which uses extremism and labour as production factors to produce income, with income here being the rents expropriated by the party after seizing power in a country. While the group is bound by a political or religious ideology the ideology is only instrumental for attaining political power and no utility is assigned to any public goods chosen by the group after gaining power. The effect of extremism on expected income is initially positive before becoming negative and both level of "extremism" and income are selected by the firm to maximize their level of per-capita income similar to a workers cooperative. This model was designed to explain why some organizations because more extremist after seizing power. The theory was that these organizations are not able to easily resist members joining them or kick out "unproductive members" so they increase

their level of extremism at times when successful to restrict the size of their "workforce" and achieve an optimal labor supply.

The French historian Pierre Salmon (Salmon 2000) examines an interesting model of what he calls "monomanic extremism". It is based on his claim that many extremist political movements have a diverse collection of unrelated platform points they advocate for and that many supporters of extremist parties are only extreme on certain issues and hold relatively moderate views on most others. His claim is that it is often easiest to build extremist coalitions out of individuals who care much more about a single issue (monomaniacs) than others, and for which they hold an extreme view that would never be supported by a mainstream party. Since the issues are independent it is unlikely an individual would naturally end up extremist across many positions, but if they only care about a single issue they can ignore other potentially alienating extremist positions and work together. One could argue that the modern Republican Party may be such a coalition of monomanic extremists wedding anti-abortion, gun rights and anti-immigration voters together when the issues themselves are intrinsically unrelated, though ultimately self-segregation and choosing to consume media produced by extremist figures may over time warp the individual away from the norm towards a more consistently extremist profile.

My models do not grapple with political organizations or the determinants of the popularity of extremist ideologies they instead simply deal with extremism as an advantageous electoral strategy. Some authors have focused on this issue as well. One argument comes out of the literature on costly voting. When voting is costly voters must be incentivized to vote by a belief that there is a significant enough difference between the two candidates to overcome the cost to vote. This incentivizes parties to put effort not only into winning over moderates, but into mobilizing their core voters. VIRÁG (2008) examines a model in which voters are more likely to be informed about the policy of the party they belong to than the policy of the opposing party. As the asymmetry in information becomes more extreme parties are incentivised to take on more extreme positions to motivate their base with less risk of alienating and thus motivating the opposing party due to their lower probability of being aware of this extremist position. This informational asymmetry causes both parties to become more extreme and lowers overall societal welfare compared to a model with symmetric or even no information about party policies.

Some models grapple seriously with the concept of "populist" or "outsider" non-elite candidates. Buisseret and Van Weelden (2020) considers a model in which two parties controlled by elites contest elections and are at risk of co-option by outsiders. In this model political issues are divided along two axes, one which separates the parties in this case the size of the state, and one which cleaves through both parties, here globalism versus anti-

globalism. The outsider candidate has an opposing stance from the elites on globalization, the elites of both parties support globalization and has the choice between attempting to co-opt one of the two elite run parties, like Trump did in 2016 or to run independently like Ross Perot in 1992. If the cleavage within the parties is sufficiently strong the candidate will attempt to co-opt the party, when it is insufficient so that they would likely lose a primary they instead attempt to run as independent hoping the support for that stance as a third party candidate could draw enough votes from each main party to allow them a path to victory. An interesting difference between my model and their is that they assume a positive utility benefit to voters of an establishment candidate due to that candidates greater experience whereas I assume a negative utility.

The most similar approach is Acemoglu, Egorov, and Sonin (2013) which examines a model of "populism" in which candidates in countries with weak institutions which are considered corrupt attempt to signal that they are not corrupt insiders beholden to "right-wing" business interests by campaigning further to the left than they otherwise would. This causes even corrupt right wing candidates to move their positions to the left. This model assumes a particular median economic policy is best and that this is commonly known thus these left wing candidates signal they are not populist by campaigning on policies they know are inferior. This leads to a worse equilibrium for everyone as sub-optimal policies are chosen. This model has the similarity to mine that being seen as "populist" or for the people and not the elites is advantageous and candidates are willing to signal by taking political positions they otherwise would not. A key distinction here is that the authors associate "populism" with the left which while probably more ideologically coherent in reality appears not to be the case. The popular classes often support the right and there are many right-wing extremist movements which are self-consciously populist. In fact a key insight from my model is one potential explanation for my recent successful populist movements have been overwhelmingly right wing.

This thesis proposes two modifications to the basic Downs model that differentiate it from previous work. The first is to do away with the certainty that candidates will follow through on their campaign promises. Instead, voters have beliefs about the probability distribution of a candidate's post-election policy and they choose the candidate who provides them with a higher expected utility. The second modification is similar to other work which assigns a "valence advantage" to one candidate or candidate type. The unique contribution is the utility penalties the different candidate types face when selecting a platform which allow outsider candidates to sometimes credibly signal their outsider status by campaigning on extreme policy positions.

3 Political Spectrum with Uncertainty

3.1 Overview

Standard Downs models of electoral competition typically assume that candidates can credibly commit to a specific policy position. Under this assumption, voters simply compare the distance between their preferred policy and each candidate's announced platform. However, in many real-world settings, campaign promises may not be fully credible, and voters may instead hold beliefs about a range of policies a candidate could implement once in office.

This section introduces a simple extension of the Downsian framework in which voters evaluate candidates based on the expected utility of a distribution over possible policy outcomes. The key idea is that uncertainty about post-election behavior can alter voter preferences in systematic ways depending on the shape of their utility functions. The differences in utility functions reflect meaningful differences in how voters value and compare different policies. In particular, differences in the uncertainty of a candidate's policy, can lead voters to prefer candidates whose expected policy positions are further from their ideal point over those who are closer. Interestingly, this can be true both because the more extreme candidate has a more certain platform or because they have a less certain one.

Formally, each voter has a utility function $u(x)$ defined over policy positions $x \in [0, 1]$, and holds beliefs about candidate i's post-election policy described by a probability density function $f_i(x)$. The voter's expected utility from candidate i is given by

$$E(U(i)) = \int u(x) f_i(x) dx. \tag{1}$$

where $u(x)$ is the utility from a politician enacting a platform at point x on the ideological spectrum and $f_i(x)$ is the probability density function describing the voter's belief about where politician i will govern once elected.

To focus on the role of uncertainty and analyze generalizable relationships, I restrict attention to utility functions that are single-peaked and symmetric around a voter's bliss point as is often done in the literature on voting. Voter utility decreases as policies move further from this ideal point. I consider three broad classes of utility functions: linear, concave (increasing marginal dis-utility), and convex (decreasing marginal dis-utility) utility functions.

Although these cases resemble familiar distinctions between risk-neutral, risk-averse, and risk-seeking preferences, the symmetry of the utility function complicates this analogy. In particular, even with linear utility, dispersion in policy outcomes can reduce expected utility when probability mass lies on both sides of the bliss point. Thus, voters with both linear or

concave utility function are both risk averse as long as some probability density is on each side of their bliss point. Voters with convex utility functions can show behaviour analogous to risk seeking or risk averse behaviour depending on the specific distributions being compared.

I also limit my analysis to beliefs about candidate policy distributions that are single peaked or uniformly distributed. While other distributions are intuitively plausible, they complicate the analysis and also undermine the meaningful interpretation of the expected position. If a voter believes that a hypothetical candidate is with equal probability either all the way to the left or all the way to the right, how meaningful is it to say that their expected position is right in the center?

To compare policy distributions, I introduce a notion of symmetric stochastic dominance. Let l denote the voter's bliss point. Distribution f symmetrically stochastically dominates distribution g if, for all distances d from l, the cumulative probability mass within distance d of l is greater under f than under g. Intuitively, this means that f places more weight on policies close to the voter's ideal point. Under the class of utility functions considered here, such dominance implies higher expected utility. Thus, for these utility functions, voters with a bliss point where distribution A symmetrically stochastically dominates distrbution B will choose A over B.

Before continuing to a theoretical generalization of these mechanisms I explore two examples which illustrate the two distinct mechanisms through which a voter may prefer a candidate whose expected policy position is further from their ideal point.

3.2 Type 1 Extremist Voter

First, we deal with a voter who chooses a candidate who is on average expected to be further from their bliss point due to risk aversion. To take the simplest example imagine a voter with a utility function

$$u(x) = -|0.5 - x| \tag{2}$$

though similar logic would apply if their utility function were concave. Their preferred policy is 0.5.

Let's imagine a policy distribution with expectation 0.5 uniformly distributed between 0.25 and 0.75

$$\int_{0.25}^{0.75} -|0.5 - x|2dx = -0.125 \tag{3}$$

The constant value at 0.6 gives a utility of

$$-|0.5 - 0.6| = -0.1 \tag{4}$$

Thus the voter prefers the more extreme candidate, even though the other candidate is in terms of expectation perfectly aligned with them.

3.3 Type 2 Extremist Voter

Given the above results about risk aversion even with linear utility functions one might suspect the typical effect of adding uncertainty to a Downs-Hotelling model would be for a risk averse voter to possibly select a slightly further away, but more certain candidate over a closer, but less certain one. But I am equally interested in the opposite phenomenon in which voters select a further away, and less certain candidate. A voter who might do that could have a strong preference for policies close to their ideal position, but be relatively indifferent between policies that are further away. This could perhaps describe the utility function of our voter from Dearborn. Trump might be more appealing than Harris, because the voter is essentially indifferent between positions that occupy the vast majority of each candidates probability distribution, but they believe their is a tiny chance that Trump will implement a policy they find vastly more appealing. In this case the voter prefers a riskier candidate with an expected position further from their preferred point.

Another example could be a working class American who is struggling with cancer and does not have access to healthcare. They might attach huge importance to a candidate who promises public healthcare (far to the left or a low number on our spectrum), but be indifferent between some subsidies and no subsidies as either way they will be unable to afford care. Formally we could model such a voter with the utility function

$$u(x) = e^{-100(x-0.2)^2}. \tag{5}$$

What is the utility of a platform that is with certainty equal to 0.4? The answer is 0.0183.

Now consider a platform centered at 0.6, but uniformly distributed between 0.3 and 0.9?

$$\int_{0.3}^{0.9} \frac{e^{-100(x-0.2)^2}}{0.6} dx = 0.0465 \tag{6}$$

This shows how voters may prefer candidates that are expected to be further from their preferred policy position and are more uncertain to one that is closer, because the greater uncertainty allows some probability density to be within the region for which they assign a

high value.

3.4 General Conditions

The examples above illustrate a more general insight: when voters evaluate candidates based on expected utility over uncertain policy outcomes, differences in the distribution of possible policies can play a central role in electoral choice and lead to moderate voters choosing extreme candidates over more moderate ones.

Two broad conditions can lead a voter to prefer a more extreme candidate.

First, when voters are either linearly sensitive to policy distance or particularly sensitive to outcomes far from their bliss point, they may prefer a candidate with a more concentrated distribution of policies, even if its expected position is slightly further away. In this case, aversion to extreme negative outcomes leads voters to favor certainty over proximity in expectation.

Second, when voters place disproportionately high value on policies close to their bliss point and are relatively indifferent among more distant outcomes, they may prefer a candidate with a more dispersed distribution even if this candidate's expected position is further away, the presence of some probability mass near the voter's ideal point can increase expected utility. Voters with this form of utility function can however, also prefer less uncertain further away distributions, for example if both have expected values relatively close to the peak, but the closer one widely dispersed into regions for which the voter is indifferent.

These results highlight a limitation of standard models that focus solely on expected policy positions. When policy outcomes are uncertain, the shape of the distribution—not just its mean—can be decisive in determining voter preferences.

This model thus explains two potential situations in which differences in uncertainty can explain a more extremist candidate defeating one closer to the median voter, even if both are on the same side of the median voter. In one case a risk averse voter chooses a candidate they on average expect to like less, because they are certain to not govern from a position which the voter finds extremely unpleasant.

The other situation is one which a "risk seeking voter" or perhaps more descriptively one for whom positions close to their preference are valued very highly while they are close to indifferent between positions far from their preference may prefer a candidate farther from their preference whose post election governance is highly uncertain due to the small possibility they will implement policies to which the voter assigns a lot of value and the voters indifference if their preferred policies are not met.

4 Insider-Outsider Model

We can extend this uncertainty based analysis to another model in which voters have preferences not only over political positions, but over the quality of governance. This could be reflected by how well the economy works, how fairly wealth is distributed, perceived levels of social or crime problems or how much advantage members of the elite have over common people.

Consistent poor performance on these measures could lead, like the voter in Dearborn to trying something completely different in the hopes that things might possibly get better. If we wanted to describe this formally imagine voters have a preference over position on a policy spectrum and the quality of governance

$$E[U_j(x_j)] = -|l - x_j| + q \int_0^1 G(j) \tag{7}$$

where l is the voter's bliss point on the ideological spectrum, x_j is the candidate's announced position on the spectrum and $G(j)$ is a probability density function for the quality of governance and q scales the importance of governance relative to ideology. Here for ease of exposition platforms are taken to be known with certainty.

If the establishment politicians have performed poorly this would shift the distribution of G(j) towards 0 for establishment candidates. Now voters might take a nihilist view that that's the best governance can be because the system is corrupt, but it also possible that their assumption instead would be that an outsider, a non-politician for which they have no experience to condition their priors could be very uncertain and thus potentially better than the establishment candidate for which they have an extremely low estimate. This is one potential explanation for voters' aversion to establishment politicians and preference for outsiders, though the exact explanation is unimportant for our next model as we abstract the relationship towards a simpler preference for outsiders over insiders.

To simplify the model we will assume voters assign an expectation to each type of candidate with the value for insiders normalized to 0 and the expectation of governance quality for outsiders as t. While I give one potential justification for a voter to prefer insiders to outsiders based on probability and expectation it is not necessary to specify a cause in order for the model to function. Perhaps insiders are simply seen as corrupt or incompetent. Whatever the reason there is significant empirical support for the claim that voter approval of establishment politicians is low across the democratic world and often sinks even lower in response to catastrophes like the Covid-19 pandemic or the Eurozone crisis.

What allows candidates in my model to sometimes credibly signal that they are outsiders is the cost candidates face for choosing certain platforms. The core idea is that candidates

face social and economic costs for campaigning from an extremist position (job loss, social ostracization) that limit which positions on the spectrum they campaign on. More extreme positions have a larger potential for more severe consequences like losing your job for being a white supremacist. The second important assumption is that political and economic insiders, members of the "elite" in the eyes of voters, face larger consequences for publicly supporting these positions. This could be because they are more likely to own large businesses which could face consumer boycotts, hold higher paying positions they could lose that are costlier to lose or more difficult to replace, or simply face higher social stigma from within their own circle because they have transgressed "elite values".

To simplify the model let us imagine that there is a region of the political spectrum that corresponds to socially permissable views for which no one faces a penalty for expressing. To further simplify we will also assume that instead of greater and lesser costs only insider candidates experience a penalty for declaring a position outside of the permissible range. The candidates do not have preferences over the policies they will enact, but preferences over the public statements which they make while campaigning, because they face different potential consequences to their careers or social lives for making them.

4.1 Model Setup

Two candidates of a type known only to themselves compete to win over a majority of voters. A continuum of voters is uniformly distributed over the interval $[0, 1]$, with the median voter located at $l = 0.5$. As in standard models, the median voter determines the election outcome since all voters have identical utility functions except for their bliss point and identical beliefs about candidates types. Thus, the model can be represented as a three-player game consisting of two candidates and a median voter.

There exists an interval (β, α) of socially acceptable positions where

$$0 < \beta < l < \alpha < 1. \tag{8}$$

Policies outside (β, α) are considered extreme. Candidates who choose a policy outside the socially acceptable interval are considered extremist and, depending on their type, may experience social and economic consequences (loss of employment, boycott of a business, social ostracization etc.) Insider type candidates are members of a countries political and economic elite. This model makes the assumption that the costs for choosing an extremist position are higher for insiders than outsiders. This could be because their employers are more sensitive to reputational risk, they are higher profile and more likely to attract attention for their extreme positions back towards their employer, or the businesses they own are larger

or jobs they hold are higher paid meaning they have more to lose from loss of business or employment and would have a more difficult time replacing those jobs or customers. Another possible additional interpretation is that it is the elite which decides which positions are unacceptable thus these boundaries are more reflective of the morals of the elite themselves and thus members of the elite are more likely to face social consequences for violating those norms whereas the social attitudes of the mass population are more varied and an extremist position as defined by the establishment may be the norm in particular communities or subcultures. For simplicity the cost to outsiders is normalized to zero.

4.2 Candidates

Candidates differ in type. Each candidate i has type $\theta_i \in \{O, I\}$, where O denotes an outsider and I an insider. Types are independently drawn with

$$\Pr(\theta_i = O) = p, \quad \Pr(\theta_i = I) = 1 - p. \tag{9}$$

Candidates choose a platform $x_i \in [0, 1]$.

Outsider candidates face no cost for adopting extreme positions. Insider candidates, however, incur a cost $s > 0$ if they choose a platform outside (β, α). Formally, the payoff of candidate i is:

$$u_i(x_i, \theta_i) = \Pr(W_i|x_i)b - s_i(x_i), \tag{10}$$

where b is the benefit of holding office, $\Pr(W_i|x_i)$ is the probability candidate i wins if they select policy x_i and

$$s_i(x_i) = \begin{cases} 0 & \text{if } x_i \in (\beta, \alpha), \\ s & \text{if } x_i \notin (\beta, \alpha) \text{ and } \theta_i = I, \\ 0 & \text{if } \theta_i = O. \end{cases} \tag{11}$$

4.3 Median Voter

The median voter has preferences over both policy and candidate type. Utility from candidate i is given by:

$$u_v(x_i, \theta_i) = -|l - x_i| + \Pr(\theta_i = O|x_i)t + \epsilon_i, \tag{12}$$

where $t \geq 0$ captures the value the voter places on outsider status, and ϵ_i is an idiosyncratic shock (assumed to be zero for one candidate and random with uniform distribution and mean zero for the other candidate).

The key feature is that the voter can update their prior belief about candidate type

based on their observation of candidate platforms. In particular, platforms outside (β, α) may increase the perceived probability that a candidate is an outsider.

4.4 Timing

1. Candidate types are drawn and privately observed.
2. Candidates simultaneously choose platforms $x_i \in [0, 1]$.
3. The voter observes platforms and updates beliefs about candidate types.
4. The voter observes ϵ and chooses a candidate.

5 Equilibrium Analysis

This section characterizes the equilibria of the model. I proceed in three steps. First, I describe a series of propositions which allow me to analyze the equilibria. Second, I characterize the possible types of equilibria and their conditions. Finally, I summarize the comparative statics. Each step is supported by detailed proofs in the Appendix.

Proposition 1. In equilibrium, candidates only choose among three positions: l, β, and α.

Intuition. The voter's beliefs about candidate type depend only on whether a platform lies inside or outside the interval (β, α). Among positions inside the interval, l maximizes appeal to the median voter and thus probability of the candidate winning. If the optimal strategy for a candidate is to choose outside the interval (β, α), the closest boundary point to l strictly dominates all other points outside of the interval. Thus, no other positions are chosen in equilibrium.

Proposition 2. Insider candidates always choose the median position l in equilibrium.

Intuition. If signaling is credible it may be beneficial for the outsider to select an extreme position to signal their type while insider candidates choose the median position. If the advantage of being an outsider is significant enough, or the costs to the insider small enough it may also be advantageous for the insider to do so. However, this makes picking an extreme platform no longer a meaningful signal, thus instead of both choosing to do so neither will as picking an extreme platform makes you less attractive to voters and if there is so signaling benefit to make up for that both would prefer to choose l.

This is because for parameter values for which an insider might consider choosing β or α, high values of b, low values of k, low values of s and high values of t low values of p choosing a boundary value ceases to be a meaningful signal. Under those conditions $Prob(\theta_i = O)$ is

independent of x_i thus instead of the insider mimicking the outsider, both choose l as neither can increase their probability of being seen as an outsider, but both would suffer from having a platform less appealing to the median voter.

Proposition 3. Outsider candidates only ever adopt an extreme position if $t \geq k$ where k is the distance between l and the closest boundary of the socially acceptable interval.

Intuition. The benefit of signaling outsider status must outweigh the voters dislike of a more extreme platform. If $t < k$, extremism is not electorally advantageous and an outsider candidate is better off not signaling their type at all.

5.1 Key Results

This model can generate both pooling and separating equilibria depending on parameter values. Pooling equilibria are those in which different player types choose the same strategy, separating equilibria are ones in which different player types choose different strategies. Mixed equilibria in which outsider candidates randomize between different boundary points are also possible.

Separating Equilibrium. A separating equilibrium arises when outsider candidates adopt extreme positions while insiders choose moderate positions. This occurs when two conditions hold. First, the benefit of being perceived as an outsider must exceed the ideological cost of extremism, i.e. $t \geq k$, where k is the distance from the median point to the nearest boundary point. Second, the cost of choosing an extreme position for insiders s must be sufficiently large relative to the benefit of holding office b, so that insiders do not mimic outsiders. Interestingly if t is too large this decreases the probability of having a separating equilibrium as this makes it more appealing for an insider to attempt to mimic an outsider.

Pooling Equilibrium. Pooling equilibria arise when these conditions fail. If $t < k$, extremist positions are not electorally advantageous, and both types choose the median position. Similarly, if s is small, or b or t are sufficiently large insiders may be incentivized to mimic outsiders by adopting extreme platforms, making the signal uninformative. In this case as mentioned previously both select the median position instead of an extreme one as the extreme position has lost its value as a costly signal and thus there is no benefit to outweigh the unpopularity of the position.

Multiple Equilibria Depending on the values of (β, α) multiple equilibria in which outsider type candidates pursue some mix of β and α are possible as long as l is equidistant between β and α. These equilibria are interesting because they appear to be theoretically plausible, but empirically incorrect. All the examples of successful politically extremist populist movements in the recent past have been far-right not far-left.

5.2 Comparative Statics

Separating equilibria are only possible when $t \geq k$, however, beyond that point larger values of t make a separating equilibrium less likely as they increase the incentive for an insider to mimic an outsider. The probability of a separating equilibrium also increases with s, as higher signaling costs for insiders make extreme positions more informative. Conversely, higher values of b or p increase the incentive for insiders to mimic outsiders, making pooling equilibria more likely. Boundary points which are further from l also influence the equilibria. First, through the constraint that $t \geq k$ for a separating equilibria to be possible. Second because larger k relative to t assuming the above holds makes the electoral advantage of signaling as an outsider smaller since it requires a more unappealing platform, thus this makes a separating equilibrium more likely since it makes an insider less likely to copy this strategy.

5.3 Multiple or Single Equilibria

This model has an interesting prediction that if the socially permissible range is symmetric around the median voter's preferred policy position, and the median voter has a symmetric utility function around their bliss point extremist candidates should appear on both ends of the political spectrum. However, as mentioned in the introduction, the vast majority of politically extremist governments that have won power in democracies in the 21st century were far-right governments. This suggests a single equilibrium in which insiders pursue the center and extremists signal their outsider status by holding right wing opinions? If we attempt to explain this fact using the assumptions of my model this suggests that the median voter is closer to the right end of the socially permissible region of the spectrum. What does this asymmetry mean practically if we take the assumptions of this model seriously?

Boundaries of the interval of acceptable political positions that are symmetrical around the preferred position of the median voter implies that social and economic penalties for expressing extremist opinions are enforced symmetrically. Being too far left or right of the median voter is equally punished in terms of professional or social consequences. However, at least anecdotally there is often the sense that this is not the case and that are more extreme social and occupational consequences for opinions or statements that would appear equally radical to the median voter on the right than on the left. This anecdotal claim is given it's importance and interest because the recent historical record rejects the presence of multiple equilibria. If we look at all the recent examples of radical populist movements achieving victory in general elections in major democracies they are almost all on the far right not the far left.

If one subscribes to the interpretation that is the "elite" themselves who determine the social and economic punishments for extremist views, this would also imply an alignment between the median voter, or perhaps the mass of the population in general and the upper class, the insiders, who define the interval of acceptable political positions. This symmetry suggests that what is beyond the pale for the median voter is the same as for the elite. My model however, suggests that this is not the case.

While there are other theories that can attempt to explain this phenomena, (rich individuals may be more likely to fund far right movements than far left ones, privately owned media may be more likely to have right wing bias than a left wing bias due to the interests of it's wealthy owners, difficulties with the quick integration of large numbers of immigrants may have shifted the distribution of voters from the left to the right of the spectrum relative to the elites, etc.) it is none the less interesting that my simple model manages to explain a real world phenomena not envisioned when I initially constructed it. Why are far right extremist movements so much more successful than left wing ones? My model offers a neat explanation. That extreme political stances on the right which draw sufficient social and economic consequences to be credible signals of outsider status are much more appealing to the median voter than those far enough left to equally credible signals.

This provides a potential explanation for the observed prevalence of successful far-right populist movements in many contemporary democracies compared of left wing ones. If positions on one side of the spectrum are more likely to incur social or economic penalties, particularly for insiders, then extremist positions on that side may serve as more electorally viable signals of outsider status.

6 Conclusion

This thesis examines two possible explanations for the success of extremist candidates. First, I consider a richer interpretation of voter behaviour than the classical Downs model in which voters consider a full distribution of potential candidate stances post election as opposed to simply accepting their pre-election stance as certain. I highlight two situations in which a voter with a monotonically decreasing utility function would prefer a candidate whose expected position is further from their bliss point over a candidate with a closer expected position. In one a risk averse voter prefers the ideologically more distant candidate due to the greater uncertainty about the closer candidate.

The other situation is one in which neither candidates expected position is appealing to the voter, who has a utility function which strongly prefers policy close to their bliss point, but is almost indifferent between those further away. The further away less certain candidate

could a have greater probability density close to the ideal position (1% chance of helping Gaza) thus making them more appealing even if they are expected to be further away since that difference is trivial.

The second model takes seriously voter dissatisfaction with political elites and examines a model in which candidates may attempt to signal that they are not part of the elite when approval of the elites is sufficiently low. Outsider candidates can use extremist positions that are too socially or economically damaging for members of the elite to espouse to signal their status as outsiders. This analysis shows that extremist platforms can emerge in equilibrium not because voters prefer extreme policies, but because such platforms serve as credible signals of outsider status when trust in political elites is low. This has the interesting conclusion that, in my model, even genuinely centrist outsiders may be incentivized to campaign on extremist positions.

Perhaps the most interesting conclusion regards the presence or in our case absence of multiple equilibria. If the interval of socially permissible political stances was symmetrical around the median voters ideological position we should see extremist politicians arising on the left and the right, however in general since the dawn of the 21st century we have mostly seen the rise of extremist right wing governments. If this model is accurate, this would suggest that social and occupational penalties are applied for political beliefs that are closer to the median voters stance on the right than on the left. This could perhaps suggests a misalignment between the values of the elite political and economic insiders who can enforce occupational penalties and the median of a given population.

7 Use of Generative AI

I used ChatGPT to provide me with a functional form for the utility function of the type 2 extremist voter. After using this tool, I reviewed and edited the content as needed and take full responsibility for the content of my thesis.

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8 Appendix A

8.1 Proof candidates only consider l, β, and α regardless of parameter values

Outsider candidates face no costs and care only about maximizing their probability of victory. They do so by maximizing their score relative to their opponent's score. Since the cost to insider candidates is discrete and only dependent on whether or not they select a position outside of (β, α) the only information which could possibly influence a voter's belief about the identity of candidates is whether $x \in (\beta, \alpha)$ for each candidate. If we hold the strategies of the other candidates fixed then $Prob(\theta_i = O|x_i) = d$ if $x_i \in (\beta, \alpha)$ and $Prob(\theta_i = O|x_i) = w$ if $x_i \notin (\beta, \alpha)$.

Thus, the score of candidate i relative to their opponent is

$$-|l - x_i| + dt - U_{j1} \tag{13}$$

if $x_i \in (\beta, \alpha)$ and

$$-|l - x_i| + w * t - U_{j2} \tag{14}$$

if $x_i \notin (\beta, \alpha)$.

While either equation could be larger than the other depending on other parameters each can easily be maximized individually. Clearly the first equation is maximized when $x_i = l$. The second equation is maximized when x_i is as close to l as possible while still being outside the interval (β, α). Thus, the outsider candidate will only choose between l and either β, or α depending on which is closer to l.

The argument for insiders is similar except they also face a discrete cost for choosing outside the interval (β, α). However this only impacts the choice between selecting a point inside and outside the interval. When choosing within either subset of the total interval they seek to maximize their score in the exact same way and thus only consider the same points.

8.2 Proof that the insider only ever chooses l

For any set of parameters the choice of candidates positions is either informative or uninformative. If the signal is uninformative both types of candidates prefer choosing l giving themselves a score of pt instead of $pt - k$ as there is by definition no possibility of increasing their payoff by attempting to signal. The insider has the additional incentive that they will avoid paying the utility cost s by choosing l.

If the signal is informative this means the best strategy for each type is different or that one type is playing a mixed strategy. First we deal with pure strategies. More specifically it means that one candidate is playing a strategy outside the (β, α) interval and one is playing a strategy inside. Without loss of generality I will assume α is closer to l than β and thus the only strategies candidates could choose are l or α. Say each candidate type is playing their best strategy and those are different. If the insider type chooses α and the outsider type chooses l. Then the score for the insider is $-|l-\alpha|+0*t$ which they could increase to $0+p*t$ by switching to l. They would also reduce the utility penalty s to 0. Thus by contradiction if the two types are playing their best strategies and those are different strategies it must be the outsider type who chose outside the interval.

Similarly if both types play their best strategy and either or both are playing a mixed strategy the weighted average of the insider's strategy must be closer to l otherwise they could improve their payoff by mimicking the strategy of the outsider since they increase the appeal of their platform to the median voter, decrease their utility penalty and send a better signal of their type. Similar to before if the best strategy for both is the same mixed strategy the signal is uninformative and both prefer l.

Since the outsider only cares about their chances of winning they will only pursue a mixed strategy if that increase their chances or leaves them indifferent compared to the best pure strategy. Given the linear form of the score function that only happens if they are indifferent between pursuing either α or l as a pure strategy. If they are indifferent that means their relative score is the same either way. Since they have the same score function as the insider, but the insider also faces a utility penalty for choosing α they cannot both be indifferent at the same time. Thus if the outsider chooses a mixed strategy the insider must choose a pure one and it must be l since if it is α they could increase their payoff by copying the outsiders strategy rendering the signal uninformative and thus again making both playing l superior to both playing the same mixed strategy.

8.3 Proof that outsiders never choose a boundary when $t < k$.

Outsider candidates face no costs and care only about maximizing their probability of victory.

They do so by maximizing their score relative to their opponent's score

$$\max_{x_i}\{-|l-x_i|+Pr(\theta_i=0)t-p(-|l-x_j|+Pr(\theta_i=0)t)-(1-p)(-|l-x_k|+Pr(\theta_i=0)t)\} \quad (15)$$

where x_j is an outsider opponent, x_k is an insider opponent and the probabilities refer to the voter's belief about the probability and are conditional on x_i, x_j, and x_k.

I assume the most favorable possible conditions, namely that candidate i choosing within the interval makes $Prob(\theta_i = O) = 0$ and choosing outside the interval makes $Prob(\theta_i = O) = 1$. Remember insider candidates always choose within the interval. Without loss of generality I assume α is closer to l. I also assume that the other potential outsider is playing their best strategy which is either the same strategy as the insider or a different strategy which has the same impact on the odds of victory.

Thus candidate i chooses whichever is higher between

$$-|l-\alpha|+t-p(-|l-x_j|+Pr(\theta_i=0)t)-(1-p)(-|l-l|) \quad (16)$$

$$-k+t-p(-k+t)=(1+p)(-k+t) \quad (17)$$

if $x_i = \alpha$ and

$$-|l-l|+pt-p(-|l-x_j|+pt)-(1-p)(-|l-l|+p*t) \quad (18)$$

$$p*t-p^2t-(1-p)(pt) \quad (19)$$

$$p*t-p^2t-(1-p)(pt)=0 \quad (20)$$

if $x_i = l$ Thus the outsider only considers signalling they are an outsider when

$$(1+p)(-k+t) \geq 0 \tag{21}$$

$$t \geq k \tag{22}$$

8.4 Proof of the existence of a cutoff point between splitting and pooling equilibria

The insider candidate's utility function is

$$u_i(x_i = z, \theta_i = I) = Prob(W_i|x_i = z)b - s_i(z) \tag{23}$$

and they choose between l and α. Remember that insider candidates always end up choosing l, however if the parameters are such that the insider prefers to play α if they expect the outsider to play α than both will choose l. They assume other insiders will play the same as them unless they themselves are indifferent between α and l. If the insider prefers to play l when the outsider plays α and $t > k$ then they will form a splitting equilibrium.

If all the insider's switch to α their relative scores to each other remain the same. As long as $t > k$ the insider can increase their relative score with the outsiders by $(t-k)$ by lowering the appeal of their policy by k increasing their probability of being an outsider from 0 to p and lowering the outsider's from 1 to p. Since they only gain a benefit in increased winning probability when facing an outsider, but pay the utility cost s no matter who they face a higher p makes a splitting equilibrium more likely.

Utility function of an insider candidate i when everyone chooses α

$$u_i(x_i = \alpha, \theta_i = I) = [(1-p)Prob(W_i|x_i = \alpha, \theta_j = I) + (p)(Prob(W_i|x_i = \alpha, \theta_j = O)]b - s_i(\alpha). \tag{24}$$

Utility function of an insider candidate i when outsiders chooses α and insiders choose l

$$u_i(x_i = l, \theta_i = I) = [(1-p)Prob(W_i|x_i = l, \theta_j = I) + (p)(Prob(W_i|x_i = l, \theta_j = O)]b - s_i(l). \tag{25}$$

If

$$u_i(\alpha, I) - u_i(l, I) > 0 \tag{26}$$

they will both choose l. If less than 0 the types will split. Their probability of winning against another insider is 0.5 in both cases since they play the same strategy so we can subtract these. Likewise, when they play the same strategy as the outsider their probabilities of

winning are also 0.5

$$u_i(\alpha, I) - u_i(l, I) = (p)(0.5)b - s - [(p)(Prob(W_i|x_i = l, \theta_j = O)b] \tag{27}$$

When the above is equal to zero is the cutoff point.

$$(p)(0.5)b - s - [(p)(Prob(W_i|x_i = l, \theta_j = O)b] = 0 \tag{28}$$

$$(0.5) - [(Prob(W_i|x_i = l, \theta_j = O)] = \frac{s}{bp} \tag{29}$$

What do we know about

$$[(Prob(W_i|x_i = l, \theta_j = O)] \tag{30}$$

We can easily compute the relative scores.

$$u_v(l, \theta_i = I) - u_v(\alpha, \theta_i = O) = -|l - l| + t * 0 - [-|l - \alpha] + t * 1] \tag{31}$$

$$u_v(l, \theta_i = I) - u_v(\alpha, \theta_i = O) = t - k \tag{32}$$

The exact value of the probability depends on the distribution of the error however we can see that the probability of player 1 winning is increasing in k and decreasing in t as we should expect, thus we can summarize it with the equation $f(t, k$ where $f_t > 0$ and $f_k < 0$ and $f(t, k)$ is less than 0.5 when $t - k > 0$.

$$(0.5) - f(t, k) = \frac{s}{bp} \tag{33}$$

Thus, a cutoff point exists. When the left hand side is greater they both choose l and when the right hand side is greater insiders choose l and outsiders choose α.