We deal with…

... (delayed) “spillovers” of identity politics between countries.

- Perceptible right-wing shift in (European) politics.
  - Increasing vote share for right-wing populists.
  - Increasing diffusion of right-wing attitudes (e.g., illiberalism).
  - Increasing importance of “race” (USA) or “ethnicity” (Europe) for platforms.

- Differences between states regarding strength and timing.
- At the same time: strong emphasis on “new” identities.
- Greater attention for formerly-ignored identity groups → (delayed) reinforcement of minority rights in different countries.

Identity & Policy Diffusion

- Generally: Policy diffuses through learning, competition, coercion or emulation.
- Parties adopt foreign strategies due to different incentives.
- Usually: Parties discover (discover) successful strategies and impose the latter to their voters (supply side).
- Observing foreign voters reduces information asymmetries.
- Here, successful diffusion requires similar preferences of voters but imperfect information for parties.
- What about the demand side?: Even the most promising strategies are ineffective if they are opposed by the “political attitudes” of the political system.
- Usually: Parties adopt (dis)cover successful strategies and impose the latter to their voters (supply side).

Policy Diffusion: Our Approach

- Diffusion: Adoption of similar strategies due to uniform changes in the electorate (demand side approach).
- Voters change their “tastes” due to changes in foreign policies.
- Foreign politics function as benchmark for evaluating one’s own behavior.
- The larger the degree of identity politics abroad, the larger is the socially-accepted degree of domestic identity politics.
- Voters do not change their preferences regarding identity politics but they update their expectations of the social acceptance of their preferences.
- Diffusion as a kind of yardstick competition.
- Common two-dimensional voting model: Voters have preferences regarding fiscal and identity politics.
- Approach consists of linked models of (i) voting, (ii) group formation, and (iii) recategorization.
- Perfect information for parties (i.e., the latter know the electorate’s composition).
- Preferred degree of identity politics depends on voters’ identity.

Model: Outline/Assumptions

- Two classes (Rich-Poor) and two (opposed) identities (\( \mathcal{N} \) and \( \mathcal{L} \)).
- Same-size classes, with same share \( \mu \) of identity \( \mathcal{N} \); \( \bar{z} \) is the extent of economic polarization.
- Two domestic class-based parties compete for votes from the electorate by proposing a platform \( \{\ell, u\} \).
- Domestic politics: Tax rate \( (t, u \in [0,1]) \) and government’s “attitude” to identity \( \Delta (u, a_t) \geq 0 \).
- Foreign politics: \( a_F \geq 0 \); government’s “attitude” to identity \( \bar{z} \).
- \( a_F \) acts as a benchmark for domestic citizens to identify their optimal domestic identity politics:

\[
\bar{a} = \frac{\bar{z} - z(m, a_F)}{\bar{z} - a_F} \quad m \in (m, \bar{m})
\]

with \( m = 1 + (1 - \mu) \cdot \bar{z} \) and \( \xi = 0 \) if no group is formed. \( m \) and \( \bar{m} \) depend on \( W(\cdot), G(\cdot) \) and \( (\bar{z} - a_F) \).

Result 1: Optimal Party Strategies

The game is log supermodular \( \rightarrow \) an unique symmetric Nash Equilibrium exit.
- Both parties have the same optimal identity politics

\[
\bar{a} = \frac{\bar{z} - z(m, a_F)}{\bar{z} - a_F} \quad m \in (m, \bar{m})
\]

Result 2: Group Formation

- Utility from membership depends on the political consequences (i.e., whether the group affect politics).
- Domestic policy is affected for \( m > m \).
- Formation is beneficial for \( m > m \) \( \mu \) \( m \) \( m \) \( m \) \( m \).
- Influential groups are formed for smaller shares of \( \mathcal{N} \) but also groups without political influence may be formed.

Result 3: Recategorization

- Acquisition of a (new) identity \( \mathcal{N} \) depends on its fitness \( \Delta(m, a_F) \) and “learning” its benefits.
- Approaches to learning: Individual (costly \( a \) and noisy optimization) or Social (free emulation of another society member).
- Noise: Idiosyncratic shock with distribution function \( K(\cdot) \) in favor of \( \mathcal{N} \).
- Steady state for share of identity \( \mathcal{N} \):, \( \mu_L = K(\Delta) \).
- Share of social learners in society is

\[
\mu = \begin{cases} 
1 & \text{if } \kappa \leq (\mu_L - \mu) \\
\frac{1}{\kappa} & \text{if } (\mu_L - \mu) < \kappa \\
1 & \text{if } (\mu_L - \mu) = \kappa
\end{cases}
\]

(3)

- No individual learning for \( |\mu_L - \mu| > 0 \) for \( \kappa > 0 \), i.e., society’s composition is preserved before \( \mu_L \) is reached.
- The stable equilibrium for the share of \( \mathcal{N} \) in society is

\[
\mu_L = \mu_L - \bar{z}/\kappa
\]

(4)

whereas, for \( \kappa > 0 \),

\[
\mu_L < \mu_L \quad \text{if } \Delta > 0
\]

\[
\mu_L > \mu_L \quad \text{if } \Delta < 0
\]

hold true and, hence, the steady state \( \mu_L \) is neither reached nor approached for \( \kappa > 0 \).
- Actual stable share of \( \mathcal{N} \) in society can be larger than \( \mu_L \), as well as smaller than \( \mu_L \), depending on the identity’s fitness.

Conclusions/Takeaways

- New mechanism for transnational diffusion of identity politics.
- Domestic voters rely on foreign identity politics in order to determine their own identity-related behavior.
- Diffusion as the result of independent adaptation to uniform changes in voters’ “tastes” (demand side).
- For small costs of group formation, groups can form solely due to utility from camaraderie and without influence on politics.
- Non-influential groups still increase the utility from membership and thus increases the incentives for recategorization.
- Shocks in one country can result in circles of mutually reinforcing identity politics in all countries.
- Culture can restrain the incentives for recategorization but also increases the irreversibility of shocks.

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