When Salience Undermines Representation: Democratic Dilemmas in Security and Counterterrorism Policy

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Abstract

Congruence between the policies implemented by elected representatives and citizens' policy preferences is fundamental to representation and democratic accountability. Can we anticipate a closer alignment between voters' policy preferences and the policies explicitly adopted by elected representatives on the more electorally significant issues? We address this question by examining security policy in the context of terrorism prevention. Through a game theoretic analysis, we demonstrate that greater salience of terrorism prevention in elections leads to more disproportionate and less aligned security policies implemented by elected representatives compared to citizens' policy preferences. This finding carries significant implications for understanding the democratic foundations of security and counterterrorism policies and has broader relevance for studying the connection between electoral salience and representation.

Keywords: Salience; Congruence; Elections; Counterterrorism; Valence Issues

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The essence of representation lies at the core of normative democratic theory. Effective representation necessitates a strong connection between citizens' preferences and the policies adopted by elected representatives (Blaise and Bodet, 2006; Golder and Stramski, 2010; Powell, 2009, 2013). However, given that voters typically focus on only a select few salient issues during elections, prioritizing candidates' positions on these matters during evaluations, assessing democratic representation with equal weight across all issues may be misleading. Consequently, a notable discrepancy between citizens' preferences and public policies concerning issues of marginal concern to voters may not necessarily undermine the quality of representation. Conversely, as Kayser (2014, p. 113) suggests, "if elected officials are not systematically punished and/or rewarded for the most consistently salient issue that concerns voters, then a worrisome amount of leeway seems to exist for representatives to neglect the voters' interest with impunity." Should we expect an increasing alignment between enacted policies and citizens' preferences as the salience of a particular issue rises? Our paper demonstrates that this is not necessarily the case: when an issue becomes more electorally salient, the congruence between citizens' policy preferences and enacted policies decreases.

We present this result within the context of a policy domain that has prominently featured in political discourse over the past decade: the struggle against terrorism and the consequential balance between security and civil liberties in formulating security policies. Representation assumes heightened significance within this domain, given that numerous security policies implemented following terrorist incidents have necessitated trade-offs between civil liberties and enhanced counterterrorism powers aimed at bolstering security. These trade-offs have often been rationalized as responses to citizens' demands for heightened security measures in the face of terrorism threats. While concerns have been voiced regarding expanding counterterrorism powers at the expense of civil liberties, grounded in moral and practical considerations, proponents of such measures have cited their democratic legitimacy as a supporting argument. Security crises such as the 9/11 attacks have elevated terrorism prevention into a politically salient issue, so the argument goes, prompting citizens to

accord substantial attention to executive performance in this regard when making voting decisions. Consequently, the high electoral salience of counterterrorism policy and the potential electoral repercussions for officials who fail in terrorism prevention are presumed to act as a deterrent, preventing overreach into civil liberties and individual rights beyond the threshold acceptable to citizens.

In this paper, we develop a formal model to investigate whether there is greater alignment between the policy preferences of citizens and the counterterrorism policies enacted by elected representatives when terrorism prevention becomes a more prominent electoral issue. In our framework, citizens and elected representatives have identical benefits and costs in enacting counterterrorism policies, implying that representatives lack partisan bias or personal policy agendas and differ from citizens solely due to their incentive for reelection. Because of these incentives to stay in office, elected representatives are not perfect agents of the citizens; there exists some divergence in preferences between the security policy citizens ideally desire and what elected representatives implement. The primary question at hand is whether such divergence decreases when the issue of terrorism prevention gains more electoral salience, prompting citizens to place greater emphasis on the performance of elected representatives regarding security considerations when casting their votes.

Our analysis shows that this divergence *increases* when terrorism prevention becomes more prominent on the electoral agenda of citizens, suggesting that electoral salience undermines representation.[1] The more citizens focus on terrorism prevention relative to other electoral issues in their reelection considerations, the greater the disparity between enacted counterterrorism policies and the electorate's preferences. The primary driver behind this outcome lies in how increased electoral salience of performance on terrorism prevention affects the reelection incentive of elected representatives. By implementing more aggressive counterterrorism policies than what citizens would ideally prefer, elected officials can prevent

[1]Generally, security inevitably becomes a more salient electoral issue in the aftermath of terrorist attacks. For instance, this was evident following the Paris attacks of November 13, 2015. See "Paris and the Presidential Election" by Thomas B. Edsall, New York Times, November 25, 2015.

new terrorist attacks more frequently, thereby appearing competent to the electorate and enhancing their chances of reelection. The greater importance citizens place on security, the more willing elected officials become to pursue more aggressive counterterrorism policies to enhance security and, consequently, their electoral prospects, even when both elected officials and citizens bear the same costs from enacting those security policies.

The paper contributes to a broader understanding of how increased electoral salience affects policy congruence between citizens and elected representatives. Scholars have consistently emphasized the importance of issue salience in politics, seeking to comprehend the factors influencing the prominence of specific political topics and the impacts of salience on political attitudes, behaviors, and policy outcomes (Bélanger and Meguid 2008; Dalton 2017; De Sio and Weber 2014; Wlezien 2005; Klüver and Spoon 2016; Costello, Toshkov, Bos and Krouwel 2021 Neundorf and Adams 2018). Additionally, scholars have examined the effects of various electoral rules on the quality of democratic representation (e.g., Blais and Bodet 2006; Golder and Stramski 2010; Powell 2009; Powell 2013). Our framework allows us to explore the impact of electoral salience on the efficacy of representation, specifically in the context of policy issues where citizens place significant emphasis on the competence and performance of elected officials during their tenure. Scholars have labeled such issues as valence issues, which typically do not engender substantial disagreement among individuals or groups, as they are perceived as inherently desirable or undesirable (Stokes 1963; Green 2007; Green and Jennings 2017; Clarke 2009; Sanders, Clarke, Stewart and Whiteley 2011).[2] We demonstrate that when such issues become more electorally salient, there may, in fact, be less congruence between the preferences of citizens and the policies enacted by their representatives, which is detrimental to democratic accountability and representation.

The article also contributes to the literature on counterterrorism policy and terrorism prevention. Existing scholarship has addressed several critical questions about terrorism and counterterrorism, including how to structure liberal democratic governments to face

[2]Examples of valence issues include concepts such as economic prosperity and national security.

security crises (Ackerman 2004; Dyzenhaus 2006; Ferejohn and Pasquino 2004; Gross and Ní Aoláin 2006; Manin 2008; Scheppele 2004), optimal (or suboptimal) counterterrorism provision (Bueno de Mesquita 2007; Di Lonardo 2019; Di Lonardo and Dragu 2021; Dragu 2017; Gibilisco 2023; Bueno de Mesquita and Dickson 2007; Bueno de Mesquita 2005; Powell 2007; Gibilisco 2021), the dynamics of terrorism recruitment (Bueno de Mesquita 2005; Sandler and Siqueira 2006), and the relationship between democracy and terrorism (Wilkinson 2011; Art and Richardson 2007), among other topics. We contribute to this literature by showing that if terrorism prevention becomes more electorally prominent in voter evaluations, such heightened salience induces elected officials to implement a less congruent security policy. This finding implies that the public's calls for heightened security do not translate into counterterrorism policies aligned with citizens' preferences. This raises doubts about the democratic legitimacy often cited to justify implementing aggressive counterterrorism measures following terror crises.

Our work builds upon canonical models of electoral accountability to show this novel substantive finding regarding how electoral salience can undermine representation. Several models in this literature highlight a distortion in policymaking due to the politician's incentive to signal her type—either high competence or congruence in policy preferences (Canes-Wrone, Herron and Shotts 2001; Fox and Shotts 2009; Fox and Stephenson 2011, 2014; Maskin and Tirole 2004). In our model, any signaling concern is absent; the policymaker's and the electorate's preferences differ only in the former's desire to be reelected, and the elected representative does not possess superior information about the state of the world. This feature aligns our framework with the literature on career concerns, where the politician lacks knowledge of her ability level (Ashworth and Bueno de Mesquita 2014).

The Model

We consider a model with four players: an incumbent politician, which we label President (P), a challenger (C), a security agency in charge of terrorism prevention (A), and a representative citizen (V).

There are two periods, $t \in \{1, 2\}$. In each period, the President chooses the level of restrictions on the security agency's discretionary powers to fight terrorism, $p_t \in \mathbb{R}_+$. The President cares about terrorist prevention and the social costs of relaxing restrictions on the agency's discretionary powers. A function $\kappa(p)$ measures the social costs of granting the agency counterterrorism powers p, and $\kappa(p)$ is increasing and strictly convex in p (i.e $\kappa'(p) > 0$ and $\kappa''(p) > 0$). For simplicity of exposition, we assume that $\kappa(p) = \frac{1}{2}p^2$.[3] The President also cares about re-election and receives an additional payoff $B \in \mathbb{R}_+$ if she is reelected. If the President is not reelected, she receives a payoff of 0.

In each period, the security agency chooses a level of effort $e_t \in [0, \overline{e}]$ to prevent a potential terrorist attack. The agency incurs a cost $c_A(e, p)$ that depends both on the level of effort exerted in countering terrorism, e, and on the level of restrictions on agency powers, p. The agency's cost, $c_A(e, p)$, is increasing in the level of effort, e, (i.e $\frac{\partial c_A(e,p)}{\partial e} > 0$) and is strictly convex in e (i.e $\frac{\partial^2 c_A(e,p)}{\partial e^2} > 0$).

The restrictions on the security agency's discretionary powers impact how it conducts its activities to thwart a terrorist attack. For example, these restrictions can limit the agency's ability to collect useful information to identify potential suspects and learn more about their plans. Enforcing stricter protection of individual privacy by limiting the interceptions of communication, the collection of phone records, the monitoring of constitutionally protected speech, and so on affect the level of resources the agency needs to use to acquire the information needed to protect citizens from the threat posed by terrorists. On the contrary, relaxing the privacy protections allows the security agency to gain access to and collect more

[3]This simplification doesn't affect our main results. We relax this and several other functional form assumptions made for simplicity in Appendix B.

useful information by committing the same amount of resources. To formalize these ideas, let the level of restrictions on agency powers, p, affect the agency's marginal cost of exerting effort for terrorism prevention. Specifically, the marginal cost of effort is decreasing in p (i.e. $\frac{\partial^2 c_A(e,p)}{\partial e \partial p} < 0$). For simplicity of exposition, we assume that $c_A(e,p) = \frac{c(e)}{p}$, with $c'(e) > 0$ and $c''(e) > 0$.[4]

Terrorism occurrence is a binary variable, $T \in \{0,1\}$, where $T = 1$ denotes a successful terrorist attack and $T = 0$ denotes no terrorist attack. Let $u_t(T)$ denote the payoff received by the President, the Agency, and the Voter in period t if the outcome is $T \in \{0,1\}$, and $b \equiv u_t(0) - u_t(1) > 0$ denote the utility difference between no terrorist attack and a terrorist attack. All players prefer preventing a terrorist attack and have the same preference for the benefits of terrorism prevention. The probability of a (successful) terrorist attack is given by a function $\pi(\theta_I, e)$, which depends on the agency's level of effort in preventing a terrorist attack (i.e., e) and on the incumbent's ability to provide security from terrorism (i.e. θ_I, where $I \in \{P, C\}$). All else equal, a higher level of effort reduces the probability of a terrorist attack (i.e., $\frac{\partial \pi(\theta_I,e)}{\partial e} < 0$).[5]

The incumbent's ability to provide security, θ_I, also affects the probability of a terrorist attack. In this context, one can think of the incumbent's ability, among other things, as her managerial ability to set the general direction and tone of the federal bureaucracy in charge of terrorism prevention. Presidential management is essential in a policy domain such as counterterrorism, in which numerous government agencies work on programs related to counterterrorism, homeland security, and intelligence. For example, the intelligence community comprises many agencies performing functions that often force them to compete with each other, severely complicating their inclination to coordinate their counterterrorism

[4] Additionally, we assume standard Inada conditions, namely that $c'(0) = 0$ and that $\lim_{e \to \overline{e}} c'(e) = +\infty$.

[5] Our results would remain unchanged if we considered a model without the security agency and assumed that an increase in the measures chosen by the incumbent politician, denoted as p, directly affected the probability of a terrorist attack. We incorporate the security agency as a strategic actor to offer a straightforward and realistic microfoundation for the connection between the President's choices and a reduced probability of a terrorist attack. This inclusion is particularly pertinent as much of the substantive discussion about counterterrorism revolves around expanding the powers of security agencies in the aftermath of crises.

efforts. Then, the President's managerial competence in organizing, structuring, and coordinating the various agencies in charge of terrorism prevention is an essential facet of policy success.

There is symmetric uncertainty about President's ability, which is drawn for each elected representative from the set $\Theta = \{\underline{\theta}, \overline{\theta}\}$, with $0 < \underline{\theta} < \overline{\theta} < 1$. The President and the Voter know that the probability that the elected representative's ability is equal to $\overline{\theta}$ is given by $Pr(\theta_i = \overline{\theta}) = \gamma$, and hence the expected level of ability is given by $\mathbb{E}[\theta] = \gamma\overline{\theta} + (1-\gamma)\underline{\theta} = \hat{\theta}$.[6] To simplify the exposition of the results, we assume that $\pi(\theta_i, e) = \theta_i - e$, and impose $\overline{e} = \underline{\theta}$.[7] This implies that if $\theta_P = \overline{\theta}$, the President is *less* competent than expected, and thus the probability of a successful attack is higher than average; if $\theta_P = \underline{\theta}$, the President is *more* competent than expected and thus the probability of a terrorist attack is lower than average.

Finally, if the incumbent President is reelected, she will receive, in the second period, a policy payoff given by the cost of curtailing civil liberties and the outcome of the fight against terrorism (i.e., the occurrence or absence of a terrorist attack). For simplicity, call this policy payoff V_P^2 and call $r = B + V_P^2 > 0$ the cumulative benefit of holding office (the benefit of reelection plus second-period policy payoff), on which we focus for the remainder of the paper.[8]

In summary, the agency's per-period expected payoff is given by the following function:

$$\mathbb{E}[U_A(e_t, p_t)] = (1 - \mathbb{E}[\pi(\theta_I, e_t)])u(0) + \mathbb{E}[\pi(\theta_I, e_t)]u(1) - c(e_t, p_t),$$

[6] A variety of models in the literature on electoral accountability assume symmetric uncertainty, as illustrated by Ashworth, Bueno de Mesquita and Friedenberg (2015) and Persson and Tabellini (2002). This assumption ensures that no signaling occurs, which is important to show that our main result, increased electoral salience undermining policy congruence, is not attributable to signaling considerations.

[7] The constraint that $\overline{e} = \underline{\theta}$ has a straightforward and realistic rationale: the minimum probability of a terrorist attack occurs when the President is competent and the agency exerts maximum effort. Conversely, if the President lacks competence, even an exceptionally hard-working agency cannot decrease the probability of a terrorist attack beyond a certain limit (i.e., $\overline{\theta} - \overline{e} > 0$).

[8] Notice that the second-period choice for the President, should she be reelected, is not influenced by her first-period choice.

which can then be rewritten as

$$\mathbb{E}[U_A(e_t, p_t)] = u(0) - \mathbb{E}[\pi(\theta_I, e_t))]b - \frac{c(e_t)}{p_t} = u(0) - (\hat{\theta_I} - e_t)b - \frac{c(e_t)}{p_t}. \tag{1}$$

The President's expected payoff is as follows:

$$\mathbb{E}[U_P(e_1, p_1)] = (1 - \mathbb{E}[\pi(\theta_P, e_1)])(u(0) + v(0)r) + \mathbb{E}[\pi(\theta_P, e_1)][u(1) + v(1)r] - \kappa(p_1)$$

which, after simplifying, becomes,

$$\mathbb{E}[U_P(e_1, p_1)] = u(0)+v(0)r-\mathbb{E}[\pi(\theta_P, e_1)](b+\Delta r)-\kappa(p_1) = u(0)+v(0)r-(\hat{\theta_I}-e_1)(b+\Delta r)-\frac{1}{2}p_1^2, \tag{2}$$

where $v(j)$ is the reelection probability given the realization of $T = j$, with $j \in \{0, 1\}$, and $\Delta \equiv (v(0) - v(1))$ is the difference between the reelection probability if $T = 0$ and the reelection probability if $T = 1$.

Given the President's choice of p_1 and the security agency's choice of e_1, the representative citizen V observes whether or not a terrorist attack occurs and makes a binary decision whether to reelect the incumbent President or to elect the Challenger, which is randomly drawn from the same pool of candidates as the incumbent President. As such, the expected level of ability of the Challenger is $\mathbb{E}[\theta_C] = \hat{\theta}$. Along with deriving utility from terrorism prevention, the representative citizen cares about the performance on other policy issues, which we capture through the variable w_i for $i \in \{P, C\}$. The parameters w_C and w_P are the realizations of independent draws from a random variable W. Since the incumbent President might not know the identity of the Challenger she will face, we assume the incumbent President cannot observe w_C before choosing the level of restrictions on the agency's powers, p. The difference $w_P - w_C$ is itself a random variable, distributed according to a strictly increasing CDF that we denote by F, with density function f. Lastly, to capture the salience that voters attach to the issue of terrorism prevention relative to other policy consideration,

we weigh the payoff related to terrorism prevention by a parameter $\psi \in (0,1)$, while we weight the benefit from other policy considerations by $(1-\psi)$.[9]

The representative citizen's per-period utility function is as follows:

$$\mathbb{E}[U_V(e_t, p_t)] = \psi\Big[(1 - \mathbb{E}[\pi(\theta_i, e_t))u(0) + \mathbb{E}[\pi(\theta_i, e_t)u(1) - \kappa(p_t)\Big] + (1-\psi)w_i,$$

which can be rewritten as

$$\mathbb{E}[U_V(e_t, p_t)] = \psi\Big[u(0) - (\hat{\theta}_i - e_t)b - \frac{1}{2}p_t^2\Big] + (1-\psi)w_i, \tag{3}$$

where i denotes the identity of the President holding office in that period.[10] Note that the representative citizen and the President have the same preference for the benefits and the costs of terrorism prevention, $u(0) - (\hat{\theta}_P - e)b - \frac{1}{2}p^2$. The only difference between the President and the representative citizen comes entirely from the desire of the President to be reelected to office, the reelection benefit in the President's payoff.[11] Therefore, there is no ex-ante asymmetry of preferences between elected representatives and the citizenry regarding the public good, terrorism prevention. This allows us to investigate the effect of electoral incentives on the formulation of counterterrorism policy from a majoritarian perspective and whether or not democratic responsiveness increases when performing well in terms of terrorism prevention becomes more critical to secure reelection.

After the electoral decision of the representative citizen, the (second-period) President chooses a new level of discretionary counterterrorism powers, which we denote by p_2, the

[9] In the Appendix, we provide an extension in which w_P is known to the incumbent President and demonstrate that the results remain unchanged. Notice that whether or not the representative citizen knows w_C when he casts a ballot for the incumbent or Challenger does not affect the results.

[10] It's worth noting that we are treating both terrorism prevention and the protection of civil liberties as part of the broader issue of combating terrorism. Therefore, we are weighting the entire expected payoff derived from terrorism prevention and infringement on liberties, $u(0) - \pi(\theta_i, e)b - \frac{1}{2}p^2$, by the salience parameter ψ. However, if we were to apply ψ only to the payoff directly related to the prevention of terrorist attacks (i.e., $u(0) - \pi(\theta_i, e)b$), the results presented below would remain unaffected.

[11] In our model, we can think of the President as a Madisonian representative. James Madison argues in Federalist 57 that an ideal representative cares about the public good but also remains responsive to electoral concerns (for a discussion on Madison's view on representation, see Rehfeld (2005)).

security agency chooses a new level of effort into terrorism prevention, denoted by e_2, and then the game ends with the occurrence or the absence of a terrorist attack.

To summarize, the timing of the game follows.

Period One

1. Nature draws the President's and the Challenger's abilities, θ_P and θ_C, respectively.
2. The (incumbent) President chooses a level of restrictions on agency powers, p_1.
3. The agency observes the President's choice and then chooses a level of effort, e_1.
4. A terrorist attack happens with probability $\pi(\theta_P, e_1)$.
5. The representative citizen observes whether or not a terrorist attack occurs and then decides whether to reelect the incumbent President or to elect the Challenger instead.

Period Two

1. The (new) Incumbent President I chooses a level of restrictions on agency powers, p_2.
2. The agency observes the President's choice and then chooses a level of effort, e_2.
3. A terrorist attack happens with probability $\pi(\theta_I, e_2)$.
4. Utilities are realized, and the game ends.

To show our main result that increased electoral salience leads to less congruence between the voter's preferences and the policy implemented by elected representatives, our analysis proceeds as follows. First, we analyze the benchmark case to establish what would be the representative citizen preferred level of restrictions on the powers granted to the security agency.[12] Then, we analyze the strategic interaction between the representative citizen, the President, and the security agency to derive the preferred level of agency powers chosen by

[12]In this benchmark model, we solve for the Subgame Perfect Nash Equilibria of the game since there is no uncertainty.

the President. In the model with the President, we solve for the Perfect Bayesian Equilibria of the game. Finally, we analyze how an increased in the electoral salience of terrorism prevention affects the congruence between the citizen's and the President's preferred policy choices.

A Benchmark: The Voter's Preferred Policy

We solve the interaction between the agency and the representative citizen by backward induction, which is identical in each of the two periods. Therefore, for convenience we omit the subscripts to refer to $t \in \{1, 2\}$. For any given level of p, the agency's optimal action is the solution to the following first order condition:

$$b - \frac{c'(e)}{p} = 0. \tag{4}$$

The optimization problem is strictly concave in e and thus there is a unique optimal e for any given level of p.[13] Also, we can analyze how the optimal level of effort, $e^*(p, b)$ is affected by changes in the level of restrictions on agency powers, p and in the benefit of preventing a terrorism attack, b.

As expression (4) is continuous in p, the agency's best response function is continuous, and we can apply the Implicit Function Theorem to (4) to find the slope

$$\frac{de}{dp} = -\frac{\frac{c'(e)}{p^2}}{-\frac{c''(e)}{p}} = \frac{c'(e)}{pc''(e)} > 0.$$

Because the cost of effort is increasing and convex, the above expression is strictly positive, which implies that the agency's best response function $e(p)$ is strictly increasing in p. The result is intuitive: when there are fewer restrictions on the agency powers, the cost the agency incurs from exerting an additional unit of effort is now lower. Given that the additional

[13] The second derivative is $-\frac{c''(e)}{p} < 0$.

discretionary powers reduce the cost the agency has to sustain, the agency can step up its level of effort, so as to improve security from terrorism. This implies that granting a security agency additional discretionary powers will increase citizens' security from terrorism by incentivizing the agency to exert additional effort, given that this effort now comes at a lower cost.

We can also analyze how the agency's optimal level of effort varies with changes in the benefit of preventing a terrorist attack, b. Because expression (4) is continuous in b, the agency's best response function is continuous and we can apply the Implicit Function Theorem to (4) in order to find the slope

$$\frac{de}{db} = -\frac{1}{-\frac{c''(e)}{p}} = \frac{p}{c''(e)} > 0.$$

An increase in b leads the agency to exert a higher level of effort. Intuitively, if the stakes of terrorism prevention are higher, the agency responds by intensifying its antiterrorism effort in order to avoid the occurrence of new terror attacks. Summarizing the insights described above, we have the following result:

Proposition 1 *The agency's optimal level of effort in each period is the solution to* (4)*. The agency's optimal effort* $e^*(p, b)$ *is increasing and concave in* p *and is increasing in* b*.*

Given the agency's optimal response $e^*(p, b)$, let us now analyze the level of agency powers that is optimal from the perspective of the representative citizen. The citizen maximizes the following expected utility:

$$\mathbb{E}[U_V(e, p)] = u(0) - (\hat{\theta} - e^*(p, b))b - \frac{1}{2}p^2$$

The citizen's optimal level of p, denoted by p_V^*, satisfies the following first order condition:

$$b\frac{de}{dp} - p = 0 \tag{5}$$

The optimization problem is strictly concave in p, and thus there is a unique optimal level of p from the citizen's standpoint.[14]

We can think of p_V^* as the representative citizen's preferred level of counterterrorism powers, in that it would be the limit a representative citizens, put in the exact same position as the President and with her same expected competence, would pose on the discretionary powers to grant to security agencies. That is, p_V^* captures the point at which the citizen would strike the balance between security and liberties. While more powers would induce the agency to exert more effort to counter the terrorist threat, the use of those powers would almost inevitably generate a curtailment of civil liberties and individual rights that are valuable to the citizen.

Because the agency has a unique optimal level of effort, e^*, for every level of restrictions on agency powers p, and because the representative citizen has a unique optimal level of counterterrorism powers, p_V^*, we have the following result:

Proposition 2 *The game between the agency and the representative citizen has a (unique) Subgame Perfect Nash Equilibrium in pure strategies, where in each period the strategy of the agency solves* (4) *and the strategy of the representative citizen solves* (5)*.*

In the next section we analyze to the interaction between the representative citizen, the President, and the security agency.

The Elected Representative's Preferred Policy

Given this benchmark case, we next analyze the case in which the President makes the choice regarding the level of counterterrorism powers p, while the representative citizen decides whether or not to reelect the President. We want to derive the President's optimal level of counterterrorism powers when providing security from terrorism is not only a valuable good in and of itself, but it has an impact on the electoral prospects on the President. That is,

[14]The second derivative is $b\frac{d^2e}{dp^2} - 1 < 0$.

we are interested in assessing how the electoral incentives generated by the importance of terrorism prevention in the eyes of the citizens affect the President's provision of discretionary counterterrorism powers to security agencies.

First, recall that in order to isolate the effect of electoral incentives on the provision of discretionary powers we have assumed that the only difference in incentives between elected representatives and citizens is the desire of the former to be in office. As such, with no accountability mechanism in place, in the second period the politician in office (either the incumbent President or the challenger) will choose a level of restriction on discretionary counterterrorism powers that is exactly identical to the one that the representative citizen would choose. That is, in the absence of electoral incentives, the representative citizen's preferences and the politicians' preferences are perfectly aligned. Additionally, notice that, if she was to be reelected, the incumbent President's choice of p in the second period does not depend on the citizen's or the incumbent's posterior beliefs on the incumbent's ability, and therefore the incumbent's choice of p_2 will be identical to the challenger's choice of p_2.

Moving backwards to the first period, let us analyze the election stage. Recall that the representative citizen's per-period expected utility is

$$\mathbb{E}[U_V(e_t, p_t)] = \psi\Big[u(0) - (\hat{\theta}_i - e_t)b - \frac{1}{2}p_t^2\Big] + (1-\psi)w_i,$$

where w_i represents the citizen's utility from a candidate i's performance on policy issues other than terrorism prevention, with $i \in \{P, C\}$. At the election stage, the representative citizen chooses between the incumbent President (P) and the challenger (C).

The representative citizen is prospectively rational, and will choose the candidate who will provide him a higher expected utility in the future. That is, after observing the outcome $T = j$ in the first period, the citizen reelects the incumbent President if and only if

$$\mathbb{E}[U_V(e_2, p_2)|i = P, T = j] \geq \mathbb{E}[U_V(e_2, p_2)|i = C, T = j],$$

where the expectation is over θ_i given that candidate $i \in \{P, C\}$ is in office. Since the citizen does not have any additional information about the challenger's ability after the first period, her posterior expectation about the challenger's quality is equal to the prior expectation, $\hat{\theta}$. Additionally, as we mentioned above, both the incumbent's and the challenger' choice of counterterrorism powers in the second period do not depend on the citizen's and the incumbent's posterior beliefs on the incumbent's ability.[15]

As a result, the citizen reelection rule becomes

$$\mathbb{E}[\theta_P - e_2^*(p_2^*)|T = j] - (\hat{\theta} - e_2^*(p_2^*)) \leq \frac{(1-\psi)(w_P - w_C)}{\psi b} \tag{6}$$

Denote by $w = w_P - w_C$ the utility difference (from the voter's perspective) between the incumbent and the challenger on policy issues other than terrorism prevention. Given that both the incumbent President and the challenger, if they were elected in office at the end of the first period, would choose the same level of restrictions on agency powers, p_2^*, the reelection rule simplifies to,

$$w \geq \frac{\psi b(\mathbb{E}[\theta_P|T = j] - \hat{\theta})}{1-\psi} \tag{7}$$

As w is a random variable from the incumbent's perspective, we can compute the probability that the incumbent President is reelected given the outcome $T = j$ for $j \in \{0, 1\}$. Denoting this probability by $v(T = j)$, we have,

$$v(j) = 1 - F\left(\frac{\psi b(\mathbb{E}[\theta_P|T = j] - \hat{\theta})}{1-\psi}\right) \tag{8}$$

The representative citizen updates her beliefs about the incumbent President's competence in fighting terrorism from observing whether or not a terrorist attack occurred. As such, we need to compute the posterior expectation about θ_P given the observed outcome $T = j$.

[15]The optimal p_2 in the next period is the solution to the following FOC: $b\frac{de_2}{dp_2} - p = 0$, which implies that the optimal choice of p_2 does not depend on the posterior beliefs on the incumbent's ability. If, instead, the challenger is elected, the next period equilibrium level of p_2 also does not depend on $\theta_I|T = j$.

Suppose that the citizen, who does not observe p or e, expects the President to choose $\tilde{p}$ and consequently expects the agency to choose $\tilde{e}(\tilde{p})$ (or, for convenience, $\tilde{e}$). Then, if the representative citizen observes no terrorist attack and using Bayes' Rule, the citizen believes the President is incompetent with probability given by,

$$Pr(\theta_P = \overline{\theta}|T = 0, \tilde{e}) = \frac{(1 - \overline{\theta} + \tilde{e})\gamma}{(1 - \overline{\theta} + \tilde{e})\gamma + (1 - \underline{\theta} + \tilde{e})(1 - \gamma)},$$

where γ is the prior probability that $\theta_P = \overline{\theta}$. By a similar calculation, if the representative citizen observe a terrorist attack, the citizen believes the President is incompetent with probability given by,

$$Pr(\theta_P = \overline{\theta}|T = 1, \tilde{e}) = \frac{(\overline{\theta} - \tilde{e})\gamma}{(\overline{\theta} - \tilde{e})\gamma + (\underline{\theta} - \tilde{e})(1 - \gamma)}.$$

Given these posterior beliefs and the fact that the threshold for reelection is a random variable from the President's perspective, we can assess how the probability of reelection for the incumbent changes depending on the outcome of the fight against terrorism. We have the following result:

Proposition 3 *(i) The representative citizen's posterior expectation about the incumbent President's competence decreases after a terrorist attack, while it increases after no terrorist attack.*

(ii) The occurrence of a terrorist attack reduces the incumbent President's probability of reelection, i.e. $\Delta \equiv v(0) - v(1) > 0$.

(iii) The difference in the incumbent's probability of reelection caused by the occurrence of terrorist attack, Δ*, is increasing in the salience of terrorism prevention relative to other issues,* ψ.

Intuitively, if the citizen does not observe a terrorist attack, she becomes more optimistic about the President's ability to provide security from terrorism even for the next term,

while the occurrence of a terrorist attack induces her to become more pessimistic about the competence of the President. As a consequence, protecting society from terrorist acts yields both a direct and an indirect benefit for the President. Along with averting the tragic loss of human lives and economic costs, preventing terrorist attacks improves the incumbent President's electoral prospects.

Importantly, when terrorism prevention becomes a more prominent issue in the citizen's voting decision, avoiding a terrorist attack becomes even more crucial for the President, whose electoral fortunes hinge more and more on ensuring security from terrorism.

We can now move to the optimal choice for the agency and the President. For any given level of p_t, the agency chooses its optimal level of effort. In fact, deriving the agency's optimal choice of effort level is similar to the previous analysis: there is a unique level of effort for any given level of p that satisfies the following first order condition:

$$b - \frac{c'(e_t)}{p_t} = 0 \tag{9}$$

Thus, it remains to analyze the President's optimal choice of p. Recall that r is a politician's benefit from being in office. Given the representative citizen's re-election rule and the agency's best response function, the President's problem is as follows:

$$\max_{p_1 \in \mathbb{R}_+} u(0) + v(0)r - (\hat{\theta_P} - e_1)(b + \Delta r) - \frac{1}{2}p_1^2. \tag{10}$$

The President chooses the level of p_1 that satisfies the following first order condition:

$$(b + \Delta r)\frac{de_1}{dp_1} - p_1 = 0$$

The optimization problem is strictly concave in p, as the second derivative is negative.[16] Thus, there is a unique optimal level of agency discretionary powers from the President's

[16] In fact $b\frac{d^2e}{dp^2}(b + \Delta r) - 1 < 0$.

perspective, p_P^*. Because the agency has a unique optimal level of effort for any level of p and because the politician has a unique optimal level of p, we have a unique Perfect Bayesian Equilibrium in pure strategies.

Once we have determined p_P^*, we can compare the President's preferred policy choice with the representative citizen's preferred policy choice and determines how whether there is more or less policy congruence when terrorism prevention is a more salient policy issue. We turn to this analysis in the next section.

The Effect of Salience on Policy Congruence

We first show that, unsurprisingly, the President is not a perfect representative of the citizens due to their inherent interest in remaining in office. This implies a divergence between the President's enacted counterterrorism policies and the policy preferences of the citizens they represent. We establish the presence of such divergence in the following result.

Proposition 4 *In the first period, the equilibrium level of agency powers when the President is in charge of counterterrorism policy-making, p_P^*, is higher than the equilibrium level of agency powers when the representative citizen is in charge, p_V^*, i.e. $\lambda \equiv p_P^* - p_V^* > 0$.*

The result in Proposition 4 identifies the distortionary effects of electoral incentives to stay in office on the optimal level of counterterrorism powers granted to the agency. While the representative citizen, if she were to choose p, takes into account only the basic trade-off between security and liberty, the President also tries to improve her electoral prospects to be reelected. Since having a terrorist attack under her watch hurts her reelections chances, the President's electoral concerns her to grant the security agency more powers than what a representative citizens would prefer.

Given that the President is not a perfect agent of the representative voter, the main question is how variation in the salience of terrorism prevention on the representative citizens' reelection calculus affects the divergence between the enacted policy and the preferred policy

of the representative voter. In other words, we want to investigate whether the policy divergence documented in Proposition 4 becomes *smaller* or *larger* as success in terrorism prevention becomes more important for the President's reelection. The following proposition provides an answer to this question.

Proposition 5 *The divergence between the President's preferred policy and the representative citizen's preferred policy, $\lambda \equiv p_P^* - p_V^*$, increases in when the issue of terrorism prevention becomes more salient (i.e. ψ increases).*

Proposition 5 indicates that the gap between enacted policies and the preferences of the representative citizen widens when the issue of terrorism prevention becomes more electorally salient. In other words, heightened salience undermines representation. Below, we explore the implications of this result within the realm of security policy and counterterrorism. Subsequently, we discuss how our findings reveal the broader impact of electoral salience on policy congruence.

The democratic underpinnings of counterterrorism measures have been among the most debated issues since the 9/11 terror attacks, particularly concerning their impact on fundamental rights and liberties. A typical empirical pattern observed after terrorist attacks is for governments, regardless of partisan orientation, to adopt aggressive counterterrorism measures in the name of safeguarding their citizens from the looming threat of terrorism. This trend is evident in legislation such as the Patriot Act of 2001 in the US, enacted after 9/11, the Anti-terrorism, Crime, and Security Act of 2001 and the Prevention of Terrorism Act of 2006 in the United Kingdom, the Anti-terrorism Act of 2004 and 2005 in Australia, and legislative measures passed in France and Italy following the 2015 Charlie Hebdo attacks, among others.

These legislative actions are typically justified by a perceived demand for heightened security from most citizens in the aftermath of such events. The fear and devastation caused by attacks like 9/11 led to increased public concern about effective terrorism prevention. In

response to the heightened public salience of terrorism, governments are compelled to develop more effective strategies, even if they require trade-offs with certain rights and liberties.

While the electoral process is often viewed as a check on excessive counterterrorism powers relative to what citizens would accept, our analysis challenges the assumption that public demand for security aligns with majoritarian interests. Heightened public concern about terrorism may lead elected officials to enact policies that deviate from citizens' optimal security preferences. This divergence highlights concerns about the democratic accountability of counterterrorism measures adopted in the aftermath of terror attacks when the issue of terrorism prevention is highly salient.

This result also has implications for the crucial debate surrounding the distribution of decision-making power in terrorism prevention and security, particularly in the aftermath of security crises. Given that the democratic legitimacy of security measures enacted when security concerns are electorally salient is not well-founded, our analysis suggests that there may be a role for non-democratic institutions, such as the judiciary, to serve as a check on the enacted policies of elected representatives. This is true even if the majoritarian principle—reflecting the policy preferences of the citizens—is the sole criterion for evaluating security measures.

Our analysis, which demonstrates that salience undermines policy congruence and thus representation, applies more broadly to issues on which the electorate evaluates elected representatives based on their performance. These issues are often labeled as valence issues, representing areas where there is agreement on the goals of politics, such as terrorism prevention, reducing crime, or promoting economic growth. We show that when there is heightened electoral scrutiny on valence issues, there may be less alignment between implemented policies and the wishes of the electorate due to the electoral incentives created by heightened salience.

Conclusion

Should we expect greater congruence between citizens' preferences and enacted policies on more electorally salient issues? In this paper, we address this critical question concerning the theory of representation in democracies. We demonstrate that as the salience of a policy issue increases, the congruence between enacted policies and the preferences of citizens decreases. While our result has broad applicability, we derive it within the context of security policy and terrorism prevention, which have been among the most prominent policy issues since the turn of the century.

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Appendix

Proof of Proposition 1: The proof for the fact that $e^*(p,b)$ is increasing in both p and b are contained in the text. The only part to prove is that $e^*(p,b)$ is concave in p. We know that

$$\frac{de}{dp} = \frac{c'(e)}{pc''(e)}.$$

Differentiating the expression above with respect to p we obtain

$$\frac{d^2e}{dp^2} = \frac{-c'(e)c''(e)}{(pc''(e))^2} < 0,$$

which is negative since $c(e)$ is increasing and convex in e. ■

Proof of Proposition 3: We can compute the citizen's expectation of the incumbent politician's performance given $T = 0$ and $T = 1$, respectively:

$$Pr(\theta_P = \overline{\theta}|T = 0) = \frac{\gamma(1 - \overline{\theta} + e)}{\gamma(1 - \overline{\theta} + e) + (1 - \gamma)(1 - \underline{\theta} + e)} = \frac{\gamma(1 - \overline{\theta} + e)}{1 - \hat{\theta} + e}$$

and

$$Pr(\theta_P = \overline{\theta}|T = 1) = \frac{\gamma(\overline{\theta} - e)}{\gamma(\overline{\theta} - e) + (1 - \gamma)(\underline{\theta} - e)} = \frac{\gamma(\overline{\theta} - e)}{\hat{\theta} - e}$$

Taking the difference between each posterior and the prior probability that $\theta_P = \overline{\theta}$ we have,

$$Pr(\theta_P = \overline{\theta}|T = 0) - \gamma = \frac{\gamma(1 - \overline{\theta} + e) - \gamma(1 - \hat{\theta} + e)}{1 - \hat{\theta} + e} = \frac{\gamma(\hat{\theta} - \overline{\theta})}{1 - \hat{\theta} + e} < 0 \tag{11}$$

and,

$$Pr(\theta_P = \overline{\theta}|T = 1) - \gamma = \frac{\gamma(\overline{\theta} - e) - \gamma(\hat{\theta} - e)}{\hat{\theta} - e} = \frac{\gamma(\overline{\theta} - \hat{\theta})}{\hat{\theta} - e} > 0 \tag{12}$$

which establishes the first part of the result.

Now we want to show that $\Delta > 0$. Let us start by noticing that

$$Pr\left(w \geq \frac{\psi b\Big(\mathbb{E}[\theta_P|T=0] - \mathbb{E}[\theta_C]\Big)}{1-\psi}\right) = 1 - F\left(\frac{\psi b}{1-\psi}\Big(\mathbb{E}[\theta_P|T=0] - \mathbb{E}[\theta_C]\Big)\right)$$

Similarly,

$$Pr\left(w \geq \frac{\psi b\Big(\mathbb{E}[\theta_P|T=1] - \mathbb{E}[\theta_C]\Big)}{1-\psi}\right) = 1 - F\left(\frac{\psi b}{1-\psi}\Big(\mathbb{E}[\theta_P|T=1] - \mathbb{E}[\theta_C]\Big)\right).$$

Given the expressions above, we have that

$$\Delta = F\left(\frac{\psi b}{1-\psi}\Big(\mathbb{E}[\theta_P|T=1] - \mathbb{E}[\theta_C]\Big)\right) - F\left(\frac{\psi b}{1-\psi}\Big(\mathbb{E}[\theta_P|T=0] - \mathbb{E}[\theta_C]\Big)\right) \tag{13}$$

Since the F is strictly increasing and $\mathbb{E}[\theta_P|T=1] - \mathbb{E}[\theta_P|T=0] > 0$, we have that $\Delta > 0$, as required. The last part follows from inspection of (13). ■

Proof of Proposition 4: The representative citizen's optimal level of p (i.e p_V^*) satisfies the following first order condition:

$$b\frac{de_1}{dp_1} - p_1 = 0, \tag{14}$$

while the elected politician's optimal level of p (i.e p_P^*) satisfies the following first order condition:

$$(b + \Delta r)\frac{de_1}{dp_1} - p_1 = 0. \tag{15}$$

Evaluating the politician's left-hand side of FOC at p_V^*, we have $\Delta r\frac{de_1}{dp_1} > 0$, which implies that $p_P^* > p_V^*$, as required. ■

Proof of Proposition 5: The politician's best response function is clearly increasing

in Δ, while the citizen's best response function when he is in charge of choosing p does not depend on Δ. As a consequence, $\lambda = p_P^* - p_V^*$ is increasing in Δ. To complete the proof, let us show that $\frac{d\Delta}{d\psi} > 0$. We have that

$$\frac{d\Delta}{d\psi} = f\left(\frac{\psi b}{1-\psi}\Big(\mathbb{E}[\theta_P|T=1] - \mathbb{E}[\theta_C]\Big)\right)\left(\frac{b}{(1-\psi)^2}\cdot\Big(\mathbb{E}[\theta_P|T=1] - \mathbb{E}[\theta_C]\Big)\right) + \tag{16}$$

$$-f\left(\frac{\psi b}{1-\psi}\Big(\mathbb{E}[\theta_P|T=0] - \mathbb{E}[\theta_C]\Big)\right)\left(\frac{b}{(1-\psi)^2}\cdot\Big(\mathbb{E}[\theta_P|T=0] - \mathbb{E}[\theta_C]\Big)\right) > 0 \tag{17}$$

where the last inequality follows from the fact that $\Big(\mathbb{E}[\theta_P|T=0] - \mathbb{E}[\theta_C]\Big)$ is negative. ■

Appendix B

In this Appendix we consider a model in which we relax the functional form assumptions we imposed in the article for the sake of simplicity. We will present the more general version of the model and then we will proceed to state and prove the results we presented in the main text under this new general form.

For convenience, we just present the differences between this more general model and the one presented in the main text. The social costs of granting the agency counterterrorism powers is captured by the function $\kappa(p)$, with $\kappa'(p) > 0$ and $\kappa''(p) > 0$. We assume that $\lim_{p\to 0} \kappa'(p) = 0$ and that $\lim_{p\to\infty} \kappa'(p) = \infty$.[17]

The agency 's cost of effort $c_a(e, p)$ is increasing in the level of effort, e, (i.e $\frac{\partial c_a(e,p)}{\partial e} > 0$) and is strictly convex in e (i.e $\frac{\partial^2 c_a(e,p)}{\partial e^2} > 0$). We assume that $\lim_{e\to 0} \frac{\partial c_a(e,p)}{\partial e} = 0$ and that $\lim_{e\to\infty} \frac{\partial c_a(e,p)}{\partial e} = \infty$.[18] In addition, the marginal cost of effort is decreasing in p (i.e. $\frac{\partial^2 c_a(e,p)}{\partial e \partial p} < 0$). We also assume that the marginal cost of effort is decreasing at a decreasing rate (i.e. $\frac{\partial^3 c_a(e,p)}{\partial e \partial p^2} > 0$) and that $\frac{\partial^3 c_a(e,p)}{\partial e^2 \partial p} > 0$.[19]

The probability of a (successful) terrorist attack is given by a function $\pi(\theta_I, e)$. All else equal, a higher level of effort reduces the probability of a terrorist attack (i.e. $\frac{\partial \pi(\theta_I,e)}{\partial e} = \pi_e(\theta_I, e) < 0$), and there are decreasing marginal returns to terrorism prevention in e (i.e., $\frac{\partial^2 \pi(\theta_I,e)}{\partial e^2} = \pi_{ee}(\theta_I, e) > 0$). We also assume that the marginal returns decrease in e at an increasing rate (i.e. $\pi_{eee}(\theta_I, e) > 0$), and that $\pi_{\theta e}(\theta_I, e) = 0$.[20]

There is symmetric uncertainty about each politician's ability, θ_i, with $i \in \{P, C\}$. Both the President's and the Challenger's ability are drawn independently from the same distribution with support $\mathbb{R}$, density $f(\theta)$, and strictly increasing CDF $F(\theta)$. For simplicity denote by $\hat{\pi}(\theta, e) = \mathbb{E}[\pi(\theta, e)] = \int_{\underline{\theta}}^{\overline{\theta}} \pi_e(\theta_I, e(p))dF(\theta)$

[17] These are standard Inada conditions that essentially ensure a non-zero finite choice of p.

[18] These are standard Inada conditions that essentially ensure a non-zero finite choice of e.

[19] These third derivative assumptions simplify the analysis but are not necessary to prove the results we present below.

[20] The last assumption on the third derivative $\pi_{eee}(\theta_I, e)$ simplifies the analysis but it is not necessary to establish the results we prove below.

Similarly to what described in the main text, the agency's expected per-period utility is given by the following function:

$$U_A(e_t, p_t) = u(0) - \hat{\pi}(\theta_I, e_t)b - c_a(e_t, p_t), \tag{18}$$

the President's expected utility is as follows:

$$U_P(e, p) = u(0) + r \cdot v(0) - \hat{\pi}(\theta_I, e)(b + r \cdot \Delta) - \kappa(p), \tag{19}$$

and the representative citizen's per-period utility is as follows:

$$U_V(e_t, p_t) = u(0) - \hat{\pi}(\theta_i, e_t)b - \kappa(p_t) + w_i,$$

where i denotes the identity of the politician holding office in that period.

We now prove the equivalent of the results presented in the main text. We solve the interaction between the agency and the representative citizen by backward induction, which is identical in each of the two periods. Therefore, for convenience we omit the subscripts to refer to $t \in \{1, 2\}$. Also, after the outcome of the first period, the citizen and the agency will update their beliefs about the competence of the citizen at handling terrorism. Given that the strategic calculus is equivalent, we state the following result using the prior F, with the understanding that in the second period the posterior CDF would be different, say $\hat{F}(\theta)$.

Proposition 6 *The agency's optimal level of effort is the solution to*

$$-b \int_{\underline{\theta}}^{\overline{\theta}} \pi_e(\theta_I, e(p)) dF(\theta) - \frac{\partial c_a(e(p), p)}{\partial e} = 0.$$

The agency's optimal effort $e^*(p, b)$ is increasing in p and b and it is concave in p.

Proof: For any given level of p, maximizing the agency's objective function implies that its optimal action is the solution of the following first order condition:

$$-b\int_{\underline{\theta}}^{\overline{\theta}} \pi_e(\theta_I, e(p))dF(\theta) - \frac{\partial c_a(e(p),p)}{\partial e} = 0. \tag{20}$$

The optimization problem is strictly concave in e and thus there is a unique optimal e for any given level of p.[21] Also, we can analyze how the optimal level of effort, $e^*(p,b)$ is affected by changes in the level of restrictions on agency powers, p and in the benefit of preventing a terrorism attack, b.

As expression (**??**) is continuous in p, the agency's best response function is continuous, and we can apply the implicit function theorem to (**??**) to find the slope

$$\frac{de}{dp} = -\frac{-\frac{\partial^2 c_a(e,p)}{\partial e \partial p}}{-b\int_{\underline{\theta}}^{\overline{\theta}} \pi_{ee}(\theta_I, e)dF(\theta) - \frac{\partial^2 c_a(e,p)}{\partial e^2}} > 0.$$

Because the marginal cost of effort is decreasing in p, the above expression is strictly positive, which implies that the agency's best response function $e(p)$ is strictly increasing in p. We can also analyze how the agency's optimal level of effort varies with changes in the benefit of preventing a terrorist attack, b. Because expression (**??**) is continuous in b, the agency's best response function is continuous and we can apply the implicit function theorem to (**??**) in order to find the slope

$$\frac{de}{db} = -\frac{-\int_{\underline{\theta}}^{\overline{\theta}} \pi_e(\theta_I, e)dF(\theta)}{-b\int_{\underline{\theta}}^{\overline{\theta}} \pi_{ee}(\theta_I, e)dF(\theta) - \frac{\partial^2 c_a(e,p)}{\partial e^2}} > 0.$$

Since $\pi(\theta_I, e)$ is decreasing and convex in e and the agency's cost of effort is convex as well, the above expression is strictly positive. Therefore, an increase in b increases the agency's optimal level of effort. Intuitively, if the stakes of terrorism prevention are higher, the agency responds by exerting more effort in order to avoid the occurrence of a terrorist attack.

Finally, the effect of an increase in p on the marginal level of effort $\frac{de}{dp}$ is given by the

[21] The second derivative is $-b\int_{\underline{\theta}}^{\overline{\theta}} \pi_{ee}(\theta_I, e)dF(\theta) - \frac{\partial^2 c_a(e,p)}{\partial e^2} < 0$.

following:

$$\frac{d^2e}{dp^2} = -\frac{-\frac{\partial^3 c_a(e,p)}{\partial e \partial p^2}[-b\int_{\underline{\theta}}^{\overline{\theta}} \pi_{ee}(\theta_I, e)dF(\theta) - \frac{\partial^2 c_a(e,p)}{\partial e^2}] + \frac{\partial^2 c_a(e,p)}{\partial e \partial p}[-b\int_{\underline{\theta}}^{\overline{\theta}} \pi_{eee}(\theta_I, e)dF(\theta)\frac{de}{dp} - \frac{\partial^3 c_a(e,p)}{\partial e^2 \partial p}]}{[-b\int_{\underline{\theta}}^{\overline{\theta}} \pi_{ee}(\theta_I, e)dF(\theta) - \frac{\partial^2 c_a(e)}{\partial e^2}]^2} < 0.$$

The above expression suggests that relaxing the restrictions on agency powers presents marginal decreasing returns on the agency's effort level. ■

Given the agency's optimal response $e_t^*(p_t, b)$, let us now analyze the level of agency powers that is optimal from the perspective of the representative citizen. Again, the interaction between the agency and the representative citizen is identical in each of the two periods. Therefore, for convenience we omit the subscripts to refer to $t \in \{1, 2\}$.

Proposition 7 *The interaction between the agency and the representative citizen has a (unique) subgame perfect equilibrium in pure strategies.*

Proof: The citizen's optimal choice of p solves the following first order condition:

$$-\int_{\underline{\theta}}^{\overline{\theta}} \pi_e(\theta_I, e^*(p, b))dF(\theta)\frac{\partial e^*(p, b)}{\partial p}b - \kappa'(p) = 0. \tag{21}$$

The optimization problem is strictly concave in p. This is the case since $\frac{d^2e}{dp^2} < 0$ (by Proposition **??**) and thus the second derivative is negative.[22]. Thus, there is a unique optimal level of p from the citizen's standpoint, which we denote by p_v^*.

Given that we have already established that there is a unique optimal e for any given level of p, the argument above implies that there is a unique subgame perfect Nash equilibrium in pure strategies. ■

We next analyze the interaction between the representative citizen, the President, and the security agency. In this case, the President makes the choice regarding the level of counterterrorism powers p, while the representative citizen decides whether or not to reelect the

[22]The second derivative is $-\int_{\underline{\theta}}^{\overline{\theta}} \pi_{ee}(\theta_I, e^*(p, b))dF(\theta)\big(\frac{\partial e^*(p,b)}{\partial p}\big)^2 b - \int_{\underline{\theta}}^{\overline{\theta}} \pi_e(\theta_I, e^*(p, b))dF(\theta)\frac{\partial^2 e^*(p,b)}{\partial p^2}b - \kappa''(p) < 0$

incumbent. The objective here is to derive the President's optimal level of counterterrorism powers when the President faces electoral incentives to provide security from terrorism.

We first analyze the election stage. The representative citizen updates his beliefs about the incumbent politician's competence in fighting terrorism from observing whether or not a terrorist attack occurred. As such, we need to compute the posterior expectation about θ_I given the observed outcome $T = j$. If the representative citizen observes no terrorist attack, using Bayes' Rule, we have the following:

$$f(\theta_P|T=0) = \frac{f(\theta_P)(1-\pi(\theta,e))}{\int_{\underline{\theta}}^{\overline{\theta}} f(\theta)(1-\pi(\theta,e))d\theta},$$

where $f(\theta_I)$ is the prior density of θ_I and where $\pi(\theta, e)$ is evaluated at the first period equilibrium value, e^*. By a similar calculation, if the representative citizen observe a terrorist attack, we have the following:

$$f(\theta_P|T=1) = \frac{f(\theta_P)\pi(\theta,e)}{\int_{\underline{\theta}}^{\overline{\theta}} f(\theta)\pi(\theta,e)d\theta}.$$

Given these posterior beliefs and the fact that the ability threshold for reelection is a random variable from the incumbent politician's perspective, we can assess how the probability of reelection for the incumbent changes depending on the outcome of the fight against terrorism. We have the following result:

Proposition 8 *The representative citizen's posterior expectation about the incumbent President's competence decreases after a terrorist attack, while it increases after no terrorist attack. The occurrence of a terrorist attack reduces the incumbent President's probability of reelection.*

Proof: We can compute the citizen's expectation of the incumbent politician's performance

given $T = 0$ and $T = 1$, respectively:

$$f(\theta_P|T=0) = \frac{f(\theta_P)(1-\pi(\theta,e))}{\int_{\underline{\theta}}^{\overline{\theta}} f(\theta)(1-\pi(\theta,e))d\theta}$$

and

$$f(\theta_P|T=1) = \frac{f(\theta_P)\pi(\theta,e)}{\int_{\underline{\theta}}^{\overline{\theta}} f(\theta)\pi(\theta,e)d\theta}.$$

We know that,

$$v(T=j) = 1 - F\left(b\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e(p))d\hat{F}_j(\theta) - b\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e(p))dF(\theta)\right) \tag{22}$$

Recall that $\Delta \equiv v(T=0) - v(T=1)$ and that $\hat{\pi}(\theta,e) = \mathbb{E}[\pi(\theta,e)] = \int_{\underline{\theta}}^{\overline{\theta}} \pi_e(\theta,e(p))dF(\theta)$. Hence we have that

$$\begin{aligned}
\Delta =& 1 - F\left(b\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e)\frac{f(\theta)(1-\pi(\theta,e))}{1-\hat{\pi}(\theta,e)}d\theta - b\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e)f(\theta)d\theta\right) - \\
& \left[1 - F\left(b\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e)\frac{f(\theta)\pi(\theta,e)}{\hat{\pi}(\theta,e)}d\theta - b\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e)f(\theta)d\theta\right)\right] = \\
& = F\left(b\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e))\frac{f(\theta)\pi(\theta,e)}{\hat{\pi}(\theta,e)}d\theta - b\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e)f(\theta)d\theta\right) - \\
& - F\left(b\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e)\frac{f(\theta)(1-\pi(\theta,e))}{1-\hat{\pi}(\theta,e)}d\theta - b\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e)f(\theta)d\theta\right) =
\end{aligned} \tag{23}$$

Some basic algebra leads to

$$\begin{aligned}
\Delta =& F\left(\frac{b}{\hat{\pi}(\theta,e)}\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e)f(\theta_I)(\pi(\theta,e)-\hat{\pi}(\theta,e))d\theta\right) - \\
& F\left(\frac{b}{1-\hat{\pi}(\theta,e)}\int_{\underline{\theta}}^{\overline{\theta}} \pi(\theta,e)f(\theta_I)(\hat{\pi}(\theta,e)-\pi(\theta,e))d\theta\right)
\end{aligned} \tag{24}$$

Taking the difference between the arguments of $F(\cdot)$ we obtain,

$$\frac{b}{\hat{\pi}(\theta,e)}\int_{\underline{\theta}}^{\overline{\theta}}\pi(\theta,e)f(\theta)(\pi(\theta,e)-\hat{\pi}(\theta,e))d\theta-\frac{b}{1-\hat{\pi}(\theta,e)}\int_{\underline{\theta}}^{\overline{\theta}}\pi(\theta,e)f(\theta)(\hat{\pi}(\theta,e)-\pi(\theta,e))d\theta \tag{25}$$

Bringing the negative sign inside the integral we have,

$$\frac{b}{\hat{\pi}(\theta,e)}\int_{\underline{\theta}}^{\overline{\theta}}\pi(\theta,e)f(\theta)(\pi(\theta,e)-\hat{\pi}(\theta,e))d\theta+\frac{b}{1-\hat{\pi}(\theta,e)}\int_{\underline{\theta}}^{\overline{\theta}}\pi(\theta,e)f(\theta)(\pi(\theta,e)-\hat{\pi}(\theta,e))d\theta \tag{26}$$

Now notice that $\int_{\underline{\theta}}^{\overline{\theta}}\pi(\theta,e)f(\theta_I)(\pi(\theta,e)-\hat{\pi}(\theta,e))d\theta$ is equal to $Var(\pi(\theta,e))$ which is positive. Since $F(\cdot)$ is strictly increasing, we have that $\Delta>0$, as required. ■

Denote by $\hat{F}_j(\theta)$ the posterior CDF of the incumbent's ability given that the voter has observed $T=j$. As w is a random variable, the reelection threshold is also a random variable from the incumbent politician's perspective. As a result, we can compute the probability that the incumbent politician is reelected given the outcome $T=j$ for $j\in\{0,1\}$. Call this probability $v(T=j)$, then we have,

$$v(T=j)=1-F\left(b\int_{\underline{\theta}}^{\overline{\theta}}\pi(\theta,e(p))d\hat{F}_j(\theta)-b\int_{\underline{\theta}}^{\overline{\theta}}\pi(\theta,e(p))dF(\theta)\right) \tag{27}$$

We can now show the following result.

Proposition 9 *The interaction has a Perfect Bayesian Equilibrium in pure strategies.*

Proof: We solve the game by backward induction. For any given level of p, the agency chooses its optimal level of effort. In fact, the agency's optimal choice of effort level is similar to the previous analysis: there is a unique level of effort for any given level of p that

solves the first order condition

$$-b\int_{\underline{\theta}}^{\overline{\theta}}\pi_e(\theta,e(p))dF(\theta)-\frac{\partial c_a(e,p)}{\partial e}=0.$$

Thus, it remains to analyze the President's optimal choice of p. Recall that $\Delta\equiv[v(0)-v(1)]>0$ is the difference between the reelection probability if $T=0$ and the reelection probability if $T=1$ and r if the politician's benefit from being in office. Given the representative citizen's re-election rule, the President's expected utility is as follows:

$$U_P(e,p)=u(0)+v(0)r-\hat{\pi}(\theta_P,e)(b+\Delta r)-\kappa(p), \tag{28}$$

Maximizing expression (10) with respect to p, the President chooses the level of p that solves the following first order condition:

$$-\int_{\underline{\theta}}^{\overline{\theta}}\pi_e(\theta,e(p))\frac{de}{dp}dF(\theta)(b+\Delta r)-\kappa'(p)=0$$

The optimization problem is strictly concave in p, as the second derivative is negative.[23] Thus, there is a unique optimal level of agency discretionary powers from the President's perspective, p_P^*. Because the agency has a unique optimal level of effort for any level of p and because the politician has a unique optimal level of p, we obtain the result stated above. The system of beliefs is determined by posteriors conditional on $T=0$ and $T=1$ derived above. ■

We can now compare the equilibrium level of agency discretionary powers when the representative citizen is in charge of the decision and when the President makes such choice. We have the following result:

Proposition 10 *The equilibrium level of agency powers when the President is in charge of*

[23] $-g''(e)(\frac{de}{dp})^2(b+\Delta r(-g'(e)\frac{d^2e}{dp^2}(b+\Delta r)-\kappa''(p)<0.$

counterterrorism policy-making, p_P^*, is higher than the equilibrium level of agency powers when the representative citizen is in charge, p_V^*.

Proof: The representative citizen's optimal level of p_v^* is the solution to the following FOC:

$$-b\int_{\underline{\theta}}^{\overline{\theta}} \pi_e(\theta_I, e)\frac{de}{dp}dF(\theta) - \kappa'(p) = 0.$$

On the other hand, the elected politician's optimal level of p_p^* is the solution to the following FOC:

$$-(b+\Delta r)\int_{\underline{\theta}}^{\overline{\theta}} \pi_e(\theta_P, e)\frac{de}{dp}dF(\theta) - \kappa'(p) = 0$$

Evaluating the politician's FOC at the p_v^*, we have $-\int_{\underline{\theta}}^{\overline{\theta}} \pi_e(\theta_P, e(p_v^*))e'(p_v^*)\Delta r > 0$. This implies that the $p_p^* > p_v^*$, as claimed. ■

We now assess how divergence in the equilibrium level of agency powers chosen by the President and the citizen changes as terrorism prevention becomes more important for the President's reelection ambition. Denote this divergence by $\lambda = p_p^* - p_v^*$. That is, we are interested in understanding how this divergence of preferences changes when successful on terrorism prevention becomes more important for the President's reelection. We have the following result:

Proposition 11 *The divergence in the in the equilibrium level of agency powers chosen by the President and the citizen, $\lambda(\Delta)$, increases in Δ.*

Proof: Because the politician's optimization problem is continuous in Δ, we can apply the implicit function theorem to FOC of the President's problem to find the slope

$$\frac{\partial p_p^*(\Delta)}{\partial \Delta} = -g'(e(p))\frac{\partial e(p)}{\partial p}r > 0$$

This implies that the politician's optimal level $p_p^*(\Delta)$ increases as Δ increases. A similar analysis holds for changes in r. On the other hand, the citizen's optimal level p_v^* is indepen-

dent of Δ or r. As a result, the divergence of preference $\lambda(\Delta, r)$ increases as Δ or r increase, as claimed. ■

Appendix C

In this appendix we consider the case where w_I is know to the incumbent President. There are two subcases. If the voter does not know w_I, then the analysis is identical to the one in the main text. In fact, the incumbent President would choose her strategy as if she did not know w_I, thus taking into account that the citizen, who is in charge of selecting the next President, will devise his reelection rule under uncertainty about w_I. If instead also the voter knows w_I, then the analysis is slightly different, even though the results are completely unaffected, as we show next.

In this last scenario, the reelection rule of the voter is characterized by the following inequality:

$$\psi(\mathbb{E}[\theta_P|T=j]-\hat{\theta})b \leq (1-\psi)(w_P-w_C), \tag{29}$$

rearranging we obtain,

$$w_C \leq w_P - \frac{\psi}{1-\psi}b(\mathbb{E}[\theta_P|T=j]-\hat{\theta}), \tag{30}$$

As a consequence, the probability of reelection after a terrorist attack did not occur is

$$Pr\left(w_C \leq w_P - \frac{\psi}{1-\psi}b(\mathbb{E}[\theta_P|T=0]-\hat{\theta})\right) = F\left(w_P - \frac{\psi}{1-\psi}b(\mathbb{E}[\theta_P|T=0]-\hat{\theta})\right),$$

while the probability reelection after a terrorist attack occurred is

$$Pr\left(w_C \leq w_P - \frac{\psi}{1-\psi}b(\mathbb{E}[\theta_P|T=1]-\hat{\theta})\right) = F\left(w_P - \frac{\psi}{1-\psi}b(\mathbb{E}[\theta_P|T=1]-\hat{\theta})\right).$$

Given the expressions above, we have that

$$\Delta = F\left(w_P - \frac{\psi}{1-\psi}b(\mathbb{E}[\theta_P|T=0]-\hat{\theta})\right) - F\left(w_P - \frac{\psi}{1-\psi}b(\mathbb{E}[\theta_P|T=1]-\hat{\theta})\right)$$

Taking the difference in the arguments of the CDF we have

$$\frac{\psi}{1-\psi} b \Big(\mathbb{E}[\theta_P | T = 1] - \mathbb{E}[\theta_P | T = 0] \Big) > 0$$

Since F is strictly increasing, and $\mathbb{E}[\theta_P | T = 1] > \mathbb{E}[\theta_P | T = 0]$, we have that $\Delta > 0$, as required.