

# Political Scandal: A Theory

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**Abstract:** *We study a model that characterizes the conditions under which past misbehavior becomes the subject of present scandal, with consequences for both the implicated politician and the parties that work with him. In the model, both authentic and fake scandals arise endogenously within a political framework involving two parties that trade off benefits of continued collaboration with a suspect politician against the possibility of reputational fallout. Rising polarization between the two parties, we show, increases the likelihood of scandal while decreasing its informational value. Scandals that are triggered by only the opposing party, we also find, are reputationally damaging to both parties and, in some instances, reputationally enhancing to the politician. The model also reveals that jurisdictions with lots of scandals are not necessarily beset by more misbehavior. Under well-defined conditions, in fact, scandals can be a sign of political piety.*

American politics is awash in scandal. The most renowned of them—Teapot Dome, Watergate, Iran-Contra, Monica Lewinsky, Russian collusion—consumed presidents. But outside of the White House, plenty more transgressions, ill-gotten gains, moral lapses, lies, and crimes have derailed the political careers of politicians. As Brandon Rottinghaus (2015, 161) observes, “by their nature, scandals are like prairie fires—easy to flare, difficult to control, and hard to stop once started.” Indeed, outside of wars and economic downturns, scandals may be the most disruptive and damaging force in American politics.

As a pervasive and enduring fact of political life, scandals have become the subject of serious empirical scrutiny (for summaries, see Dewberry 2015, 4–12; Rottinghaus 2015, 3–7; Invernizzi 2016). Scholars also have begun to build theory that evaluates the strategic behavior of politicians amid political scandal (Basinger and Rottinghaus 2012; Dewan and Myatt 2007; Gratton, Holden, and Kolotilin 2018). Very little of the existing scholarship, however, characterizes specific conditions under which past misbehavior, through public revelation, translates into present political scandal—a subject that is of intrinsic interest, but that also vexes the inferences we can draw from observational studies of scandals. From both theoretical and empirical standpoints,

the political incentives that undergird the production of scandal remain opaque. As Charles Cameron (2002, 655) laments, “The politics of scandal has not received the degree of serious scholarly attention it probably deserves. [If] scandal seeking and scandal mongering are normal political tactics and then political scientists need to learn their logic.” Or as Giovanna Invernizzi (2016, 18) notes, “we still lack a proper theoretical characterization which puts scandals in the broad context of political structures and strategic behavior of the actors involved.”

At its heart, scandal is the public revelation of previously concealed misconduct (Dewberry 2015, 4–6; Thompson 2000, 18–19); or as Theodore Lowi (1988, vii) puts it, “scandal is corruption revealed.” Public accusations about past misdeeds, however, need not be universally endorsed. Parties may misrepresent the information that they receive about a politician, either through suppression or fabrication. Consequentially, politics regularly features “partisan scandals,” that is, accusations by one party that are vehemently denied by another. The politics of scandal, moreover, regularly features efforts to ascertain the veracity of accusations leveled. In addition to specifying processes by which claims of misconduct are asserted, therefore, we need theory that clarifies when “authentic” and “fake” scandals are likely to arise, and the

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political consequences for both the implicated politicians and their associates.

To make headway on the problem, we distill the essential strategic considerations of scandal production. In the model, scandals are generated endogenously within a political framework involving two political parties—one aligned with a politician, the other opposed—that trade off benefits (in case of the aligned party) or costs (in case of the opposing party) of continued collaboration with the politician against the reputational consequences of scandal. With some probability, parties learn that the politician engaged in misconduct. The parties then must decide whether to act on this information and publicly accuse the politician of misconduct, recognizing that doing so will affect the politician's political effectiveness and survival and the parties' reputations for honesty. Parties also may engage in "fake news" tactics by leveling accusations even when they received no substantiating information. Any accusation of misconduct leads to a scandal. The voter, therefore, must decide when scandals reflect actual misconduct and when they are born of deceit. The extent to which the aligned party suffers and the opposing party benefits from a scandal depends on the voter's inference about whether misconduct occurred, as well as a parameter that reflects the polarization between parties, how entrenched a given party is, and the importance of the politician's position.

The model unearths three main findings that clarify when different kinds of scandals are likely to arise and their consequences both for the careers of politicians and the reputations of parties. First, the model reveals how polarization between parties breeds dishonesty in scandal production: the greater the disagreement between the two parties, the more likely the aligned party will suppress information about the politician's misconduct in order to keep him in power, and that the opposing party will falsely accuse the politician in order to hasten his removal. Polarization, as such, degrades public discourse, as one party accuses and the other denies, leaving voters with little ability to learn where the truth lies.

Our second finding has immediate implications for the empirical literature that interprets scandals as proxies for actual rates of corruption and other forms of wrongdoing. Increases in actual misbehavior, we show, may coincide with either increases or decreases in the production of scandals. Because parties are especially likely to falsely accuse a politician when base rates of misbehavior assume intermediate values, scandals do not increase monotonically in actual misbehavior. Consequently, the interpretative value of either purely descriptive data on scandals or regressions that try to predict their incidence may differ from what empirical scholars claim.

Third, and finally, the model clarifies why it is so difficult to generalize about the reputational consequences of scandals. Scandals tend to lower parties' reputations, albeit differentially depending on circumstances that we characterize. In all cases, however, the political fortunes of the implicated politician and his party diverge. For example, by defending a politician who stands accused by the opposing party and who is looked upon rather dimly by the voter, we show, the aligned party absorbs a scandal's political fallout—a finding that illuminates one rational for why the approval ratings of Bill Clinton and Donald Trump remained steady through much of their scandal-ridden presidencies, while the parties that defended them suffered electorally in Congress.

All told, the model makes two general contributions: one substantive, the other theoretical. Substantively, we show how a wide variety of seemingly disparate facts about scandals—whether one or both parties recognize their existence,<sup>1</sup> the fact that equivalent behaviors can evoke very different reactions from the same party,<sup>2</sup> and the varying reputational consequences of scandals for parties and politicians<sup>3</sup>—can arise in a simple framework with rational voters and parties. Theoretically, essential features of our model are novel. As the first competitive cheap talk model with reputational concerns, this article provides a framework for thinking about not only the politics of scandal, the application here, but also about the dynamics of advertising and partisan news media.

We proceed as follows. After summarizing the relevant literature on scandal, we introduce the model. We then characterize how parties' deception, the incidence of scandal, and the inferential errors that voters make about them vary with the parameters of the model. Subsequent section characterizes the reputational and career effects of different types of scandals. The final section concludes. The Supporting Information (SI) collects all proofs and

<sup>1</sup>Compare Republicans' steadfast unwillingness to recognize Donald Trump's sexual improprieties and the bipartisan outrage directed at Senator Al Franken's (Alcindor, Yamiche, and Nicholas Fandos. 2017. "A Democratic Chorus Rises in the Senate: 'Franken Should Resign.'" *New York Times*, December 6).

<sup>2</sup>Compare Republicans' reaction to Representative Steve King's inflammatory remarks and virtual silence in the aftermath of Trump's (Stolberg, Sheryl Gay. 2019. "As Republicans Rush to Condemn Steve King, Some Ask: Why Not Trump?" *New York Times*, January 16).

<sup>3</sup>Compare scandal-ridden Chicago Alderman Edward Burke's 2019 reelection with the resounding mayoral defeat of Toni Preckwinkle, a Democratic party stalwart who supported Burke (Karanth, Sanjana. 2019. "Chicago Alderman Ed Burke Win Re-election Despite Facing Criminal Charges," *Huffington Post*, February 27).

examines the results of a model that endogenizes misbehavior.

## Literature Review

Over the last two decades, a growing number of political scientists have sought to clarify the relevance of political scandal for contemporary American politics. Much of the resulting empirical scholarship focuses on the consequences of scandal. In addition to negatively affecting a politician's public approval ratings (Andolina and Wilcox 2000; Green, Zelizer, and Kiriby 2018; Renshon 2002; Simon and Ostrom 1989; Woessner 2005; Zaller 1998; ), scandals have been shown to affect legislative voting patterns (Meinke and Anderson 2001), the strength of party identification (Chaffee and Becker 1975; Dunlap and Wisniewski 1978; Robinson 1974); the nation's policy agenda and interbranch relations (Rottinghaus 2015), media coverage of politics (Entman 2012; Puglisi and Snyder 2011; Sabato, Stencel, and Lichter 2001), public trust in government and its assessments of political institutions (Bowler and Karp 2004; Green, Zelizer, and Kirby 2018; Lipset and Schneider 1983; Miller 1999), voter assessments of individual candidates (Banerjee, Green, and McManus 2014; Carlson, Ganiel, and Hyde 2000; Green, Zelizer, and Kirby 2018; Lipset and Schneider 1983), intraparty relations and patterns of political support (Daniele, Galletta, and Geys 2020), and the outcome of subsequent elections (Chong et al. 2015; Jacobson and Dimock 1994; Hirano and Snyder 2012, 2019; Klasnja 2017; Pereira and Waterbury 2018; Peters and Welch 1980; Welch and Hibbing 1997).

When are these various disruptions most likely to occur? For answers, scholars have scrutinized the conditions under which past misbehavior turns to present scandal. Some emphasize the importance of individual politicians' characters and personal relations (see, e.g., Woodward and Bernstein 1974; Toobin 2000; Coen and Chase 2012; Harding 2017; Bongino and McAllister 2018). Political forces, though, also play a part, and political scientists have documented numerous predictors of scandal frequency and duration, including the incidence of divided government (Sowers and Nelson 1989), poverty and political corruption (Nice 1983), the number of other topics vying for news coverage (Nyhan 2015), low approval ratings (Nyhan 2017), decreasing electoral strength (Invernizzi and Ceron 2020), and a variety of cultural, historical, and bureaucratic forces (Meier and Holbrook 1992).

Diverse data support these empirical findings, including content analyses of media coverage (Nyhan 2015, 2017; Rottinghaus 2015), expert surveys about corruption perception (Anderson and Tverdova 2003; Boyland and Long 2003; Mishler and Rose 2001), and judicial convictions (Hirano and Snyder 2019). The validity and reliability of such measures are matters of ongoing dispute, as scholars have raised concerns about the changing norms of scandal coverage over time (Adut 2005, 2008), the correlations between convictions for and media perceptions of political corruption (Boylan and Long 2003), and competing definitions of what constitutes a scandal (see Rottinghaus 2015, 18–20; Thompson 2000, 11–30).

All measures within the existing empirical literature document publicly observed scandals. Each is based on the judgments of the media, prosecutors, or experts about the incidence of specific public scandals or impressions of their general occurrence. And as purely descriptive exercises, this is fine and well. But to the extent that we are interested in using these data to make inferences about underlying transgressions, this reliance on publicly observed scandals is problematic. Scandals, after all, do not represent a random draw of political misbehavior. As we have learned from those rare instances when a randomized audit has been conducted (see, e.g., Ferraz and Finan 2011), patterns of corruption do not map neatly onto patterns of scandal.

To make sense of these politics, it will not do to simply correlate measures of observed scandals against descriptors of the political environment. As Nyhan (2017, 33) notes, “the media scandals that so often dominate the headlines are not exogenous but instead the result of a fundamentally political process. We cannot understand when and why [politicians] suffer from scandals without considering the role of strategic behavior and the context in which events take place.”<sup>4</sup>

To clarify this “fundamentally political process,” we need theory that identifies specific conditions under which misdeeds are more or less likely to be publicly revealed. Just now, though, the theoretical treatment of such matters remains spotty. Though a number of scholars have developed models that explicitly feature scandals (Basinger and Rottinghaus 2012; Dewan and Myatt 2007), much of this work clarifies how politicians ought to navigate scandals that arise exogenously. Only two papers, to our knowledge, examine the political calculations that undergird the propagation of scandal. Gratton, Holden, and Kolotilin (2018) analyze the timing of

<sup>4</sup>This point is further underscored by a nascent literature that investigates how observable signs of corruption relate to its actual incidence; for example, Chassang and Padro i Miguel (2018).

false accusations against a competitor during the lead-up to an election. And Ogden and Medina (2020) evaluate when a politician will investigate and then report on claims about a competitor's past misbehavior. Neither of these papers, however, has much to say about either the strategic behavior of an aligned party or the reputational consequences for all involved parties.

A substantial body of formal theory evaluates the capacity and willingness of the media to expose political ineptitude and malfeasance (Garoupa 1999, Gratton 2014). Besley and Prat (2006), for instance, analyze the propensity of a politically influenced media to reveal politicians' misbehavior. They do not allow for fake scandals nor do they consider competition between media with very different dispositions toward the politician. Like us, Besley and Prat find that the relationship between misconduct and scandals is nonmonotone, but their finding comes solely from a strategic response by the politician, while in our model, the nonmonotonicity arises through the endogenous actions of parties leveling accusations about misbehavior that is exogenously revealed.

## Two Motivating Examples

The Trump presidency has furnished ample scandals that have characteristics we want to capture. Let us consider just one that, while not the most famous or consequential, does a particularly nice job of illustrating the central features of our model. The key events occurred during a bipartisan meeting Donald Trump held with congressional delegates on January 11, 2018. The meeting was noteworthy not for any policy disagreements it settled, but instead for something the president may have said behind closed doors. When leaving the meeting, congressional Democrats claimed that Trump disparaged immigrants from "shithole countries."<sup>5</sup>

Republicans who attended the meeting, however, refused to corroborate the charges of their Democratic colleagues. Secretary of Homeland Security Kirstjen Nielsen testified under oath that, "I did not hear that word [shithole] used." In the days that followed, the public struggled to make sense of these competing accounts and what they revealed about both the president and those who subsequently reported on his behavior.

We find here the main elements of the types of scandals that we intend to model. Everyone who attended the January, 2018 White House meeting heard the president,

<sup>5</sup>Dawsey, Josh. 2018. "Trump Derides Protections for Immigrants from 'Shithole' Countries." *Washington Post*, January 12.

but whereas his opponents insisted that he used vulgar language to disparage immigrants, his allies equivocated. Without any independent way to verify their claims, voters were left to wonder whether the president had in fact misbehaved, and whether it was the Democrats or Republicans who subsequently lied about it.

Our model also captures situations in which certain facts concerning alleged misbehavior are public knowledge, but voters remain uncertain about whether the parties possess other useful information. For example, when Senator Al Franken (D-MN) was accused of sexual misconduct in 2017, the photograph documenting his questionable behavior was public and not disputed, and most likely affected voters' perception of his guilt. Quite reasonably, though, voters could expect that senators possessed other relevant information about Franken's past interactions with women. Voters therefore had reason to make inferences about Franken's misbehavior, and whether it warranted his removal from office, on the basis of what the Democratic and Republican parties had to say about them.

## A Model

In this article, we study a political environment that includes four actors: an aligned party ("it"), an opposing party (also "it"), a politician ("he"), and a voter ("she"). With probability  $\pi$ , the politician misbehaved—that is, committed an act that, if revealed, would constitute a scandal. Parameter  $\pi$  is therefore interpreted as the underlying *incidence or prior perception of misbehavior*.<sup>6</sup> Let  $m \in \{0, 1\}$  be a random variable denoting whether the politician misbehaved. If  $m = 1$ , then with probability  $p$ , both parties learn about the misbehavior, and with the remaining probability, neither party learns about misbehavior.<sup>7</sup> The parameter  $p$ , which reflects the *discoverability of misbehavior*, may assume different values

<sup>6</sup>As such,  $\pi$  can be interpreted as the latent probability that the politician would misbehave, the strength of a rumor about the politician's misbehavior, or the chances that the politician was involved in some publicly known scandal. It can reflect all verifiable evidence that is disclosed to the voters before the game described in this section unfolds. In this main body of this article, the politician is nonstrategic, so  $\pi$  is exogenous. In the SI (p. 11), however, we endogenize misbehavior.

<sup>7</sup>Our model, as such, imagines a political setting in which information about misbehavior is equally available to members of both parties. Alternatively, one might conceive of a situation in which an aligned party may learn about a politician's misbehavior but the opposition party does not. In these situations, we can show, rates of suppression increase, but the core comparative statics we present below carry through.

depending on the ease with which a politician's misbehavior is observed by the parties. Let  $v \in \{0, 1\}$  be a random variable denoting whether the parties have information about the politician's misbehavior, so  $\Pr(v = 1|m = 1) = p$  and  $\Pr(v = 1|m = 0) = 0$ .

Each party  $i \in \{align, opp\}$  chooses an action  $a_i \in \{0, 1\}$  independent of the information it has about the politician's misconduct. Action  $a_i = 1$  is interpreted as unleashing a scandal, and action  $a_i = 0$  is interpreted as remaining silent.

Hence, the choice set of both parties is not constrained by the information they receive. Each party may choose to honestly report misbehavior when it learns about it ( $a_i = 1$  when  $v = 1$ ) or to honestly remain silent when it does not ( $a_i = 0$  when  $v = 0$ ). But both parties also are free to suppress information they have learned ( $a_i = 0$  when  $v = 1$ ) or to fabricate accusations in the absence of information ( $a_i = 1$  when  $v = 0$ ). Such fabrication reflects instances when mere rumors about a politician's misbehavior lead to calls for his dismissal, even though the parties involved have no corroborating information about the charges involved. We refer to any accusation of misbehavior, be it based on observed information or the result of fabrication, as a *scandal*.<sup>8</sup>

The politics of scandal, Thompson (2000, 245–59) reminds us, are imbued with concerns about reputation and trust. Just as public evaluations of scandals fixate on the past misbehavior of a politician, they also turn to the parties who either leveled or denied the associated charges—whether these parties knew about the misbehavior but opted to conceal it, whether they fabricated the claim for political advantage, or whether they faith-

fully shared the information that they learned.<sup>9</sup> To account for elements of these politics, we allow each party to be one of two types: honest (probability  $\gamma$ ) or strategic (probability  $1 - \gamma$ ), and parties' types are independent. If a party is honest, then it automatically and immediately reveals any information about the politician's misbehavior; and when it does not receive information about misbehavior, the honest party remains silent. The strategic party optimally chooses  $a_i \in \{0, 1\}$  to maximize its payoff.

We make two assumptions about the processes by which accusations of misbehavior are leveled and the voter's updating of beliefs. First, we assume that the voter cannot independently corroborate claims of misconduct that are leveled by the parties. The voter's ability to ascertain the veracity of charges against a politician, therefore, depends on the parties' incentives to truthfully report the information they receive.<sup>10</sup> Second, we assume that the electorate is fully Bayesian. The voter, as such, updates her views about the parties, the politician, and the incidence of misbehavior even if no scandal occurs.

To summarize, we consider a one-period game with the following timing:

1. Nature independently decides whether each party is honest or strategic and chooses the random variable  $m$ , which denotes the incidence of misbehavior.
2. If the politician misbehaved, in which case  $m = 1$ , then with probability  $p \in (0, 1)$  both of the parties learn its value, and  $v = 1$ . With the remaining probability, or if  $m = 0$ , the parties learn nothing, and  $v = 0$ .
3. Both parties simultaneously and independently decide whether to publicly claim that they received information about misbehavior, denoted by action  $a_i \in \{0, 1\}$ .
4. The voter observes  $(a_{align}, a_{opp})$  and updates her beliefs about each party's type **and** the occurrence of misbehavior by the politician.
5. The payoffs are realized.

Given the action of the aligned party  $a_{align}$  and the opposing party  $a_{opp}$ , let  $\phi_i(a_{align}, a_{opp})$  denote the voter's beliefs about party  $i$ 's type and  $\Phi(a_{align}, a_{opp})$  denote the voter's beliefs about whether misconduct occurred.

<sup>9</sup>For example, see Perez, Evan. 2012. "Political of Petraeus Scandal: Who Knew What, When?" *Wall Street Journal*, November 12.

<sup>10</sup>We have evaluated a version of the model that allows for claims registered by either party to be subsequently subject to review by an independent arbiter. As one would expect, the incidence of suppression and fabrication both decrease. All of the main comparative statics presented below, however, carry through.

<sup>8</sup>Illustrative examples of both kinds of deception abound. Throughout the Trump presidency, Republicans routinely denied knowing about any corroborating evidence concerning the subjects of the president's past misdeeds, be they communications with the Russian government, financial conflicts of interest, or ethical breaches by his family members. When assuming the role of aligned party in our model rather than implicated politician, Trump has done much the same for his political partners both at home and abroad. When in the fall of 2018 the Saudi Crown Prince was accused of ordering the killing of Saudi dissident and U.S. resident Jamal Khashoggi, Trump ignored the findings of his own Central Intelligence Agency and insisted that "we may never know" who ultimately was responsible. Fake scandals also are endemic to modern political life. In May 1993, for instance, seven workers in the White House Travel Office were summarily fired, Republican critics falsely charged, in order to make room for the cronies of newly elected president Bill Clinton. More recently, Democrats falsely accused Trump of having removed the statue of Martin Luther King from the White House, and Trump falsely accused Barack Obama of being a Muslim born in a foreign country, and of ordering that the Trump Tower be wiretapped during the 2016 presidential election.

We assume the following payoff function for the strategic type of party  $i$ :

$$\Phi_i(a_{align}, a_{opp}) - \Phi(a_{align}, a_{opp})z_i. \quad (1)$$

Hence, a strategic party obtains payoff from two sources. The first source is its reputation for honesty, which depends on the belief that the voter holds about its type at the end of the game.<sup>11</sup> The value of such reputational concerns can be understood either intrinsically or instrumentally, such that parties with higher reputations are electorally advantaged. The second source of payoff concerns the fallout from the scandal for the implicated politician. We assume that the fallout from the scandal is proportional to voter's belief that the politician misbehaved. The parameter  $z_i$  measures how important the fallout is. To keep the analysis tractable, we assume that any fallout from the scandal that harms the aligned party is a benefit for the opposition party,  $z_{align} = -z_{opp} \doteq z > 0$ .

The parameter  $z$  encompasses a variety of considerations. One natural interpretation of (1) is that the implicated politician loses his position (steps down or is not reelected) with probability proportional to the voter's belief in his guilt, and is replaced with a new politician who is possibly from the opposing party. In that case,  $z$  reflects the importance of *the position held by the politician* for the parties, *political entrenchment* of the aligned party, and political *polarization*. The more polarized the parties are, after all, the more they benefit from having their own member instead of the opposing party member in an important position, and the politician is more likely to be replaced by someone from the opposing party after a scandal, when political entrenchment of the aligned party is low.<sup>12</sup> Not all scandals, however, result in politician's dismissal. Hence, parameter  $z$  can also proxy for the diminished effectiveness of the politician perceived as corrupt or unfit for office, which harms the aligned party and benefits the opposing party. In what follows, we will call  $z$  simply *the stakes of a scandal*, and we will come back to these various interpretations when discussing the implications of our results.

<sup>11</sup>Then-Commerce Secretary Herbert Hoover recognized this reputational benefit when he offered the following counsel to his beleaguered President Warren Harding about how best to handle incriminating information about offending members of his administration: "Publish it," Hoover intoned, "and at least get the credit for integrity on your side" (as quoted in Whyte 2017, 283).

<sup>12</sup>In the previous version of the article, we assumed payoffs  $\Phi_i(a_{align}, a_{opp}) + (1 - \Phi(a_{align}, a_{opp}))x_i + \Phi(a_{align}, a_{opp})x_i c$ , where  $x_i$  measured the return to collaboration with the current politician,  $c$  was the probability that when dismissed, the politician was replaced by a politician from the same party. These payoff formulations lead to identical strategic considerations.

Thus stipulated, the most natural interpretation of the model, and the one we carry throughout the article, treats the politician as the current president (or some other powerful leader), the aligned party as the president's party, and the opposing party as its opposition. By virtue of working with the president, both parties are privy to information about his misbehavior that is hidden from voters. This information is often nonverifiable, allowing the parties to say what they will about the president. On the basis of what the parties report publicly, voters update their views about all of the actors involved, with potential consequences for the politician's effectiveness and electoral viability and the parties' reputations for honesty.

Of course, we need not interpret these designations literally. Depending on how it is construed, the media, which is notably absent from the model, could be assigned to the roles of either the voter or the two parties. Fact-finding journalists, for instance, must decide whether to publish accusations of misbehavior and what exactly to say about them. To the extent that their actions affect the politician's electoral or political fortunes, such journalists might stand in for the voter in this model. Alternatively, one might think of partisan media outlets with distinct relationships with politicians (e.g., as Gentzkow, Glaeser, and Goldin 2004 argue was the case in the nineteenth century United States). To the extent that they are privy to information about the politician's misbehavior, have the option of revealing it, and benefit reputationally from appearing honest, dueling networks might stand in for parties (see also Besley and Prat 2004).

## Analysis

The equilibrium concept we apply is Perfect Bayesian Equilibrium (henceforth equilibrium). In the service of empirical relevance, we focus the analysis on equilibria in which the opposing party never suppresses information about misbehavior, and the aligned party never fabricates it.<sup>13</sup> Hence, any equilibrium considered in this article is

<sup>13</sup>Our focus rules out only one equilibrium in which both parties randomize their behavior in a way that makes it impossible for the voter to draw any inferences from scandals (see SI, p. 19). One may wonder why there are no other equilibria in which the aligned party fabricates information in order to improve its reputation. Were that the case, then the aligned party would have a strict incentive to reveal all misbehavior, which would mean that the strategic type of the aligned party would accuse more frequently than the honest type. As a result, accusations levied by the aligned party would lead to reputation loss, so the aligned party would choose not to fabricate.

fully characterized by the conditional probability that the strategic type of the aligned party who learns about misbehavior suppresses it, denoted by  $s \in [0, 1]$ , and by the conditional probability that the strategic type of the opposing party who does not learn about misbehavior fabricates an accusation, denoted by  $f \in [0, 1]$ .

Our first proposition stipulates the existence of an equilibrium, and shows that the number of equilibria is limited.

**Proposition 1.** *A fully honest equilibrium with  $s = f = 0$  exists if and only if  $z \leq 2 \frac{\gamma(1-p\pi)}{1-\pi}$ . An equilibrium in which parties are not fully honest exists if and only if  $z > \frac{\gamma(1-p\pi)}{1-\pi}$ . There exist no other equilibria.<sup>14</sup>*

*Proof.* In SI (p. 1). □

In the equilibria identified in Proposition 1 scandals arise either because both parties claim to have received information about misbehavior, yielding what we will call *bipartisan* scandals, or because only the opposition does so, yielding what we will call *partisan* scandals. We define *scandal incidence* to be the probability of the voter observing a scandal.

In subsequent sections, we first analyze how fabrication and suppression, the resulting incidence of scandals, and their informational value for the voter vary with the parameters of the model: stakes of a scandal, discoverability of evidence, prior expectations of misbehavior, and prior reputation of the parties. In the section that follows, we analyze the consequences of scandals for the reputation of the politician and the parties. In establishing these results, whenever two equilibria coexist, we select the one that supports some level of dishonesty. This equilibrium selection criterion, however, does not affect the qualitative findings that follow.

## Stakes of a Scandal

Proposition 2 summarizes the key comparative statics with respect to the stakes of a scandal.

**Proposition 2.** *As stakes of a scandal  $z$  increase,*

1.  *$f$  and  $s$  increase;*
2. *incidence of bipartisan scandals decreases;*
3. *incidence of all scandals increases;*
4. *probability that the voter makes the wrong decision (keeping a misbehaving politician or dismissing a well-behaved one) increases.*

<sup>14</sup>For more information on the equilibrium values of  $f$  and  $s$ , see the SI (Lemma 1, p. 3).

*Proof.* In SI (p. 6). □

The proposition's first result is straightforward. As the stakes of the scandal increase,<sup>15</sup> the aligned party suffers greater losses when voters believe that the sitting politician misbehaved, whereas the opposing party collects greater benefits from that. Consequently, the latter is more inclined to claim to have received information about the politician's misbehavior in order to weaken him or force him out, and the former is more inclined to suppress information to protect him.

Although quite intuitive, the first result in Proposition 2 is driven by an interesting dynamic (see the proof in the SI, p. 6, for details). As the stakes of a scandal increase, each party deceives more not only because they have higher stakes regarding the politician in power, but also because the other party deceives more. Consider, for example, the aligned party. If the voter expects the opposing party to fabricate accusations due to high stakes of a scandal, she perceives partisan scandals as likely caused by the opposing party's fabrication, and hence does not update heavily about the honesty of the aligned party. That in turn creates incentives for the aligned party to suppress information, which ensures that any scandals that emerge are strictly partisan. In other words, an increase in the stakes of a scandal causes a disproportionately large increase in dishonesty in scandal production, as the dishonesty of one party encourages the dishonesty of the other.

Every time that the opposing party learns about misbehavior, regardless of whether it is honest or strategic, it will reveal the information to the voter. Hence, the aligned party's propensity to suppress information is irrelevant for the overall level of scandals, and it is the opposing party's propensity to fabricate scandals that drives scandal production. This, together with part 1, explains the second and third result of Proposition 2: the incidence of bipartisan scandals decreases in the stakes of a scandal due to the aligned party's higher incentive to suppress information, but the overall volume of scandals increases due to the opposing party's incentive to fabricate accusations. In this way, higher stakes of a scandal in a form of heightened polarization, lower party entrenchment and higher importance of politician's position do not merely augment scandal production. They also lend credence to charges of "fake news."

That the probability the voter commits either a Type I or Type II error is increasing in stakes of a scandal

<sup>15</sup>Throughout, when we say "increase" or "decrease," we mean "weakly increase" or "weakly decrease." However, there always exist parameters for which these statements could be read "strictly increase" or "strictly decrease."

flows intuitively from part 1. When the aligned party frequently suppresses information and the opposing party frequently fabricates accusations, the scandals that arise are less informative, which increases the chances that the voter will either conclude that the politician did not misbehave, when in fact he did; or that the politician did misbehave, when in fact he did not.

Overall, Proposition 2 speaks to the negative consequences of polarization. An increase in ideological distance between the parties and the prospect of electoral turnover raise the stakes of a scandal for each party, which in turn leads to a breakdown in public discourse, as one party falsely accuses, the other denies misconduct by suspect politicians, and voters struggle to discern the truth.<sup>16</sup>

### Discoverability of Misbehavior

The probability that misbehavior is detected,  $p$ , surely varies according to the actions and politicians under scrutiny. Whereas the politicians who attended the 2018 meeting at which President Trump was accused of insulting foreign countries using foul and offensive language surely heard what the president in fact said, parties are less likely to have useful information on Trump's intentions behind withholding military aid to Ukraine in the summer of 2019 (the subject of his 2019 impeachment) or Hillary Clinton's intentions behind using a private server while working as Secretary of State under Barack Obama (a charge that dogged her throughout the 2016 presidential election). Proposition 3 summarizes the key comparative statics with respect to  $p$ .

**Proposition 3.** *As  $p$  increases,*

1.  $f$  increases;  $s$  also increases, unless  $\pi p > \frac{1}{2}$  and  $z$  is sufficiently large so that  $f = 1$ , in which case  $s$  decreases;
2. incidence of bipartisan scandals increases;
3. incidence of all scandals increases;
4. probability that the voter makes the wrong decision decreases.

*Proof.* In SI (p. 7). □

Competing forces undergird these comparative statics. As  $p$  increases, parties are more likely to have received information about the politician's misbehavior, and hence the voter expects a scandal. Consequentially,

<sup>16</sup>Persson, Tabellini, and Trebbi (2003) and Eggers (2014) show that polarized voters tend not to punish misbehaving politicians. Our results imply that in a polarized world, parties' behavior may prevent voters from learning about misbehavior.

both parties have incentives to produce one, making suppression less likely and fabrication more likely, which pushes the dishonesty of the parties in opposite directions. As we observed in the previous section, however, forces within the model push dishonest behavior in the same direction. If the voter expects that the opposing party is likely to fabricate accusations, then should the voter observe a partisan scandal, she will interpret this as a sign of dishonesty of the opposing party and will not update much about the honesty of the aligned party. This in turn increases the aligned party's incentives to suppress information. A priori, it is not obvious which effect should dominate, and Proposition 3 reveals that it is the latter.

The relationship between the likelihood that misbehavior will be discovered and the remaining variables is also not obvious, a priori. As fabrication increases, we know, the incidence of partisan scandals increases. The volume of bipartisan scandals, however, is driven by two competing forces. On the one hand, the aligned party is more likely to have information to trigger the scandal, but on the other hand, the aligned party conceals its information more frequently. Proposition 3 reveals that the former effect dominates, and the voter is more likely to see a bipartisan scandal.

Similarly, as  $p$  increases, the higher dishonesty of both parties reduces the informational value of scandals, while the higher incidence of bipartisan scandals increases it. Proposition 3 says that the latter effect dominates, and the voter learns more from the scandals that emerge.

### Prior Expectations of Misbehavior

Recall that the parameter  $\pi$  characterizes the voter's prior belief about the likelihood that the politician misbehaved. This may reflect the overall rate of misbehavior among the political class, the voter's suspicions about the politician's individual proclivity to misbehave, or the strength of circulating rumors about his purported misbehavior. As this variable increases, it stands to reason, the voter should expect to see more scandals; and concerned about their reputations, parties ought to deliver. Naively, then, one would expect that the aligned party suppresses less and the opposing party fabricates more as  $\pi$  assumes larger values. As Proposition 4 reveals, however, this intuition is incomplete.

**Proposition 4.** *As  $\pi$  increases,*

1.  $s$  decreases monotonically, whereas changes in  $f$  are single-peaked;

2. *the incidence of bipartisan scandals strictly increases;*
3. *there exist parameters for which the overall incidence of scandals increases, and there exist parameters for which the overall incidence of scandals decreases.*

*Proof.* In SI (p. 7). □

Part 1 of Proposition 4 states that marginal changes in  $\pi$  cause the aligned party to suppress less often whereas the opposing party's propensity to fabricate may either increase or decrease. A voter who perceives the politician as likely corrupt expects a scandal, so both parties have incentives to deliver a scandal: the aligned party by not suppressing, and the opposing party by fabricating. There are two additional forces at work, however, that push fabrication in the other direction when  $\pi$  is sufficiently high. First, as  $\pi$  increases, the voter is more inclined to believe that the politician misbehaved, and hence the politician is weakened even in the absence of a scandal, which encourages both parties to behave more honestly. Second, recall that the willingness of the opposing party to fabricate depends on the voter's expectations about the aligned party's tendency to suppress. When the voter believes that misbehavior is quite likely, the aligned party suppresses information so infrequently that the voter will interpret a partisan scandal as fabricated by the opposition, which decreases the opposition party's incentive to fabricate. Hence, for larger values of  $\pi$ , marginal increases in the incidence of misbehavior result in fewer fake accusations.

These patterns of suppression and fabrication have interesting implications for the production of scandals. Because the aligned party suppresses less as the incidence of misbehavior increases, the volume of bipartisan scandals increases. However, just as fabrication changes nonmonotonically in changes in the underlying rates of misconduct, so does the overall production of scandals. Hence, given certain parameter values, increases in the rate of misconduct can lead to a decrease in the overall volume of scandals.<sup>17</sup>

<sup>17</sup>The omitted impact of  $\pi$  on the accuracy of the voter's decision is rather obviously nonmonotonic. Even without strategic considerations, the voter is more likely to make a mistake when the incidence of misbehavior  $\pi$  assumes an intermediate value. When  $\pi$  approximates 1 or 0, after all, the voter proceeds with justified confidence that the politician either did or did not misbehave. Strategic effects do not undo this general pattern, but may lead to further nonmonotonicities.

## Prior Perception of Parties' Honesty

In this section, we consider how the variables of interest change with the voter's perception of the honesty of the parties. For simplicity, we focus our attention on what happens when the stakes of the scandal are sufficiently small so that either party sometimes tells the truth. Because we are only interested in the strategic implications of higher reputation for honesty, therefore we present the results conditional on both parties being strategic types.

**Proposition 5.** *Suppose  $z < \frac{1-\pi p}{1-\pi}$  and suppose that both parties are dishonest. Then as  $\gamma$  increases,*

1.  *$f$  and  $s$  decrease;*
2. *the incidence of bipartisan scandals increases;*
3. *the overall incidence of scandals decreases.*

*Proof.* In SI (p. 9). □

Proposition 5 states that as the voter becomes more optimistic about the honesty of the parties, parties will respond by behaving in a more honest way, which leads to more bipartisan scandals but fewer scandals overall. Conversely, if the voter's confidence in political parties deteriorates, they will respond in kind by behaving more dishonestly, which leads to more scandals. These effects are driven by the fact that parties are less willing to risk their reputation when that reputation is higher.<sup>18</sup>

## Political Consequences of Scandal

We turn now to identifying the political consequences of scandals. As we show in this section, scandals can have a wide range of effects on both the parties that instigate them and the politicians who stand at their center. Depending on parameters and the type of scandal, parties or the politician may suffer reputationally, they may benefit, or they may be altogether unaffected.

Let us begin with the political consequences of bipartisan scandals. Recall that  $\phi_i(a_{align}, a_{opp})$  denotes the voter's beliefs about party  $i$ 's type and  $\Phi(a_{align}, a_{opp})$  denotes the voter's beliefs about whether misconduct occurred. After both parties allege misbehavior, the voter updates her beliefs as follows:

<sup>18</sup>For  $z \in (\frac{1-\pi p}{1-\pi}, \frac{1}{1-\pi})$ ,  $f$  and  $s$  are U-shaped, so the relationship of Proposition 5 holds only for small  $\gamma$ , which we believe is the realistic range for the probability that a party is actually an honest type. For  $z > \frac{1}{1-\pi}$ , however,  $f$  and  $s$  (weakly) increase in  $\gamma$ . The reason for the changes in the comparative statics for large  $z$  is that when it is very important to insulate the implicated politician from a scandal, each party is willing to use its higher reputation to do so. A full characterization of the comparative statics with respect to  $\gamma$  is available upon request.

**Proposition 6.** *In equilibrium,*

$$\begin{aligned}\phi_{opp}(1, 1) &= \gamma \leq \phi_{align}(1, 1); \\ \Phi(1, 1) &= 1,\end{aligned}$$

where the inequality is strict if  $s > 0$ .

*Proof.* In SI (p. 9).  $\square$

The aligned party only casts accusations after having learned about misbehavior. Having observed a bipartisan scandal, therefore, the voter knows with certainty that the politician misbehaved, and hence  $\Phi(1, 1) = 1$ .<sup>19</sup> Because the strategic and honest types of the opposing party pool in this instance, however, the voter does not learn anything new about the opposing party's type, and hence  $\phi_{opp}(1, 1) = \gamma$ , where  $\gamma$ , you will recall, is the voter's baseline belief that a party is honest. Bipartisan scandals, however, do cause the voter to update positively on the aligned party. The fact that the aligned party did not suppress information that it received about the politician's misbehavior makes the voter more inclined to believe that it is the honest type, and hence  $\phi_{align}(1, 1) > \gamma$ , provided  $s > 0$ .

When exposed to a partisan scandal, the voter is much less certain about the parties' types and the politician's behavior. It is possible that both parties learned about misbehavior but that the aligned party opted to suppress it. Alternatively, neither party may have learned about misbehavior, but the opposing party opted to cast a false accusation. As the next proposition stipulates, the voter's updated beliefs about the politician's behavior and the inferences she makes about the parties both depend on two key parameters,  $\pi$  and  $p$ .

**Proposition 7.** *Partisan scandals arise only if the stakes of a scandal are reasonably large,  $z > \gamma \frac{1-\pi p}{1-\pi}$ . For those parameter values, the reputations of both parties decrease, such that  $\phi_{opp}(0, 1) < \gamma$ ,  $\phi_{align}(0, 1) < \gamma$ , and  $\phi_{opp}(0, 1) + \phi_{align}(0, 1) = \gamma$ . Which party suffers a greater reputational fallout depends on the voter's prior expectations about scandals. If the voter does not expect scandals, such that  $\pi p < \frac{1}{2}$ , then  $\phi_{opp}(0, 1) < \phi_{align}(0, 1)$  and  $\Phi(0, 1) \geq \pi$ . If voters expect scandals, such that  $\pi p > \frac{1}{2}$ , then  $\phi_{opp}(0, 1) > \phi_{align}(0, 1)$  and  $\Phi(0, 1) \leq \pi$ . If  $s, f < 1$ , all inequalities are strict.*

*Proof.* In SI (p. 9).  $\square$

<sup>19</sup>Some inferences about recent scandals follow rather naturally. Consider, for example, the 2017 case of Senator Al Franken being accused of sexual misconduct. We know that the party that benefits from Franken's collaboration will never pretend to observe misbehavior. The fact that the Democratic Party encouraged Franken to resign, then, should lead the voter to conclude that misbehavior did in fact occur.

Note, first, that partisan scandals always damage both parties' reputations. Having observed a partisan scandal, the voter can be sure that one of the two parties is the strategic type; and as a consequence, she becomes more pessimistic about both.

The damage wrought by partisan scandals, however, is not equally distributed across the two parties. Rather, the reputational fallout for each of the parties depends on the voter's baseline beliefs about the incidence of misbehavior and the probability that the parties learn about it. To understand the intuition for Proposition 7, consider first the case in which  $\pi p < \frac{1}{2}$ , when parties are unlikely to have information about misbehavior, either because misbehavior is rare or hard to detect. Here, the voter does not expect to see scandals, and so she is inclined to believe that a partisan scandal is triggered by fabrication rather than suppression, causing her to penalize the opposing party more than the aligned one. Knowing the voter's calculus, the opposing party fabricates fewer scandals, but not to the extent that the inference is wiped out. To understand why the implicated politician suffers reputationally, note that the voter's inference from a partisan scandal depends on whether a partisan scandal is more likely when the politician misbehaved or when he did not. The former is higher when suppression  $s$  is higher than fabrication  $f$ , and vice versa. The opposing party appropriately curtails its dishonesty to mitigate the reputational fallout, so indeed suppression is higher than fabrication,  $s > f$ , and hence  $\Phi(0, 1) \geq \pi$ .

When  $\pi p > \frac{1}{2}$ , the voter expects that parties are privy to information on misbehavior, and hence she expects a scandal. Under this scenario, the voter is inclined to interpret a partisan scandal as a result of suppression and not fabrication, and she therefore penalizes mainly the aligned party for the perceived dishonesty. The aligned party responds by decreasing suppressions, which leads to  $s < f$ . This in turn means that the voter expects the aligned party to participate in casting accusations. So when it does not, that is, when scandal is partisan, the voter takes it as a sign that no misbehavior occurred. Remarkably, then, the politician's reputation improves amidst a partisan scandal.

In this way, we can see how the subjects of political scrutiny can actually benefit from partisan scandal. Although both parties suffer reputationally, albeit not equally, the politician himself comes out looking better than he did before. Though hardly dispositive, this finding at least rationalizes a curious feature of contemporary American politics: partisan scandals routinely damage the reputations of both Democratic and Republican parties, while the public approval ratings of these scandals'

primary subject—be he Bill Clinton or Donald Trump—appear notably resilient.

The next proposition states that when the stakes of a scandal are high due to high polarization, low political entrenchment of the aligned party, or high importance of the position occupied by the politician, the difference in political fallout for the parties is large, whereas the consequences for the implicated politician tend to be small.

**Proposition 8.** *As  $z$  increases,  $|\phi_{opp}(0, 1) - \phi_{align}(0, 1)|$  increases and  $|\Phi(0, 1) - \pi|$  decreases.<sup>20</sup>*

*Proof.* In SI (p. 10). □

## Conclusion

Details about political scandals intermittently baffle and astound. The reasons why politicians do things that endanger their and their associates' careers seem incomprehensible. And perhaps they are. But the occurrence of scandals is not. The transformation of private misbehavior into public scandal is a deeply political process.

To investigate this political process, we study a model that is intentionally austere. The model abstracts away from many factors that condition the frequency and consequences of scandal production, such as the partisan leanings of voters, timing considerations about when to reveal misbehavior, the resources and objectives of the media, the influence of fact checkers, evolving understandings of political misconduct, and the contextual relevance of different types of misbehavior. Future work should investigate these matters. As the first step, however, this article appropriately focuses on the strategic behaviors of those individuals and parties that stand at a scandal's very center.

Our model yields a rich collection of insights. For example, as the stakes of a scandal increase, aligned parties are prone to suppress information about a politician's misbehavior—much as Republicans may have done in our first motivating example. Similarly, higher stakes affect the reputational gains from accusing a politician of having misbehaved and the reputational losses from not doing so.

We also find that polarization accelerates the production of political scandals, a finding that is at once immediately relevant for contemporary American politics and amenable to empirical investigation. Because these scandals tend to be partisan in nature, however, the voter

does not learn much about the politician in question. Remarkably, scandals in this setting can redound to the benefit of the implicated politician. When only the opposing party alleges misbehavior, the voter may infer that the politician did not misbehave after all, even as she downgrades her assessment of both parties—a finding, we suggest, that is at least consistent with Trump maintaining steady approval ratings amid widespread accusations of scandal, while the reputations of Republicans more generally foundered.

The model also clarifies why higher numbers of scandals do not necessarily imply higher levels of misbehavior. Marginal increases in misbehavior sometimes decrease the number of scandals that arise. As Woodward (2019(1974)) notes:

It would be misleading to form any first impressions of the relative health or virtue of presidential administrations on the basis of the number of allegations of misconduct filled against them [...] Allegations are not proof, and the volume of allegations may be more an index of the strength of congressional opposition, or the zeal of critics and the austerity of their standards than the culpability of the accused.

The lesson for empirical work is apparent: scandals can be a poor proxy for actual misconduct; and efforts to ascertain the depth of an underlying problem on the basis of public accusations about it can be misleading.

Our model captures the logic of scandals that concern acts committed without any obvious consideration for their political consequence, such as Trump's alleged dalliances with porn stars and *Playboy* models. In the SI (p. 11), we turn our attention to scandals that arise from calculated misbehavior. With misbehavior endogenized, we show, most of the main findings about the incidence of scandals and their reputational consequences carry through. Consistent with the finding that polarization lead to scandals that prevent the voter from correctly evaluating the politician, for instance, we find that such circumstances also encourage politicians to misbehave. Ideological polarization, as such, does not only breed partisan scandals and voter confusion. It also stimulates misconduct.

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<sup>20</sup>The comparative statics with respect to  $p$  and  $\pi$  depends on the parameters in a complicated way that is not instructive.

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## Supporting Information

Additional supporting information may be found online in the Supporting Information section at the end of the article.

**Appendix A:** Preliminaries

**Appendix B:** Proofs for Section 5

**Appendix C:** Proofs for Section 5.1

**Appendix D:** Proofs for Section 5.2

**Appendix E:** Proofs for Section 5.3

**Appendix F:** Proofs for Section 5.4

**Appendix G:** Proofs for Section 5.5

**Appendix H:** Extension: Endogenous Misbehavior

**Appendix I:** Characterization of the Remaining Equilibria