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Crashing the Party? Elites, Outsiders, and Elections[*]

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Abstract

We study an elections model in which political parties are internally divided between an "elite" and a "base" whose preferences are imperfectly aligned. Elites are better informed about the quality of potential nominees, and their endorsements can identify and promote high quality candidates. However, elites may also choose to restrict their endorsements to candidates who adopt their preferred policies. We introduce a threat of entry from outsider candidates, who have the prominence and resources to bypass party elites. We consider when voters will turn to an outsider candidate, and identify the conditions under which an outsider challenge will come in the primary as opposed to as a third-party candidacy. We further explore when this threat disciplines elite endorsements and the conditions under which outsider challenges are most likely to succeed.

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1. Introduction

One of the defining and most consequential activities of political parties in a democracy is the selection of candidates to compete in elections. In the United States (Morton, 2006), Latin America (Carey and Polga-Hecimovich, 2006), Europe (Bille, 2001), and farther afield, political parties often give the formal authority to select candidates to rank-and-file members by way of *primaries*. Party elites maintain substantial influence over nominations, by narrowing down an initial pool of potential candidates and steering members towards their preferred candidates through endorsements and the provision of campaign resources (Cohen, Karol, Noel and Zaller, 2009). Nonetheless, elite control is rarely complete: ordinary members are not compelled to follow the implicit or explicit recommendation of party elites when casting their ballots. And, as new political issues and cleavages emerge, the rank-and-file may find itself misaligned with party elites over the preferred candidates and policies.

Ideological misalignment between party elites and the rank-and-file membership elevates both the salience and the stakes associated with the democratic selection of electoral candidates. This misalignment was apparent in the 2016 US presidential election, with the success of Donald Trump and, to a lesser extent, Bernie Sanders. It also prompts candidates to pursue alternative electoral strategies that bypass party elites entirely; examples include H. Ross Perot running as a third-party candidate in the 1992 and 1996 U.S. Presidential elections and Marco Enríquez-Ominami, a Chilean presidential candidate, in 2009. In the case of Enríquez-Ominami, he initially planned to contest the *Concertacíon* coalition primary election, but opted instead to run as an independent rather than challenge the preferred establishment candidate—the former president Eduardo Frei—for the party's nomination.[1]

Primaries—and democratic candidate selection procedures, more generally—can reveal and reconcile competing policy perspectives within the party. They may also help a party find candidates whose personal qualities and policies stand the greatest chance of winning a general election. But a party elite may try to forestall the rise of candidates whose policy preferences are mis-aligned with their own. In turn, voters may look to *outsider* candidates, either in the primary or the general election, as an alternative to traditional establishment candidates whose policy positions are aligned with the interests of the party elite.

In this paper, we ask: when do voters prefer to support outsider candidates, both in party primaries and in general elections, rather than candidates that are endorsed by the party establishment? When do outsiders prefer to enter electoral contests from within parties rather

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[1] See Bunker and Navia (2013) for a discussion of this case.

than campaigning independently as third-party candidates? And how does the threat of an outsider's challenge impact the willingness of party elites to hold an inclusive nomination process in which different views and factions within the party are represented?

We explore these questions in a theoretical model of electoral competition between two established political parties. A novel ingredient we introduce is that there are two issue dimensions of policy conflict. The first issue dimension—for example, redistribution and the size of the state—represents a traditional issue cleavage on which there is polarization *between* parties. The second dimension represents a cleavage on which there is polarization and disagreement *within* each party. Motivated by the nationalist backlash in many countries in recent years, our running interpretation of this issue dimension is *globalism* versus *nationalism*. More broadly, however, our model extends to any context in which there is polarization both *between* and *within* parties. For example, in the United States the civil rights era created divisions within the parties that were distinct from the traditional cleavages that divided the parties (e.g., McCarty, Poole and Rosenthal, 2008). We assume that the elites in both parties belong to the globalist faction.

Each party has access to a pool of potential candidates that are distinguished by their policy positions on each dimension, as well as their *quality*—their governing skills and policy knowledge. All voters and rank-and-file members can discern candidates' policy positions, but only party elites are able to distinguish high- versus low-quality candidates. Additionally, we assume that the costs of campaigning are prohibitively expensive for most potential candidates unless they receive the support of the party elites. Thus, the elite can convey a benefit to all voters, regardless of ideology, by identifying and endorsing only candidates of high quality and preventing low-quality candidates from running. But, this *screening* power also generates a *gate-keeping* power: elites may force candidates to advocate globalist policies in order to secure a valuable endorsement.

We introduce the threat of entry by an *Outsider*, who has the resources and name recognition to participate in either the primary or the general election without the support of the elite. From the voters' perspective, there is a key tradeoff associated with outsider candidates.

On the one hand, the Outsider may choose her platforms without the necessity of securing the elite's support, allowing her to advocate positions that elites may prevent establishment candidates from adopting. This gives her an ideological competitive advantage in either a primary or general election when there is significant opposition to elite-preferred policies. On the other hand, the Outsider's ability to enter the election without the support of elites means that cannot benefit from the screening power of an elite endorsement. This makes her

a riskier prospect in terms of governing skills. Only when voters are strongly polarized on ideological positions that the Outsider is uniquely able to adopt can this quality disadvantage be overcome.

We explore the considerations that govern two fundamental strategic choices. First, we study the Outsider's decision to either (1) enter the electoral contest in a party primary, or instead (2) offer her candidacy independently of the existing parties as a third-party candidate. Second, we study the elite's decision to either (1) head off the Outsider's threat of primary or third-party entry by holding an inclusive primary contest in which a range of ideological perspectives are represented by elite-endorsed candidates, or instead (2) risk the Outsider's entry by restricting the competition in the primary only to ideologically aligned candidates.

We show how the Outsider's relative value of entering the electoral contest through a party primary, versus as a third party candidate, turns on the degree of *intra*-party polarization relative to the degree of *inter*-party polarization. If polarization *within* parties is relatively large, the Outsider anticipates that she cannot carry the unified support of both party factions if she wins the primary. Rather than hoping to unite voters within a party after a primary battle, she prefers to divide voters *across* parties by running a third-party campaign. In doing so, she may win the election via a coalition of alienated rank-and-file voters from *across both parties*. This yields the prospect of winning the election despite lacking the support of a majority in either party.

Conversely, if polarization *across* parties is relatively large, the Outsider anticipates that if she wins the primary, she will compete in the general election with the support of *all* of that party's voters—even globalist voters and party elites who opposed her candidacy in the primary. The reason is that when inter-party polarization is large, party members unite behind their nominee due to their strong desire to defeat the other party's candidate. Entry via primaries is risky—after all, the Outsider faces the prospect of elimination before she even reaches the general election—but the prospect of contesting the general with the support of a unified party makes the risk worthwhile. Our model therefore generates a testable prediction: third-party candidacies should be more common, relative to anti-establishment primary challenges, during periods in which polarization between the parties is less pronounced.

Our model also generates a prediction concerning how outsider candidates will fair in the general election after a successful primary challenge. Even if the Outsider has a relatively low prospect of winning the primary, conditional on *both* running in *and* winning the primary, she enjoys *at least* as good a chance of winning as any other nominee in the general election. The reason is that the Outsider only chooses to run in the primary when a primary victory ensures

the unified support of both party factions in the general election.

We also uncover the conditions for party elites to compromise in the primary by endorsing high quality candidates across both globalist and nationalist policy positions. An advantage of holding such an "inclusive" primary is that it raises the prospect of a nominee with governing skills. A disadvantage is that by endorsing a nationalist primary candidate, the elite increases the prospect that this candidate wins the primary, relative to an outsider of uncertain quality. Elites will compromise only when they think the Outsider challenge is likely to succeed, and when they themselves are not too polarized on the globalist-nationalist cleavage. Consequently, in environments in which it is possible for elites to neutralize outsider challenges, an outsider can only win if such a victory will be viewed by elites as a "surprise".

The elite's decision to hold an inclusive primary is also driven by its consequences for a third-party challenge. Unlike primaries, these challenges divide the party's globalist and nationalist bases in the general election, raising the risk that the opposing main party wins solely on a plurality. Crucially, we show that an inclusive primary may either *raise* or *diminish* the prospect of a third-party challenge. When party factions are heavily divided on the globalism-nationalism cleavage, an inclusive primary *lowers* the risk that the Outsider mounts a third-party campaign; when, instead, internal divisions within parties are second-order to polarization between parties, an inclusive primary *raises* the prospect of a third-party challenge. In the latter case, the party elite can coax the Outsider to run inside the party primary by endorsing only a globalist candidate; this raises the risk that the Outsider wins the nomination, but may ultimately be preferred by the elite to a three-way general election contest.

We view our results as relevant to a number of theoretical and empirical literatures on electoral competition and the internal organization of political parties and we describe the connection below.

Primaries. A large literature documents a shift in the internal organization of parties towards more open and democratic candidate selection procedures across a number of countries. Primary contests can help parties win elections, by revealing information about candidates' quality (Serra, 2011; Adams and Merrill, 2008; Slough, York and Ting, 2017), and voters' policy preferences (Meirowitz, 2005). They may also provide incentives for candidates to invest in high-quality platforms (Caillaud and Tirole, 2002; Crutzen, Castanheira and Sahuguet, 2010). At the same time, primaries may exacerbate policy conflict between parties, creating polarization (Kaufmann, Gimpel and Hoffman, 2003; Serra, 2015; McCarty, Poole and Rosenthal, 2008; Agranov, 2016), and mitigate conflict within parties (Hortala-Vallve and Mueller, 2015).

In our framework, elite endorsements in the primary contest convey information to vot-

ers about the competence and quality of candidates, in contexts where voters are unable to discern candidates' capabilities themselves. Furthermore, primary outcomes convey information to politicians about *both* the size of relevant preference groups in the voting population *and* the relative intensity of their policy preferences. Our contribution, however, is not to explain why parties hold primaries, or their direct consequences for polarization. Instead, our focus is on the elites' decision either to allow an inclusive contest or instead try to avoid a genuine contest between opposing factions and ideologies. Our framework also addresses when outsider candidates choose to contest primary elections or instead prefer to bypass internal party democracy entirely by entering the election as third party candidates. A number of studies find that primaries increase either the quality of policies (Caillaud and Tirole, 2002; Crutzen, Castanheira and Sahuguet, 2010) or of candidates (Serra, 2011; Adams and Merrill, 2008; Slough, York and Ting, 2017); indeed, these studies find that improving candidate and policy quality is the principal force for the adoption of competitive primaries. By contrast, we unearth circumstances in which holding primaries *lower* the expected quality of the party's nominee, relative to elite selection.

Organization of political parties. There is a large comparative literature on the internal organization of political parties. Classic works include Duverger (1959), Panebianco (1988) and Ostrogorski (1902). Building on these contributions, more recent work has attempted to classify alternative forms of party organization along dimensions that include their degree of openness, and the extent to which they facilitate the rank-and-file's participation in party governance—see, for example, Katz and Mair (1995) and Gerber and Morton (1998). Inevitably, our formal framework abstracts from many of the contextual details on which these studies focus. Nonetheless, we share with these works an intention to better understand how tensions between the elite and the rank-and-file determine the form and cohesion of political party organizations.

Party nomination decisions. Our results also speak to the question of who is likely to be nominated when the preferences of the party and the rank and file are misaligned. In an extremely influential book, Cohen et al. (2009) argue that the party establishment in the United States has considerable—and typically *decisive*—influence in determining who will be nominated. Nonetheless, party elites are not always successful in imposing their preferred candidates on primary voters as demonstrated, for example, by the nomination of Donald Trump in the 2016 Republican primary. Our analysis sheds light on how party elites can influence the process and derives predictions about when it is true that "the party decides" and when the rank-and-file will overrule their recommendation.

Formal models of political parties. We construct a game-theoretic model of political parties. In particular, our paper relates to existing work in which parties aggregate conflicting policy preferences across more than one dimension of conflict. A seminal contribution is Levy (2004), in which parties can offer any policy that lies in the Pareto set of their members. Levy (2004) illustrates how parties may endogenously reduce the dimensionality of ideological conflicts to a single dimension in electoral competition. McMurray (2017) considers a similar question in a context where disagreements concern information, rather than ideology. Our model also highlights when elections will be fought on one or more than one dimension of ideological conflict.

In Roemer (1999), party factions differ not only with respect to ideology, but instead to how their induced preferences over the party's electoral platform trade off (i) the party's prospect of winning and (ii) the discrepancy between the party's position and their ideal policies. Dewan and Squintani (2016) also consider parties made up of factions, but focus on information aggregation among the members. In Morelli (2004), parties serve as a mechanism to coordinate voters in elections in multi-district contests, in one dimension of policy conflict. Krasa (2016) considers a dynamic model of two-party elections in which parties nominate candidates, and in which party membership evolves over time, but in which there is no prospect of third-party entry. Krasa and Polborn (2015) consider candidate selection and legislative elections in multiple districts, in a model with one-dimension of policy conflict. Guiso, Herrera, Morelli and Sonno (2017) consider when political candidates will pursue short-term populist policies, and find that such policies are more likely when there is greater distrust of elites. Eguia (2011) shows how parties—defined as durable voting coalitions—endogenously form in a legislative assembly.

This paper proceeds as follows. We begin by introducing the model in Section 2. As this is a sequential game we proceed to solve for the equilibrium by first considering the final stage of the game. As such, Section 3 studies the general election stage, looking separately at the cases in which the Outsider has run in the primary and when she stayed out. Given the results of Section 3 we study the Outsider's choice to contest a party primary or to enter as a third-party candidate in Section 4. Section 5 analyzes the party elite's decision to hold an inclusive primary or instead to use its gate-keeping power to only endorse candidates who take their preferred position. Finally, Section 6 describes several extensions of the baseline model. A Conclusion follows. Proofs of the main results are in the Appendix, and an online Supplementary Appendix provides the details for the extensions.

2. Model

There are two political parties, $\mathcal{L}$ and $\mathcal{R}$, competing in an election. Each party consists of an *elite*, a continuum of *citizens*, and a continuum of potential *political candidates*. The elite could represent the party leadership, such as the Republican National Committee, or a group of senior legislative politicians, fundraisers, or party activists that act as a gatekeeper for potential candidates.

The policy space consists of four locations: $(0,0)$, $(1,0)$, $(0,1)$ and $(1,1)$. The horizontal dimension of policy is most naturally interpreted as a traditional left-right cleavage, such as *less* redistribution ($x = 1$) versus *more* redistribution ($x = 0$). The vertical dimension of policy represents an emergent issue cleavage; we will interpret this cleavage as *globalism* ($y = 1$) versus *nationalism* ($y = 0$) though the precise interpretation will depend on the particular political context.

Citizens and party elites are each located at one of the four policies. The $\mathcal{R}$ elite is located at $(1,1)$, i.e., it supports smaller government combined with a globalist outlook. The $\mathcal{L}$ elite is located at $(0,1)$—it also adopts a globalist outlook but in contrast it favors a larger government and more redistribution. We assume that the elite has zero mass, so that the outcome of the primary election will be determined by the votes of the rank-and-file party members across both factions.

Citizens are divided across both horizontal and vertical policy cleavages. A fraction $\alpha \sim \Phi[\underline{\alpha}, \overline{\alpha}]$ is located at $x = 0$, while a fraction $1 - \alpha$ is located at $x = 1$. Political parties are organized along the horizontal policy cleavage with all citizens a member of one of the two parties. Thus, a citizen who prefers $x = 1$ is a member of the $\mathcal{R}$ party, while a citizen who prefers $x = 0$ is a member of the $\mathcal{L}$ party. Crucially, citizens in *either* party may favor globalist ($y = 1$) or nationalist ($y = 0$) policies: a fraction $\beta \sim G[\underline{\beta}, \overline{\beta}]$ of the citizens in each party favor nationalist policies. Thus, the vertical dimension of policy represents an emerging political issue that exposes *both* parties to the risk of factional dissent.

We assume that $\Phi(\cdot)$ and $G(\cdot)$ are atomless distributions with full support on their domains. To simplify our analysis we impose the following parameter restrictions.

Assumption 1. *(1)* $\underline{\alpha} = 1 - \overline{\alpha}$ *and* $\Phi(\cdot)$ *is symmetric about* $1/2$, *(2)* $\underline{\beta} < .5 < \overline{\beta}$, *(3)* $\max\{\overline{\beta}, 1 - \underline{\beta}\}\overline{\alpha} < \underline{\alpha}$

Assumption 1 states (1) that the parties are expected to be evenly balanced in the voting population, (2) that there is a positive but not certain prospect that nationalists constitute a majority,
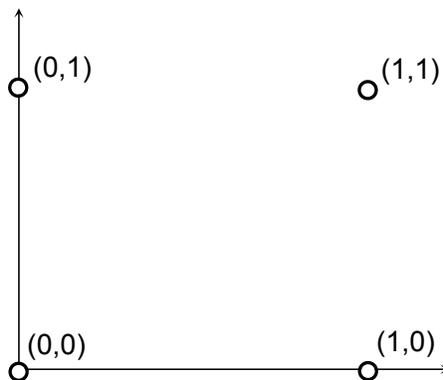
Figure 1 – The set of policy alternatives.

and (3) that either faction in the $\mathcal{R}$ party ($\mathcal{L}$ party) is smaller than the combined globalist and nationalist factions in the $\mathcal{L}$ (respectively $\mathcal{R}$) party. This condition will be satisfied if the division of voters between the parties is not too imbalanced, as appears to be the case with the modern U.S. electorate. These assumptions simplify our analysis by ruling out a plethora of cases that deliver few substantive insights.

If a policy (x', y') is implemented, an agent with ideal policy (x, y) derives a spatial payoff:

$$u(x', y'; x, y) = -\gamma|x' - x| - \lambda(y)|y' - y|,$$

where $\gamma > 0$ reflects the concern placed by all agents on the traditional cleavage, and $\lambda(y) > 0$ reflects the relative concern that an agent whose ideal policy is $y \in \{0, 1\}$ places on the globalism-nationalism dimension. Since parties are organized along the traditional cleavage, γ measures the degree of *inter-party* ideological polarization.

While all citizens and party elites attach preference weight $\gamma > 0$ to the traditional policy cleavage, the concern that agents place on the vertical issue dimension, $\lambda(y)$, varies across agents. Party elites, as globalists themselves, know that globalists (i.e., $y = 1$) place preference weight $\lambda(1) > 0$ on the globalism-nationalism dimension of policy. By contrast, the elites are uncertain about the intensity of nationalist sentiment: they know that the preference weight $\lambda(0)$ of agents who favor a nationalist policy $y = 0$ is distributed according to an atomless cumulative distribution function $F(\cdot)$ with full support on $[\underline{\lambda}(0), \overline{\lambda}(0)]$.

To ease presentation, we assume that the $\mathcal{L}$ party is initially committed to a globalist candidate, i.e., located at the platform $(0, 1)$, but the $\mathcal{R}$ party will choose its nominee through a primary election. This assumption may reflect a context in which $\mathcal{L}$ is the incumbent party and inherits its candidate from the previous electoral cycle. We relax this assumption in Sec-

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, where we consider a primary in both parties.

The $\mathcal{R}$ party has a mass of political candidates that can run for office at a platform location $(1, 0)$ or $(1, 1)$, i.e., either as globalists or nationalists. These candidates are heterogeneous in their governing quality, $\tilde{v} \in \{0, v\}$. A fraction $p' \in (0, 1)$ are *high quality* ($\tilde{v} = v$), and fraction $1 - p'$ are *low quality* ($\tilde{v} = 0$). Citizens cannot directly observe the quality of any politician but the $\mathcal{R}$ elite can distinguish political candidates according to whether they are high or low quality. All agents prefer high quality candidates, and if (x', y') is implemented by a politician of quality $\tilde{v}$, the utility of an agent with ideal policy (x, y) is

$$u(x', y'; x, y) + \tilde{v} = -\gamma|x' - x| - \lambda(y)|y' - y| + \tilde{v}.$$

In addition to the body of politicians there is an *Outsider*. An important distinction between a standard political candidate and the Outsider is in their costs of mounting a political campaign. Political candidates in party $\mathcal{R}$ must run in the primary and can only run for office if they receive the endorsement of a party elite to run on a given platform. One could interpret this as a primary election in which a candidate without the backing and resources of the party establishment will not be able to run enough advertisements or generate enough news coverage to make themselves known to voters. This approach also corresponds to a citizen-candidate setting (Osborne and Slivinski, 1996; Besley and Coate, 1997) in which the cost of entry for ordinary political candidates is so large that their entry into politics is only feasible with the resources of the party behind them. A difference between our model and citizen-candidate models, however, is that we assume that all potential candidates, including the Outsider, are purely office motivated. That is, they receive a payoff of 1 if elected and 0 otherwise.

The Outsider, by contrast, has the ability to run for office without the support of a party elite. This may reflect name recognition, access to large personal wealth, or the ability to generate free news coverage due to fame or celebrity status.[2] We assume that the Outsider can run in the primary or as a third party candidate but she cannot do both. In the United States, "sore loser laws" in many states make running as a third party candidate after losing the primary nomination impossible. In Section 6 we allow the Outsider the option to run multiple times but at a cost.

We endow the Outsider with the same information as the party elites: she knows the globalist preference parameter, $\lambda(1)$, but is uncertain about nationalist voters' preference intensity,

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[2] For example, it was estimated that Donald Trump had earned \$2 billion in "free" media coverage by March 2016 of the Republican primary (Confessore and Yourish, 2016).

$\lambda(0)$, and the relative preponderance of nationalists, β, and $\mathcal{L}$ voters, α.[3] However, we assume that the Outsider does not observe her own realized quality—at least, not before she has entered the election.[4]

As with any other politician, voters cannot directly observe the governing skills $\tilde{v} \in \{0, v\}$ of the Outsider, but know that she is high quality ($\tilde{v} = v$) with probability $p \in (0, 1)$.[5] We further assume that the $\mathcal{R}$ elite does not observe the realized quality of the Outsider at the time that it makes its decision.[6]

We impose the following assumptions on the support of $\lambda(0)$, the preference intensity that nationalists attach to the globalism-nationalism cleavage.

Assumption 2. *(1)* $0 \leq \underline{\lambda}(0) \leq v(1 - p)$, *(2)* $\overline{\lambda}(0) > \gamma + v(1 - p)$.

Assumption 2 states that there is enough uncertainty about the intensity of nationalist sentiment that (1) it could be *low* enough for members of the nationalist rank-and-file to prefer their own party's high-quality globalist over a nationalist in their own party who is high quality only with probability p, or (2) it could be *high* enough that the nationalist rank-and-file prefer a nationalist from the opposing political party that is high quality only with probability p relative to a high quality globalist politician from their own party. We maintain Assumption 1 and Assumption 2 throughout the paper.

Timing: The game proceeds as follows.

1. The proportion of voters α that prefer $x = 0$, the proportion of voters β that prefer $y = 0$, the intensity of nationalist sentiment $\lambda(0)$, and the Outsider's governing quality $\tilde{v} \in \{0, v\}$, are all independently realized. None of these realizations are observed by the elite or the Outsider. However the elite privately observes the identities of the fraction p' political candidates for whom $v = \tilde{v}$.

2. The $\mathcal{R}$ elite decides whether to endorse a political candidate of high or low quality lo-

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[3] This could be because the Outsider moves in the same circles as the elites or because pundits, columnists, and party leaders are all elites and so elite opinion is well understood.

[4] This avoids the possibility that the Outsider uses her entry to signal her quality—an idea that is explored in many other settings.

[5] The fraction of high quality Outsiders, p, may or may not equal the fraction of high quality establishment politicians p'. Only the fraction of high quality outsiders will matter for our analysis.

[6] This assumption rules out cases of knife-edge indifference for the elite between an establishment candidate of high quality and a high quality Outsider, but plays no substantive role in our analysis.

cated at the globalist position $(1, 1)$, or at both locations.[7] We assume that a candidate who is endorsed to run at a location does so.

3. The Outsider decides whether to stand for candidacy within the $\mathcal{R}$ party at either location $(1, 1)$ or $(1, 0)$, or instead to *stay out*.

4. A primary is held within the $\mathcal{R}$ party if there are two contestants for the nomination: the candidate that receives the larger share of the vote in the primary proceeds to the general election as the $\mathcal{R}$-party nominee.

5. A general election is held in which the $\mathcal{R}$-party nominee competes against a $\mathcal{L}$-party candidate located at $(0, 1)$ with quality v. In addition, if the Outsider previously chose to *stay out*, she decides whether to compete in the general election at either location $(1, 1)$ or $(1, 0)$ or *stay out*.[8] The election takes place by plurality rule.

We assume that at all stages voters cast their ballots sincerely. In particular, this implies that a primary voter who chooses between two candidates does so on the basis of her *immediate* comparison between the candidates. We also assume that the Outsider candidate contests the election if and only if she wins with strictly positive probability by doing so. In Section 6, we consider explicit costs of running.

Equilibrium: We study sequential equilibria in which the party elite plays an undominated strategy when it makes its endorsement decision.[9] In the current context, this implies that whenever the elite endorses a candidate, it endorses a candidate with realized quality v.

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[7] This means that the elite is constrained to always nominate a globalist and their decision is simply whether to nominate a nationalist as well. This assumption simplifies the exposition but is not necessary for our analysis. Section 6 extends the model to give the elite the option to endorse only a nationalist candidate, and provides sufficient conditions under which the elite never wishes to do so.

[8] To simplify the analysis, we assume that the Outsider cannot credibly offer the policy $(0, 0)$ when running as a third-party candidate. This restriction is without loss of generality whenever $\gamma < v(1 - p)$, or whenever $\lambda(1) \geq \gamma$. In an extension summarized in Section 6, and detailed in the Supplementary Appendix, we allow the Outsider to locate at *any* policy in $[0, 1]^2$ and show that our main results do not change.

[9] For a measure zero set of parameters, voters may be indifferent between two or more candidates. We specify the following tie-breaking rule: if a voter is indifferent over a set of candidates, she strictly prefers to vote for a candidate with strictly higher quality than a candidate with strictly lower expected quality; amongst the set of candidates with the weakly highest quality, she strictly prefers to vote for a candidate that locates at a platform that includes her ideal policy on the traditional (x) dimension. This specification is sufficient for our benchmark presentation.

3. General Election Outcomes

We begin by characterizing general election outcomes. Recall that we have assumed that if the Outsider contested the primary and lost she cannot compete in the general election.[10] Second, we observe that whenever the $\mathcal{R}$ party elite endorses a candidate, it always prefers to endorse a high quality candidate, i.e., with quality v.[11] This generates a third observation: in either the primary or general election, if the Outsider locates at a policy that is occupied by an elite-endorsed candidate, she is sure to lose. The reason is that voters know that an elite-endorsed candidate has governing skills v, whereas the Outsider's expected governing skills are $pv < v$. We now consider the different cases separately.

Outsider Stayed Out of the Primary

If the Outsider chose not to contest the primary, the $\mathcal{R}$ nominee may have either won a primary contest against another elite-endorsed candidate, or instead run unopposed.

$\mathcal{R}$ elite endorsed only a globalist. Suppose that the elite endorsed a candidate located at $(1, 1)$ of anticipated governing quality v, but did not also endorse a nationalist candidate. This implies that both parties are represented by a globalist nominee of anticipated quality v. A voter with preferred policy (x, y) derives an expected payoff from the globalist $\mathcal{R}$ nominee:

$$u(1, 1; x, y) + v = -\gamma|1 - x| - \lambda(y)|1 - y| + v.$$

By contrast, regardless of her policy position, voters remain uncertain of the Outsider's governing capabilities and believe that she is high quality with probability $p \in (0, 1)$. If the Outsider subsequently runs as a third-party candidate at a platform $(x', y') \in \{(1, 0), (1, 1)\}$, a voter with preferred policy (x, y) derives expected utility from the Outsider of:

$$u(1, y'; x, y) + pv = -\gamma|1 - x| - \lambda(y)|y' - y| + pv.$$

If the Outsider were to contest the general election by adopting a globalist platform $(1, 1)$, *all* voters would strictly prefer the $\mathcal{R}$ nominee, whose superior competence is the only wedge between the two candidates. If, instead, the Outsider contests the general election by adopting the nationalist platform $(1, 0)$, she can only hope to receive the support of nationalist voters

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[10] In Section 6, we allow the Outsider to run in the general election even if she lost a primary challenge by paying a cost.

[11] Recall that we restrict the elite to playing a weakly undominated strategy. And, endorsing a candidate with quality $\tilde{v} = 0$ is weakly dominated, since the elite intrinsically values governing skills.

with preferred policies $(0,0)$ or $(1,0)$. She is most-preferred by the $\mathcal{L}$ nationalist faction if and only if

$$-\gamma + pv > -\lambda(0) + v,$$

or equivalently

$$\lambda(0) - \gamma > v(1 - p). \tag{1}$$

The difference $\lambda(0) - \gamma$ represents the extent to which the globalism-nationalism cleavage weighs on the nationalist rank-and-file relative to the traditional partisan issue. When this difference is negative, traditional policy conflicts weigh relatively heavily on the nationalist rank-and-file; when it is positive, nationalism weighs relatively heavily. Expression (1) highlights that when this difference is sufficiently large—relative to the perceived quality advantage of a establishment candidate: $v - pv = v(1 - p)$—nationalist voters will cross party lines to support the Outsider despite their policy differences on the traditional issue cleavage *and* the Outsider's uncertain policy skills. When condition (1) holds, we say that there is *extreme nationalism*.

Likewise, the nationalist Outsider is most-preferred by the $\mathcal{R}$ nationalist faction if and only if

$$pv > -\lambda(0) + v,$$

or equivalently

$$\lambda(0) > v(1 - p). \tag{2}$$

The lower threshold on nationalist polarization $\lambda(0)$ in (2) relative to (1) reflects that an $\mathcal{R}$ party nationalist citizen is aligned with the Outsider on the left-right cleavage. She is therefore more inclined to support this candidate than a voter who must also overcome ideological mis-alignment on the left-right cleavage. If condition (2) is satisfied we say there is at least *moderate nationalism*. Moderate nationalism requires nationalist sentiment to be strong enough to overcome the anticipated quality difference, but places no restrictions on the relative importance of inter- versus intra-party cleavages amongst members of the nationalist rank-and-file.

If condition (1) fails, the globalist establishment nominee of party $\mathcal{L}$ (i.e., located at $(0,1)$) wins at least the support of the unified $\mathcal{L}$ party; our Assumption 1 that the unified $\mathcal{L}$ electorate outweighs either $\mathcal{R}$ faction implies that the Outsider loses. Hence, *extreme nationalism is necessary for the Outsider to win the election as a third-party candidate*.

Extreme nationalism is not sufficient, however, to guarantee the Outsider's victory as a third-party candidate. Since no globalist will support her, the combined support of all nationalist voters across both parties must outweigh the divided globalist vote $1 - \beta$, of which

a fraction α goes to the $\mathcal{L}$ nominee, and a fraction $1 - \alpha$ goes to the $\mathcal{R}$ nominee. Thus, a third party victory on a nationalist platform also requires:

$$\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\}$$

We conclude that if the Outsider runs as a third party candidate against two globalist establishment nominees, she wins with probability

$$(1 - F(\gamma + v(1 - p))) \Pr(\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\}). \tag{3}$$

Elite endorsed both a globalist and a nationalist. Suppose, instead, that the elite held an inclusive primary by endorsing both a globalist and a nationalist candidate, each of anticipated quality v. Since candidates are evenly matched on perceived governing skills, each voter will vote for the candidate who matches her preferred policy on the globalist-nationalist dimension. Hence the $\mathcal{R}$-party primary is decided solely according to whether globalists are a majority, $1 - \beta \geq .5$. The outcome of the primary is then informative about the fraction of nationalists, but reveals nothing about the intensity of nationalist sentiment.

If the nationalist candidate won the $\mathcal{R}$ primary, agents learn that the nationalists are a majority $\beta \geq .5$, but the Outsider has no prospect of winning as a third party candidate: if she runs as a nationalist, then *all* voters would consider her inferior to the $\mathcal{R}$ nationalist candidate of anticipated quality v. Conversely, running as a globalist generates a three-way contest in which the Outsider is sure to lose: she can only win the votes of $\mathcal{R}$ globalists, who are known to be a smaller in size than the $\mathcal{R}$ nationalists. The Outsider therefore stays out of the contest.

If, instead, a globalist wins the primary, all agents learn that the globalists constitute a majority $1 - \beta \geq .5$. The Outsider can win by running a third-party nationalist campaign, but she needs two conditions to be satisfied. She needs the support of *both* nationalist factions which requires extreme nationalism (i.e. (1) holds), and she needs these factions to be sufficiently numerous to secure the Outsider's victory in a three-candidate contest, which requires $\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\}$. Of course, the fact that nationalists are in the minority makes the second condition less likely to hold. The Outsider's prospect of winning if she contests the election as a nationalist is then

$$(1 - F(\gamma + v(1 - p))) \Pr(\beta > (1 - \beta) \max\{\alpha, 1 - \alpha\} | \beta \leq .5). \tag{4}$$

The Outsider has no prospect of winning a majority of votes when she runs a third-party campaign. But, by virtue of a divided globalist vote, she does not need a majority, only a plurality
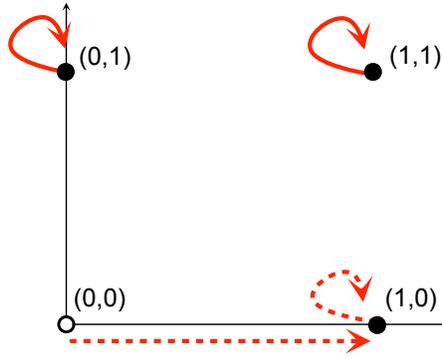
Figure 2 – By running as a third-party candidate at the location $(1,0)$ against the $\mathcal{L}$ nominee located at $(0,1)$ and the $\mathcal{R}$ nominee located at $(1,1)$, the Outsider hopes to *divide* the globalist vote along party lines, and *unite* the nationalist vote across party lines, in which case she requires only a plurality, rather than a majority.

in a three candidate race. Note however that, as $\Pr(\beta > (1-\beta)\max\{\alpha, 1-\alpha\}|\beta \leq .5) < \Pr(\beta > (1-\beta)\max\{\alpha, 1-\alpha\})$, the Outsider perceives her prospects for third-party success to be lower if a globalist won a contested primary than if the she won the primary unopposed.

We summarize these results.

Proposition 1. *Suppose that the Outsider did not run in the primary.*

1. *If the $\mathcal{R}$ elite endorsed a* globalist, *the Outsider contests the election as a third party candidate on a nationalist platform, and her probability of winning is given by* Equation 3.

2. *If the $\mathcal{R}$ elite endorsed both a* nationalist *and a* globalist, *the Outsider contests the election as a third party candidate if and only if a globalist won the primary, which happens with probability $G(1/2)$. If the globalist won the primary, the Outsider runs a nationalist campaign and her prospect of winning in the general election is given by* Equation 4, *which is strictly less than* Equation 3.

Outsider Contested the Primary

If the Outsider lost the nomination, she cannot run again in the general election. Furthermore, she always loses if she runs in the primary on a globalist platform to an establishment candidate of anticipated quality v. Similarly the Outsider can never win a primary if the elite nominated both a globalist and a nationalist, as all voters would strictly prefer at least one of the establishment candidates. Hence, if the Outsider contested the primary, she must have competed against a globalist establishment (i.e., elite-endorsed) candidate of anticipated quality v.

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We therefore turn to analyzing the continuation game after the elite nominated only a globalist and the globalist was defeated in the primary by the Outsider, running on a nationalist platform. The general election will then consist of a two-party contest between the $\mathcal{L}$ establishment nominee located at $(0, 1)$ with anticipated quality v and the $\mathcal{R}$ Outsider nominee located at $(1, 0)$ with expected quality pv. The Outsider's primary victory reveals two important properties about the nationalist base: *first*, nationalists constitute a majority (i.e., $\beta \geq .5$); *second*, there is at least moderate nationalism (i.e., (2) holds).

Who votes for the Outsider in the general election? Nationalist voters located at $(0, 1)$ preferred the Outsider to their own party's globalist, and so will also prefer her to the opposing party's globalist nominee. By contrast, the $\mathcal{R}$ globalist base and elite located at $(1, 1)$ face a non-trivial decision of whether to rally around their party's nominee—despite her nationalist platform and uncertain governing skills, i.e., quality—or instead abandon their own nominee in favor of the $\mathcal{L}$ globalist of governing quality v. Recalling that the polarization of globalist voters on the globalism-nationalism cleavage is $\lambda(1)$, we observe that the $\mathcal{R}$ globalists prefer their party's nominee if and only if

$$-\lambda(1) + pv > -\gamma + v,$$

or equivalently

$$\gamma - \lambda(1) > v(1 - p). \tag{5}$$

The difference $\gamma - \lambda(1)$ captures the relative importance to globalists of the left-right split relative to the globalist-nationalist dimension. When condition (5) holds, the globalists are sufficiently polarized on the partisan issue that they will rally behind the Outsider in the general election, despite opposing her in the primary. When (5) holds we say that the election is *highly partisan*, reflecting that $\mathcal{R}$ globalists are so polarized over the partisan cleavage that they will support a $\mathcal{R}$ candidate over a $\mathcal{L}$ candidate even if the former has lower expected quality and adopts a nationalist platform. In that event, an outsider who wins the primary enters the general election with the unified support of her party.

If (5) holds, the Outsider wins whenever the unified membership of party $\mathcal{R}$ constitutes a majority of the voting population (i.e., if $1 - \alpha \geq .5$). Even if (5) fails, or if $\mathcal{R}$ voters are a minority, the Outsider can still win if she enjoys the support of the nationalist factions in both parties. This is the case if there is *extreme nationalism* (i.e. if (1) holds). The reason is that winning the primary reveals that $\beta \geq .5$ and so the combined nationalist factions across both parties constitute a majority of the electorate. Thus, the most favorable post-primary envi-
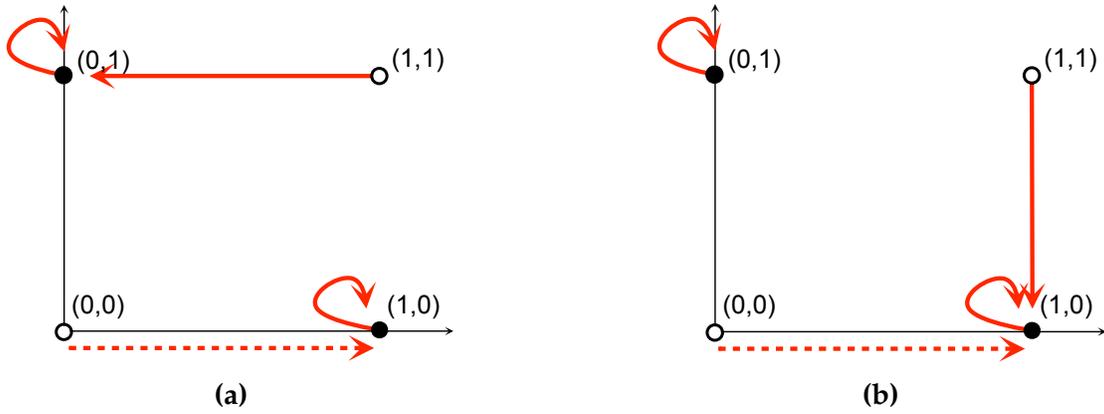
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Figure 3 – After the Outsider successfully contests the $\mathcal{R}$ primary at the location $(1,0)$: (a) if $\gamma - \lambda(1) \leq v(1-p)$, the globalist elite and base in the party will abandon their nominee in the general. (b) If, instead, $\gamma - \lambda(1) > v(1-p)$, the globalists will fall in behind the Outsider, despite her policy differences and uncertain quality. The Outsider can win the election even if is fought solely along party lines.

ronment for the Outsider is (i) highly partisan for globalists, and (ii) characterized by extreme nationalism. Notice that this is a context in which the issue priorities of globalists/party elites, versus rank-and-file nationalists, are starkly decoupled.

Combining these conditions, we observe that an outsider who successfully contested the $\mathcal{R}$-party primary as a nationalist wins the general election with probability:

$$\frac{1 - F(\gamma + v(1-p))}{1 - F(v(1-p))} + \mathbf{1}[\gamma - \lambda(1) \geq v(1-p)]\frac{F(\gamma + v(1-p)) - F(v(1-p))}{1 - F(v(1-p))} \Pr(\alpha \leq .5). \quad (6)$$

The denominator $1 - F(v(1-p))$ reflects that the Outsider's success in the $\mathcal{R}$ primary reveals that there is at least moderate nationalism which, in turn, raises the prospect of extreme nationalism in the broader electorate. The first part of the sum reflects the probability of winning due to extreme nationalism and the second part the probability of winning if there is not extreme nationalism but the environment is highly partisan and $\mathcal{R}$ is the majority.

4. A Primary or Third-Party Challenge?

We now consider the conditions under which the Outsider chooses to begin her electoral campaign in party $\mathcal{R}$'s primary, or instead to bide her time and contest the general election as a third-party candidate. If the elite endorses both a nationalist and a globalist, the Outsider cannot win if she enters the primary, since she lacks the screening value of an elite endorsement. From Proposition 1 then, if the elite nominated both a nationalist and a globalist the

Outsider will sit out the primary and run as a third-party nationalist if and only if a globalist wins the $\mathcal{R}$ nomination. We therefore turn to the case in which the elite endorses only a globalist candidate located at platform $(1, 1)$ with anticipated quality v.

Recall that, if the Outsider were to win the primary on a nationalist platform, she wins the support of the $\mathcal{R}$ globalists in a general election contest if and only if the environment is *highly partisan* (i.e., (5) holds), and wins the support of the $\mathcal{L}$ nationalist faction if and only if there is *extreme nationalism* (i.e., (1) holds). If only the first condition is satisfied, the Outsider further needs a unified and preponderant *right-wing* vote in order to win the election, i.e., $\alpha \leq .5$. If only the second condition is satisfied, the Outsider instead needs a unified and preponderant *nationalist* vote in order to win the election, i.e., $\beta \geq .5$. If both conditions are satisfied she wins for sure.

Since the globalist preference intensity $\lambda(1)$ is common knowledge, the Outsider knows whether (5) is satisfied. Suppose that (5) fails, so that an Outsider knows that she cannot unify the $\mathcal{R}$-party factions in the wake of a primary victory. This corresponds to an environment which is not highly partisan, i.e., in which globalists are not preoccupied with defeating the $\mathcal{L}$ party candidate. By contesting the primary, the Outsider therefore gambles exclusively on an extremely nationalist base that is a majority in the election. That is she requires that both that $\beta \geq 1/2$ and that (1) hold. She therefore wins the election with probability

$$\Pr(\beta \geq (1 - \beta))(1 - F(\gamma + v(1 - p))). \tag{7}$$

If, instead, the Outsider circumvents party elites entirely by competing as a third-party candidate, her prospect of winning is the prospect that there is extreme nationalism and the combined size of the nationalists exceeds both the globalist $\mathcal{R}$ base of mass $(1 - \beta)(1 - \alpha)$ and the globalist $\mathcal{L}$ base of mass $(1 - \beta)\alpha$. We have established in Proposition 1 that the prospect of winning is given by Equation 3,

$$\Pr(\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\})(1 - F(\gamma + v(1 - p)).$$

Comparing this with Equation 7 immediately reveals an unambiguous advantage from steering clear of the $\mathcal{R}$ primary when the environment is not highly partisan: the nomination of a globalist establishment candidate ensures that the globalist base is divided along party lines. This increases the probability the nationalists across both parties are sufficiently numerous to decide the election outcome. Note that—in stark contrast with a primary campaign— "sufficiently numerous" does *not* require that the nationalists constitute a *majority*, it simply
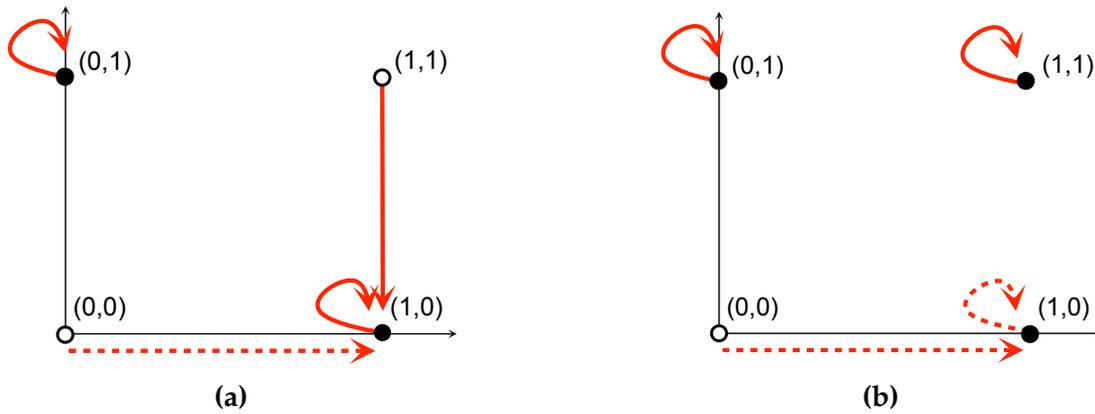
Figure 4 – (a) If parties are polarized, the Outsider can unify the $\mathcal{R}$ party factions in the general election if she wins the primary. (b) Otherwise, the Outsider steers clear of the primary and competes in the general election as an independent; she triggers a three-way contest that divides the globalist vote across parties, while hoping to unify the nationalist rank-and-file.

that they are large enough to secure a *plurality* against a divided globalist base. We summarize our result:

Proposition 2. *If the environment is not highly partisan (i.e. (5) fails) and the elite nominates only a globalist candidate, the Outsider* never *contests the primary. Instead, she enters the contest in the general election as a third party candidate on a nationalist platform.*

Suppose instead, that (5) holds, i.e., the environment is highly partisan. The Outsider anticipates that, in spite of globalist opposition to her candidacy during a primary contest, both factions within the party will subsequently rally around her in the general election. In that case, a nationalist who enters the $\mathcal{R}$ party primary enjoys prospect of winning:

$$\Pr(\beta \geq .5)\left[1 - F(\gamma + v(1 - p)) + 1/2(F(\gamma + v(1 - p)) - F(v(1 - p)))\right]. \tag{8}$$

To understand Equation 8, note that to successfully defeat the globalist establishment candidate in a primary, the nationalist base must be preponderant, i.e., $\beta \geq .5$. If, in addition, there is *extreme nationalism* that unites both nationalist factions across parties, something that happens with probability $1 - F(\gamma + v(1-p))$, the Outsider wins the general election with certainty. But, even in the absence of extreme nationalism, the Outsider wins so long as there is moderate nationalism (i.e., (2) holds) and the united $\mathcal{R}$ party constitutes a majority (i.e., $\alpha \leq .5$). Moderate but not extreme nationalism occurs with probability $F(\gamma + v(1 - p)) - F(v(1 - p))$ and the $\mathcal{R}$ party is a majority with probability $1/2$.

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By comparing the Outsider's prospect of winning if she competes in the primary, given by Equation 8, to her prospect of winning as a third-party candidate, given by Equation 3, we can identify the conditions under which the Outsider prefers one mode of entry into the election over another.

Proposition 3. *Suppose the environment is highly partisan (i.e. (5) holds) and the $\mathcal{R}$ elite nominates only a globalist candidate. There exists a threshold $\overline{x} \in (0, 1)$ such that*

1. *if*

$$\frac{1 - F(\gamma + v(1 - p))}{1 - F(v(1 - p))} < \overline{x},$$

   the Outsider candidate will run in the primary. She will win the primary with probability $(1 - G(.5))(1 - F(v(1 - p)))$ and, conditional on winning the primary, win the general election with probability strictly greater than one half.

2. *If, instead,*

$$\frac{1 - F(\gamma + v(1 - p))}{1 - F(v(1 - p))} \geq \overline{x}, \tag{9}$$

   the Outsider candidate will run as a third party candidate and win with probability given in Equation 3.

In a highly partisan environment, the Outsider recognizes that she will win over both $\mathcal{R}$ factions in a general election if she is the sole candidate occupying the right-wing of the traditional issue cleavage. This makes it valuable for the Outsider to court a *unified right-wing* vote that would otherwise be divided by a third-party challenge. However, if she runs in the primary, she can only win if nationalists are a majority, which is not necessary condition if she runs a third-party campaign. The ratio:

$$\frac{1 - F(\gamma + v(1 - p))}{1 - F(v(1 - p))}, \tag{10}$$

represents the prospect of at extreme nationalism given at least a moderate degree of nationalism. This ratio is less than one, reflecting that—unlike $\mathcal{R}$ voters—$\mathcal{L}$ voters are mis-aligned with the Outsider on the traditional partisan (i.e., left-right) issue.

When the ratio (10) is *small*, the Outsider anticipates that she is much more likely to win the support of $\mathcal{R}$ nationalists than $\mathcal{L}$ nationalists and so it is worth gambling on a nationalist majority; when (10) is close to one the probability of winning nationalists in each party is similar enough that she is better off circumventing the primary in order to be able to win with a

plurality of nationalist voters, rather than a majority. Notice that (10) is decreasing in inter-party polarization, γ, and goes to 0 as γ gets very large. Thus, a greater degree of inter-party polarization makes a primary challenge relatively more appealing for the Outsider, and the Outsider will always contest the primary if inter-party polarization is sufficiently high.

Polarization of each party faction is important for the Outsider's choice, but so too is the relative size of these factions in the electorate. Winning the primary requires a nationalist majority, but only moderate rather than extreme nationalism. Winning the general requires a nationalist plurality, but extreme rather than moderate nationalism. The threshold $\overline{x}$ strictly increases in the relative prospect of a nationalist majority conditional on a nationalist plurality.

Proposition 3 states that a primary challenge is most likely when the prospect of extreme nationalism is low relative to the prospect of a nationalist majority. Loosely interpreted, this corresponds to a context in which a majority of the rank-and-file are nationalists, but where the intensity of their preferences are not expected to be large enough to outweigh inter-party polarization.

We can use Proposition 3 to further delineate the circumstances in which a primary challenge is relatively likely. To derive concrete results, we specialize our assumptions on the distribution of nationalist preference intensities, $\lambda(0)$. The following result provides comparative statics for the case in which $\lambda(0)$ is uniformly distributed.

Corollary 1. *Suppose $\lambda(0)$ is uniformly distributed on the interval $[\overline{\lambda}(0) - \sigma, \overline{\lambda}(0) + \sigma]$. Then, after the party elite endorses only a globalist candidate, the Outsider's relative value of entering the election via the primary, as opposed to a third-party challenge, increases when:*

(a) inter-party polarization, γ, increases,

(b) the expected nationalism, $\overline{\lambda}(0)$, decreases,

(c) the uncertainty about nationalist intensity, σ, decreases,

(d) the importance of quality, v, in voters' preferences increases, and

(e) the prospect, p, that the Outsider is high quality decreases.

All of these changes in primitives lower the prospect of extreme nationalism, conditional on at least a moderate degree of nationalist polarization. This reduces the Outsider's competitive advantage from offering a nationalist platform as a third-party rather than a primary candidate. As the expected polarization of the nationalist rank-and-file $\overline{\lambda}(0)$ falls, the likelihood of extreme relative to moderate nationalism decreases. Similarly, lower values of σ

lower the prospect of large realizations of $\lambda(0)$, and thus the relative prospect of extreme nationalism. When the quality advantage of insiders $v(1-p)$ increases, the extent of nationalist polarization needed to win over nationalists even with party $\mathcal{R}$ increases. In turn, this make it even less likely that voters in party $\mathcal{L}$ will cast their ballots in favor of the Outsider. Notice that the quality advantage of establishment candidates can increase *either* because voters place a higher premium on quality, i.e., v rises, or because voters are less optimistic about the governing skills of the Outsider, i.e., p falls.

Proposition 3 also generates insights for the winning probabilities of candidates who run in primary elections.

Corollary 2. *Conditional on winning a party nomination against a globalist establishment candidate, the Outsider wins the general election with probability* strictly *in excess of one half.*

Entering the primary is risky for the Outsider, who may be defeated at this initial hurdle. However, one implication of Proposition 3 is that, *conditional* on winning in the primary, an outsider is *more* likely to win the election than a globalist candidate. The reason is that the Outsider chooses to mount a primary campaign only if she anticipates the support of both factions within the party, in the event that the primary concludes in her favor. She subsequently wins the general if either (a) a majority of the electorate belongs to the $\mathcal{R}$ party or (b) there is extreme nationalism, i.e., $\lambda(0) - \gamma \geq v(1-p)$. As (a) happens with probability $1/2$, an Outsider who wins in the primary will be strictly favored over the other party's establishment candidate in the general election.

5. The Elite's Endorsement Decision

We finally consider the $\mathcal{R}$ party elite's decision either to hold an *inclusive* primary in which both the nationalist and globalist factions within the party are represented by an elite-endorsed candidate of anticipated quality v, or instead to use its gate-keeping power by endorsing solely a globalist candidate.

We first consider a setting in which the Outsider prefers to contest the election as a third-party candidate. Recall that there are two contexts in which a third-party candidacy is preferred. Either, the globalist elite is not highly partisan (i.e., (5) fails) or the relative prospect of extreme versus moderate nationalism is high (i.e., (9) holds).

The elite's choice is driven by three competing considerations. The first two relate to *ideology*. First, an inclusive primary always raises the prospect that a nationalist candidate will

win the election, which harms the elite in proportion to the preference weight $\lambda(1)$. Thus, the elite's value from forestalling an inclusive primary contest always increases with its desire to avoid a nationalist electoral victory. Second, when the Outsider prefers to steer clear of the $\mathcal{R}$ primary, an inclusive primary also lowers the prospect that the Outsider will enter the election as a third-party candidate—i.e., in the event that an elite-endorsed nationalist wins the primary. This lowers the risk that the combined $\mathcal{R}$ vote will be divided across its factions, thereby handing the election victory to the $\mathcal{L}$ globalist. The value of avoiding this outcome is increasing in the preference weight γ.

The remaining consideration is *quality*: an inclusive primary always raises the prospect that a high-quality candidate will win the election. The Outsider's appeal hinges solely on her ability to offer policy positions that are mis-aligned with the party elite's preferences, which may be enough to overcome her quality disadvantage. By allowing high-quality candidates to represent the full spectrum of opinion within the party, the Outsider is less likely to win office, raising the prospect of a competent office-holder.

When the Outsider prefers to avoid the $\mathcal{R}$ primary, the elite is certain that a nationalist candidate will run in the general election, regardless of its endorsement strategy. Whether the elite prefers to hold an inclusive primary, giving some prospect of a high quality nationalist candidate in the general election, depends on the relative weights the globalists put on the two dimensions.

Proposition 4. *There exists $\lambda^*(1)$ such that whenever the Outsider prefers to contest the election as a* third-party candidate *if only a globalist is nominated, the elite uses its gate-keeping power to endorse solely a globalist if and only if $\lambda(1) \geq \lambda^*(1)$.*

Given the Outsider's preference for entering the election as a third-party candidate, the elite's endorsement decision matters only in the event that nationalists constitute a majority $\beta \geq .5$. To see why, notice that when nationalists are a minority $\beta < .5$, a globalist establishment candidate is sure to win the primary *regardless* of whether she faces a challenge from another elite-endorsed nationalist, thereby triggering the Outsider's nationalist third-party campaign. If nationalists are a majority, however, the elite's decision to endorse *both* a globalist *and* a nationalist forestalls the Outsider's entry in the election. Thus, an inclusive primary *mitigates* the risk of a third-party campaign that will split the combined $\mathcal{R}$ party factions and hand victory to the opposing party's candidate.

Suppose, instead, that the political environment is highly partisan, but that (9) fails, i.e., Outsider favors a primary challenge whenever the elite solely endorses a globalist. In stark

contrast with the previous case, an inclusive primary now *raises* the risk that the Outsider will pursue a third-party candidacy, splitting the $\mathcal{R}$ party vote in the general election. To see why, notice that if the elite endorses a globalist, the Outsider will enter the $\mathcal{R}$ primary on a nationalist platform; if instead, the elite endorses both a globalist and a nationalist, the Outsider's entry in the primary is forestalled. She therefore bides her time for the general election, in the hope that the globalist wins the primary.

Thus, the elite's concern for avoiding a third party challenge is now a force for restricting competition between establishment candidates in the primary. By doing so, the elite can coax the Outsider into a primary contest; whatever the outcome, the elite is assured that the nominee will face the opposing party without fear of a third-party challenge that divides its base. The elite may value the option to resolve policy differences inside the party, rather than face a third-party challenge that facilitates the election of the opposing party's nominee, which harms the elite in proportion to the preference weight γ.

Proposition 5. *There exists $\lambda^{**}(1)$ such that whenever the Outsider prefers to contest the election as a* primary candidate *if only a globalist is nominated, the elite uses its gate-keeping power to endorse solely a globalist if and only if $\lambda(1) \in (\lambda^{**}(1), \gamma - v(1-p))$.*

Recall that the Outsider prefers to contest the election as a primary candidate only in a highly partisan environment, i.e., when $\lambda(1) < \gamma - v(1-p)$. So, the Outsider will only contest the primary if the elites nominate only a globalist and $\lambda(1)$ is not *too large*. On the other hand, the elites nominate a globalist only when $\lambda(1)$ is not *too small*. A natural question, therefore, is whether there are primitives that ensure both conditions are satisfied.

Proposition 6. *The threshold $\lambda^{**}(1)$ is strictly less than $\gamma - v(1-p)$, if*

(a) *the prospect of a nationalist majority $\beta \geq .5$ is not too large,*

(b) *the quality advantage of establishment politicians, $v(1-p)$, is relatively small, i.e., either voters place relatively low value v on quality versus ideology, or the probability of a high-quality Outsider candidate p is sufficiently large,*

(c) *inter-party polarization γ is not too small.*

Conversely, $\lambda^{**}(1)$ is strictly greater than $\gamma - v(1-p)$ if the prospect of a nationalist majority $\beta \geq .5$ is sufficiently large and either *the prospect of* at least *moderate nationalism $\lambda(0) \geq v(1-p)$ is sufficiently small,* or *inter-party polarization γ is small.*

A primary challenge from the Outsider therefore requires a number of conditions to be satisfied.

First, the globalist elite must be highly partisan; otherwise, the Outsider would anticipate that she cannot rally the party even after a successful primary challenge, and she would therefore prefer to run an independent campaign. However, the globalist elite must be sufficiently polarized on the globalism-nationalism cleavage;otherwise, it would be prepared to hold an inclusive primary by endorsing candidates at both a globalist and a nationalist policy, thereby heading off a primary challenge by the Outsider. So, after the Outsider's victory on a nationalist platform, the globalist elite will be close to indifference between that candidate and the other party's globalist but will ultimately fall in behind their nominee.

Second, the relative prospect of *moderate* rather than *extreme* nationalism should be sufficiently large (recall Proposition 3). This implies that, whenever the $\mathcal{R}$ elite chooses to nominate only a globalist, the Outsider derives a relatively larger competitive advantage from a nationalist platform in the primary, rather than as a third-party candidate in the general. This condition, itself, is more likely to be satisfied when the prospect that nationalists within the party constitute a majority is large, relative to the prospect that nationalists in the voting body as a whole will constitute a plurality.

Third, the elite cannot believe that the outsider is too likely to win the primary. If she was the elite would nominate a high quality nationalist. As such, Outsider primary challenges must be relatively unlikely to succeed. This means that *a necessary condition for an outsider to win in the primary is that such a victory was a surprise ex-ante*. Of course, as we elaborate in Corollary 2, after securing the primary nomination the Outsider will be favored in the general.

We close our main results by highlighting that whenever the Outsider mounts a primary challenge, i.e., when the elite prefers to endorse only a globalist, and the Outsider subsequently prefers to mount a primary challenge, the expected quality of the election winner *strictly decreases*, relative to an environment in which the $\mathcal{R}$ elite exerted complete control over nominations and there were no possibility of a primary challenge. That is: primaries can *reduce* the quality of elected candidates. This contrasts with findings by Castanheira, Crutzen and Sahuguet (2010), Caillaud and Tirole (2002), and Serra (2011), who find that primary elections always raise the quality of either policies or (in the latter case) elected candidates. In Serra (2011), every candidate in a primary adopts the preferred policy of the party's median voter; thus, primary candidates are *solely* differentiated according to their intrinsic quality. In our setting, primaries always feature competition between ideologically differentiated candidates. Even if an outsider is expected to be worse quality than an establishment candidate,

her ideological platform may sufficiently compensate amongst the nationalist rank-and-file to ensure her nomination as the party's general election candidate.

6. Extensions

We consider some extensions of our benchmark model, which are explored in more detail in the Supplementary Appendix. Here, we informally summarize some of our results.

No Outsider. In order to clarify the role that the Outsider plays in our benchmark setting, we study nomination decisions and election outcomes when there is no prospect of an outsider challenge in either the primary or general election. Depending on primitives, the $\mathcal{R}$ elite may anticipate a higher prospect of defeating the $\mathcal{L}$ globalist nominee by endorsing a nationalist, rather than a globalist. However, the elite suffers its less preferred policy on the globalist-nationalist policy dimension when its nationalist nominee wins the election. We show in Subsection A.1 that elites would endorse only a globalist unless λ_1 is small relative to γ *and* there is a large prospect that $\mathcal{L}$ rank-and-file nationalists will cross party lines.

Elite Communication. We introduce the possibility that the $\mathcal{R}$ elite may send a cheap-talk message to all voters about the Outsider's realized quality. In Subsection A.2, we consider two possible settings. First we suppose the elite observes the Outsider's quality as soon as she enters the $\mathcal{R}$ primary, and allow the elite to send a message before the primary vote is held. Second, we suppose that the elite observes the Outsider's quality only after she is nominated, and allow the elite to send a message after her nomination but before the general election.

In both contexts, we obtain conditions for an equilibrium in which the $\mathcal{R}$ elite credibly reveals the Outsider's quality. We show that whenever the Outsider would have entered the $\mathcal{R}$ primary, in our benchmark setting, the effect of credible communication is to *decrease* her relative value from entering the primary, encouraging her instead to pursue a third-party campaign. On the other hand, the $\mathcal{R}$ elite's incentives to endorse solely a globalist, thus risking the Outsider's entry in the primary, *increase*. The reason is that the elite's ability to reveal the Outsider's quality to voters allows it to steer subsequent electoral outcomes, depending on its assessment of the Outsider. This makes the Outsider's entry in the primary less threatening.

Third-party Candidates May Adopt Other Policy Positions. Instead of assuming that the policy space is limited to $\{0, 1\}^2$, an alternative perspective is that these as the only policies that can credibly be offered by candidates that run under a party label. This could reflect a context in which the parties have developed reputations that constrain the set of policies that

they can credibly offer. However, an Outsider considering a third-party campaign is free to choose *any* policy in $[0, 1]^2$.

If both parties have nominated globalist candidates, the Outsider's most preferred location is $(1/2, 0)$. That is: on the issue that polarizes the main parties, she adopts a centrist position; on the issue generating consensus between the main parties, she differentiates herself entirely. If, instead, the $\mathcal{L}$ party nominates a globalist and the $\mathcal{R}$ party nominates a nationalist, the Outsider may either (i) locate at the ideal policy of the nationalist $\mathcal{L}$ faction, or (ii) stay out of the contest, altogether. We fully analyze this setting in and demonstrate that our main conclusions are robust to this possibility.

Primaries in *Both* Parties. In , we allow for the possibility that there is also a contested primary in party $\mathcal{L}$, between an elite-endorsed globalist candidate and a nationalist of anticipated quality pv. The most interesting setting is one in which the primaries occur sequentially, so that the results from one party can inform both entry and endorsement strategies in the other. Suppose, therefore, that the $\mathcal{L}$ primary outcome is observed by all agents prior to the endorsement and entry decisions in party $\mathcal{R}$.

Suppose that a candidate of anticipated quality pv won the $\mathcal{L}$ primary on a nationalist platform. By a similar logic to our benchmark setting, this tells all agents—including the $\mathcal{R}$ elite and the remaining Outsider—that nationalists constitute a majority $\beta > .5$, and that there is *at least* a modest degree of nationalist polarization $\lambda(0) > v(1 - p)$ in the nationalist rank-and-file. If the $\mathcal{R}$ elite were subsequently to endorse solely a globalist, the Outsider *always* prefers to enter the election in the $\mathcal{R}$ primary. In turn, we show that the $\mathcal{R}$ elite *always* responds by endorsing both a globalist and a nationalist candidate.

If, instead, an outsider lost the $\mathcal{L}$ primary on a nationalist platform, all agents learn that *either* nationalists constitute a minority $\beta \leq .5$ *or* there is minimal nationalist polarization $\lambda(0) \leq v(1 - p)$, or *both* apply. If the $\mathcal{R}$ elite were subsequently to endorse solely a globalist, the Outsider *always* prefers to enter the election as a third-party candidate, since she knows that she cannot win a primary battle against an establishment candidate. Indeed, we show that the elite is emboldened by the failed primary challenge in party $\mathcal{L}$, preferring to endorse solely a globalist unless inter-party polarization is very low ($\gamma < v(1 - p)$) *and* its own polarization on the nationalism-globalism cleavage $\lambda(1)$ is very low, relative to γ.

Possibility of Elites Endorsing Only a Nationalist. Out benchmark setting requires the elite to endorse *either* a globalist, *or* both a globalist and a nationalist. Suppose, instead, that the elite also the opportunity to endorse only a nationalist candidate. In , we show

that the elites may derive a strategic advantage from endorsing a nationalist, even in the absence of a potential Outsider challenge.

The threat of the Outsider's primary or third-party challenge generates additional strategic considerations for the elite. The elite can deter a primary challenge from the Outsider by endorsing both a globalist and a nationalist, but this leaves open the possibility that the Outsider runs a third-party campaign should the globalist prevail in the primary. Such a third-party challenge is costly to the elite even when it is ultimately unsuccessful, since it may divide the $\mathcal{R}$ vote, handing the election victory to the $\mathcal{L}$ party nominee. To deter a third party challenge, the elite could endorse only a nationalist. Subsection A.5 provides sufficient conditions under which this strategy is never preferred. This includes any context in which there is sufficient inter-party polarization (γ is sufficiently large) and the prospect of a nationalist majority in the electorate is sufficiently unlikely.

Cost of Running as an Outsider. We can extend the model to allow the Outsider to run in the general election as a third party candidate regardless of whether she ran in the primary. However, entry *either* at the primary *or* in the general election as a third-party candidate requires her to incur campaign costs $c > 0$. That is: she incurs c to contest the primary and, if she loses the primary, she must pay c again to contest the general election. If she wins the primary, however, she need not incur c to contest the general election, since these costs are borne by the party. If costs are very low the Outsider always competes in both elections; if the costs are prohibitively high, she competes in neither election. For intermediate costs, however the Outsider competes either in the primary, or as a third-party candidate, but never both.

For intermediate campaign costs, our main results are therefore largely unchanged. However, we find that for some intermediate costs, the $\mathcal{R}$ elite can deter *both* a primary *and* a general election challenge by nominating both a globalist and nationalist in the primary. The details are provided in Subsection A.6.

7. Conclusion

We have introduced a model in which there is polarization both between political parties and within the political parties themselves. Party elites play a critical role in identifying high-quality candidates, but can use their gate-keeping authority to ensure the intra-party polarization is resolved in their favor. This creates a rationale for voters to turn to un-vetted outsider candidates who can go around the party establishment and offer policies that would otherwise be unavailable.

Our analysis yields three main insights. First, an outsider challenge will come from within the party, in the form of a primary challenge, rather than as a third-party candidacy, only when parties are sufficiently polarized. Second, while outsider candidates may be extremely unlikely to succeed, conditional on running for and winning the party nomination an outsider's probability of winning is at least as high as a conventional candidate. Third, party elites will take action to address the voters' concerns that drive an outsider candidacy precisely when an outsider challenge is most likely to succeed; as such, successful outsider challenges will often be a surprise the the political establishment. We hope that future empirical work will explore and test these implications.

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Appendix: Proofs of Propositions

Proposition 1 and Proposition 2 are proven in the main text.

Proof of Proposition 3. Suppose $\gamma - \lambda(1) > v(1-p)$. The probability of winning the election as a third party candidate is

$$\Pr[\beta \geq (1-\beta)\max\{\alpha, 1-\alpha\}](1 - F(\gamma + v(1-p))).$$

Suppose, instead, the Outsider locates at $(1,0)$ in the $\mathcal{R}$ primary. If the Outsider wins the primary, the globalists in the $\mathcal{R}$ party support her in the general. Recall that to win the primary we must have $\beta > 1/2$ and $\lambda(0) > (1-p)v$. Then, conditional on winning the primary, the Outsider wins the general if either $\alpha < 1/2$ or $\lambda(0) > \gamma + (1-p)v$. Putting this all together, the Outsider's probability of winning the election when she enters the $\mathcal{R}$ primary at the location $(1,0)$ is

$$\left[\Pr(\lambda(0) > \gamma + (1-p)v | \lambda(0) > (1-p)v) + \frac{(1-G(1/2))(1-F(v(1-p)))}{\Pr(\lambda(0) < \gamma + (1-p)v | \lambda(0) > (1-p)v)}{2}\right]$$

which simplifies to

$$(1-G(1/2))\left[1 - F(\gamma + v(1-p)) + \frac{F(\gamma + v(1-p)) - F(v(1-p))}{2}\right].$$

Hence it is better for the Outsider to run in the primary if and only if

$$(1-G(1/2))\left[1 - F(\gamma + v(1-p)) + \frac{F(\gamma + v(1-p)) - F(v(1-p))}{2}\right]$$
$$> \Pr[\beta \geq (1-\beta)\max\{\alpha, 1-\alpha\}](1 - F(\gamma + v(1-p)))$$

or equivalently if and only if

$$\frac{1 - F(\gamma + v(1-p))}{1 - F(v(1-p))} < \overline{x} \equiv \frac{x_1}{2 - x_1} \in (0,1),$$

where

$$x_1 \equiv \frac{\Pr(\beta \geq 1/2)}{\Pr(\beta \geq (1-\beta)\max\{\alpha, 1-\alpha\})}. \qquad \blacksquare$$

Proof of Corollary 1. Immediate by differentiating the ratio $\frac{1-F(\gamma+v(1-p))}{1-F(v(1-p))}$ and substituting

$\lambda(0) \sim U[\overline{\lambda}(0) - \sigma, \overline{\lambda}(0) + \sigma]$. ∎

Proof of Proposition 4. If the Outsider prefers to enter the contest as an independent candidate, when the $\mathcal{R}$ elite endorses solely a globalist, Proposition 2 and Proposition 3 imply that either $\lambda(1) \geq \gamma - v(1-p)$, or both $\lambda(1) < \gamma - v(1-p)$ and $\frac{1-F(\gamma+v(1-p))}{1-F(v(1-p))} \geq \overline{x}$. In either case, the elite's expected payoff from endorsing a globalist is:

$$
\begin{aligned}
(1 - G(1/2)) & \left[\begin{array}{c} (1 - F(\gamma + v(1-p)))(-\lambda(1) + pv) + F(v(1-p))(v - 1/2\gamma) \\ + [F(\gamma + v(1-p)) - F(v(1-p))](-\gamma + v) \end{array} \right] \\
& + \int_{\frac{1}{2}}^{\overline{\alpha}} \int_{\frac{\alpha}{1+\alpha}}^{\frac{1}{2}} dG(\beta) \, d\Phi(\alpha) \left[\begin{array}{c} (1 - F(\gamma + v(1-p)))(-\lambda(1) + pv) \\ + F(\gamma + v(1-p))(-\gamma + v) \end{array} \right] \\
& + \int_{\underline{\alpha}}^{\frac{1}{2}} \int_{\frac{1-\alpha}{2-\alpha}}^{\frac{1}{2}} dG(\beta) \, d\Phi(\alpha) \left[\begin{array}{c} (1 - F(\gamma + v(1-p)))(-\lambda(1) + pv) \\ + (F(\gamma + v(1-p)) - F(v(1-p)))(v - \gamma) \\ + F(v(1-p))v \end{array} \right] \\
& + \int_{\frac{1}{2}}^{\overline{\alpha}} \int_{\underline{\beta}}^{\frac{\alpha}{1+\alpha}} dG(\beta) \, d\Phi(\alpha)(v - \gamma) \\
& + \int_{\underline{\alpha}}^{\frac{1}{2}} \int_{\underline{\beta}}^{\frac{1-\alpha}{2-\alpha}} dG(\beta) \, d\Phi(\alpha)[v - (F(\gamma + v(1-p)) - F(v(1-p)))\gamma]. \quad (11)
\end{aligned}
$$

We provide a line-by-line explanation to accompany this expression.

<u>First Line</u>. With probability $1 - G(1/2)$, nationalists constitute a majority $\beta \geq .5$. If there is extreme nationalism i.e., $\lambda(0) \geq \gamma + v(1-p)$, the Outsider wins in the general election, yielding a payoff to the $\mathcal{R}$ elite of $-\lambda(1) + pv$. If, alternatively, even $\mathcal{R}$ nationalists prefer their party's globalist candidate, i.e., $\lambda(0) \leq v(1-p)$, the Outsider wins no votes, and the contest is won by a candidate of anticipated quality v: if the $\mathcal{R}$ candidate wins, with probability one half, the elite's payoff is therefore v, and if the $\mathcal{L}$ candidate wins, with probability one half, the elite's payoff is $v - \gamma$. Finally, if there is moderate but not extreme nationalism, i.e., $v(1-p) < \lambda(0) < \gamma + v(1-p)$, globalists within party $\mathcal{R}$ will support their nominee, located at $(1,1)$, nationalists within party $\mathcal{R}$ will support the Outsider, but both factions in party $\mathcal{L}$ will support their party's nominee, located at $(0,1)$. Assumption 1 implies that this latter candidate wins, yielding a payoff $v - \gamma$ to the $\mathcal{R}$ elite.

<u>Second and Third Lines</u>. These correspond to cases in which there is a nationalist plurality, but not a majority, i.e., that $(1 - \beta) \max\{\alpha, 1 - \alpha\} \leq \beta \leq 1/2$.

The second line considers the case in which $\alpha > .5$, so that the mass of globalist $\mathcal{L}$ voters i.e., located at $(0,1)$ is larger than the mass of globalist $\mathcal{R}$ voters, i.e., located at $(1,1)$. Thus,

the condition $(1 - \beta)\max\{\alpha, 1 - \alpha\} \leq \beta \leq 1/2$ is simplified to $\frac{\alpha}{1+\alpha} \leq \beta \leq 1/2$. If there is extreme nationalism, i.e., $\lambda(0) \geq \gamma + v(1 - p)$, the Outsider wins; if there is moderate but not extreme nationalism, i.e., $\gamma + v(1 - p) > \lambda(0) \geq v(1 - p)$, the $\mathcal{L}$ globalist candidate wins by Assumption 1, since $\mathcal{R}$ globalists and nationalists are divided, but both $\mathcal{L}$ factions support that party's globalist nominee. Finally, when $\lambda(0) \leq v(1 - p)$, the vote splits along party lines and $\alpha > .5$ once again implies that the $\mathcal{L}$ globalist candidate wins the election.

The third line considers the reverse case in which $\alpha \leq .5$, so that the mass of globalist $\mathcal{R}$ voters is larger than the mass of globalist $\mathcal{L}$ voters. Thus, the condition $(1 - \beta)\max\{\alpha, 1 - \alpha\} \leq \beta \leq 1/2$ is simplified to $\frac{1-\alpha}{2-\alpha} \leq \beta \leq 1/2$. If there is extreme nationalism, the Outsider wins; if there is intermediate nationalist polarization, i.e., $v(1 - p) < \lambda(0) < \gamma + v(1 - p)$, the $\mathcal{R}$ vote splits between the candidates located at $(1, 1)$ and $(1, 0)$, while the $\mathcal{L}$ vote is united in favor of the candidate located at $(0, 1)$. By Assumption 1, the latter candidate wins. Finally, if there is not even a moderate degree of nationalist polarization, i.e., if $\lambda(0) \leq v(1 - p)$, the vote splits along party lines, and $\alpha \leq .5$ implies that the $\mathcal{R}$ globalist candidate wins the election.

<u>Fourth and Fifth Lines.</u> These correspond to cases in which nationalist voters fail to reach even a plurality of the total voting body, i.e., $(1 - \beta)\max\{\alpha, 1 - \alpha\} > \beta$. When the mass α of voters located at $x = 0$ exceeds the mass $1 - \alpha$ of voters located at $x = 1$, the candidate located at $(0, 1)$ of anticipated quality v always wins the election (fourth line). When, instead, the mass $1 - \alpha$ of voters located at $x = 1$ exceeds the mass α of voters located at $x = 0$, the candidate located at $(1, 1)$ and of anticipated quality v wins the election unless there is enough nationalism to divide party $\mathcal{R}$ factions but *not* party $\mathcal{L}$ factions, i.e., when $v(1 - p) \leq \lambda(0) \leq \gamma + v(1 - p)$ (recall Assumption 1).

The elite's corresponding expected payoff from endorsing both a globalist and a nationalist candidate of quality v is:

$$
(1 - G(1/2)) \begin{bmatrix} (1 - F(\gamma))(-\lambda(1) + v) \\ +F(\gamma)(v - \gamma + \mathbf{1}[\lambda(1) \leq \gamma]1/2(\gamma - \lambda(1))) \end{bmatrix}
$$

$$
+ \int_{\frac{1}{2}}^{\overline{\alpha}} \int_{\frac{\alpha}{1+\alpha}}^{\frac{1}{2}} dG(\beta)\, d\Phi(\alpha) \begin{bmatrix} (1 - F(\gamma + v(1 - p)))(-\lambda(1) + pv) \\ + F(\gamma + v(1 - p))(-\gamma + v) \end{bmatrix}
$$

$$
+ \int_{\underline{\alpha}}^{\frac{1}{2}} \int_{\frac{1-\alpha}{2-\alpha}}^{\frac{1}{2}} dG(\beta)\, d\Phi(\alpha) \begin{bmatrix} (1 - F(\gamma + v(1 - p)))(-\lambda(1) + pv) \\ + (F(\gamma + v(1 - p)) - F(v(1 - p)))(v - \gamma) \\ + F(v(1 - p))v \end{bmatrix}
$$

$$
+ \int_{\frac{1}{2}}^{\overline{\alpha}} \int_{\underline{\beta}}^{\frac{\alpha}{1+\alpha}} dG(\beta)\, d\Phi(\alpha)(v - \gamma)
$$

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$$+ \int_{\underline{\alpha}}^{\frac{1}{2}} \int_{\underline{\beta}}^{\frac{1-\alpha}{2-\alpha}} dG(\beta)\, d\Phi(\alpha)[v - (F(\gamma + v(1-p)) - F(v(1-p)))\gamma]. \tag{12}$$

Notice that the only portion of (12) that differs from (11) is the portion multiplied by $(1 - G(1/2))$. To derive the term in brackets, notice that when nationalists are a majority, an elite-endorsed nationalist candidate wins the $\mathcal{R}$ primary. In the general election, she wins the support of $\mathcal{L}$ nationalists if they are sufficiently polarized, in the sense that $\lambda(0) \geq \gamma$, in which case she wins the election. Otherwise, the outcome hinges on the preferences of $\mathcal{R}$ globalists. If $\lambda(1) > \gamma$, voters located at $(1,1)$ will join with voters located at $(0,0)$ and $(0,1)$ to support the $\mathcal{L}$ globalist—Assumption 1 implies that the candidate located at $(0,1)$ wins. If, instead, $\lambda(1) \leq \gamma$, the vote splits along party lines, in which case each candidate is equally likely to win by our assumption that $\Phi(.5) = .5$.

To prove the existence and uniqueness of $\lambda^*(1)$, let $\Delta(\lambda(1))$ denote the difference of expressions (11) and (12), which is continuous in $\lambda(1)$. Moreover, for any pair $(\lambda(1), \lambda'(1))$ satisfying $\lambda'(1) > \lambda(1)$:

$$\Delta(\lambda'(1)) - \Delta(\lambda(1)) = (\lambda'(1) - \lambda(1))[F(\gamma + v(1-p)) - F(\gamma)]$$
$$+ 1/2 F(\gamma)(\mathbf{1}[\lambda(1) \leq \gamma](\gamma - \lambda(1)) - \mathbf{1}[\lambda(1)' \leq \gamma](\gamma - \lambda'(1))) > 0, \tag{13}$$

so that $\Delta(\lambda(1))$ strictly increases in $\lambda(1)$. We therefore define:

$$\lambda^*(1) = \begin{cases} 0 & \text{if } \Delta^{-1}(0) \geq 0 \\ \Delta^{-1}(0) & \text{if } \Delta^{-1}(0) < 0. \quad \blacksquare \end{cases} \tag{14}$$

Proof of Proposition 5. Suppose that the Outsider prefers to enter the contest through the $\mathcal{R}$ primary, in the event that the $\mathcal{R}$ elite endorses solely a globalist, i.e., that $\lambda(1) < \gamma - v(1-p)$ and $\frac{1-F(\gamma+v(1-p))}{1-F(v(1-p))} < \overline{x}$. The elite's expected payoff from endorsing a globalist is:

$$(1 - G(1/2)) \left[\begin{array}{c} (1 - F(\gamma + v(1-p)))(pv - \lambda(1)) \\ + (F(\gamma + v(1-p))) - F(v(1-p))(\frac{1}{2}(v - \gamma) + \frac{1}{2}(pv - \lambda(1))) \\ + F(v(1-p))(v - \frac{1}{2}\gamma) \end{array} \right] + G(1/2)(v - 1/2\gamma). \tag{15}$$

To understand this expression, recall that after the elite nominates a globalist, the Outsider will mount a primary challenge by locating at $(1,0)$. With probability $(1 - G(1/2))$, nationalists are in a majority: if $\lambda(0) \geq \gamma + v(1-p)$, the Outsider will win both the primary and the

general election. If $v(1-p) \leq \lambda(0) \leq \gamma + v(1-p)$, the condition $\lambda(1) \leq \gamma - v(1-p)$ further implies that the Outsider will win the primary and that the vote will split along party lines in the general, so that each of the $\mathcal{R}$ (Outsider) nominee and the $\mathcal{L}$ nominee will win with probability one half. Finally, if $\lambda(0) < v(1-p)$ or if nationalists are a minority $\beta \leq 1/2$, the Outsider loses to the elite-endorsed globalist. In the general election, each party's globalist nominee wins with probability one half.

If, instead, the elite endorses both a globalist and a nationalist, its expected payoff is given by expression (12), where $\mathbf{1}[\lambda(1) \leq \gamma] = 1$ since $\lambda(1) \leq \gamma - v(1-p)$. It is easy to verify that the payoff difference of (15) and (12) strictly increases in $\lambda(1)$. Letting this payoff difference be written $\Delta'(\lambda(1))$, we define

$$
\lambda^{**}(1) = \begin{cases} (\Delta')^{-1}(0) & \text{if } 0 < (\Delta^2)^{-1}(0) < \gamma - v(1-p), \\ 0 & \text{if } (\Delta^2)^{-1}(0) \leq 0, \\ \gamma - v(1-p) & \text{if } (\Delta^2)^{-1}(0) \geq \gamma - v(1-p) \end{cases}
$$

It follows that it is optimal for the elites to nominate only a globalist if and only if $\lambda(1) \geq \lambda^{**}(1)$. ∎

Proof of Proposition 6. Straightforward algebra reveals that:

$$
\begin{aligned}
\Delta^2(\gamma - v(1-p)) =& (1 - G(1/2))(1/2(\gamma F(v(1-p)) + F(\gamma)v(1-p)) - v(1-p)) \\
&+ G(1/2)\gamma/2(F(\gamma + v(1-p)) - F(v(1-p))) \\
&+ \gamma \int_{\underline{\alpha}}^{1/2} \int_{\frac{1-\alpha}{2-\alpha}}^{\frac{1}{2}} (1 - F(\gamma + v(1-p)))\, dG(\beta)\, d\Phi(\alpha).
\end{aligned} \tag{16}
$$

The Proposition follows from direct examination of (16). ∎

A. Supplementary Appendix

This Supplementary Appendix contains the details of the extensions described in Section 6.

A.1. No Outsider Benchmark

In order to clarify the Outsider's role in our benchmark setting, we consider the elite's endorsement strategy in the absence of a threat of outsider entry. We allow the elite to either (i) endorse solely a globalist, (ii) endorse solely a nationalist, or (iii) endorse both a globalist and a nationalist. Note that in the baseline model we restrict the elite to choose either (i) or (ii), and we demonstrate conditions under which they would do so in Subsection A.5.

If the elite endorses only a globalist, the election is determined by whether the mass α of $\mathcal{L}$ voters or the mass $1 - \alpha$ of $\mathcal{R}$ party voters is the larger. Assumption 1 states that the parties are ex-ante balanced, so the elite's expected payoff from endorsing solely a globalist is:

$$\frac{v}{2} + \frac{v - \gamma}{2} = v - \frac{\gamma}{2}. \tag{17}$$

If the elite endorses a nationalist, there are two relevant cases.

Case 1: $\lambda(1) > \gamma$. In this case, globalists in the $\mathcal{R}$ party will abandon the party's nationalist nominee and support the $\mathcal{L}$ party's globalist. The $\mathcal{R}$ party wins if and only if both $\lambda(0) > \gamma$ *and* nationalist rank-and-file voters constitute a majority $\beta \geq .5$. The expected payoff of the $\mathcal{R}$ elite is then

$$- \lambda(1)(1 - F(\gamma))(1 - G(1/2)) - \gamma(1 - (1 - F(\gamma))(1 - G(1/2))) + v. \tag{18}$$

Note that when $\gamma < \lambda(1)$ it is immediate that (18) is less than (17).

Case 2: $\lambda(1) \leq \gamma$. In this case, $\mathcal{R}$ globalists will support the party's nationalist nominee in the general election. Moreover, the $\mathcal{L}$ nationalists support the nationalist $\mathcal{R}$ nominee if and only if $\lambda(0) > \gamma$, i.e., with probability $1 - F(\gamma)$. In that event, Assumption 1 implies that the $\mathcal{R}$ nominee is sure to win; otherwise, she wins if and only if $\mathcal{R}$ voters constitute a majority $1 - \alpha \geq .5$, i.e., with probability $1/2$. Thus, the $\mathcal{R}$ elite's expected payoff is

$$- \lambda(1) \left(1 - \frac{F(\gamma)}{2} \right) - \gamma \frac{F(\gamma)}{2} + v. \tag{19}$$

Finally, if the $\mathcal{R}$ elite endorses both a globalist and a nationalist, its payoff is simply a weighted average of the payoffs from endorsing solely a globalist and endorsing solely a nationalist. Hence to determine when the elites would prefer to endorse solely a globalist in the setting without the Outsider, we need only compare expressions (17) and (19). The following proposition shows that the $\mathcal{R}$ prefers to endorse solely a globalist unless *intra*-party polarization, $\lambda(1)$, is very small, relative to *inter*-party polarization. γ.

Proposition A.1. *In a setting without the Outsider, the $\mathcal{R}$ elite prefers to endorse solely a globalist candidate, if and only if*

$$\lambda(1) > \gamma \frac{1 - F(\gamma)}{2 - F(\gamma)}. \tag{20}$$

When condition (20) is satisfied the elite prefers to endorse a globalist, followed by endorsing both a globalist and a nationalist, followed by endorsing solely a nationalist. When condition (20) is violated the ranking is reversed. As our interest is in how outsiders may force globalist elites to compromise with the nationalist faction, we view (20) to be a reasonable parameter restriction.

A.2. Elite Communication

In our benchmark setting, the Outsider's realized quality is never publicly revealed, since her candidacy is not contingent on an elite endorsement. Suppose, however, that the $\mathcal{R}$ elite can send messages either in the primary or general election about the realized quality of the Outsider. Is it possible for the $\mathcal{R}$ elite to provide a belated endorsement by truthfully revealing the Outsider's realized quality, once she has entered the contest? We show that the answer is *yes*.

We consider two contexts. First, we suppose that the $\mathcal{R}$ elite observes an Outsider's realized quality as soon as she contests the party's primary election, and allow the elite to send a public message to all voters *after* the Outsider enters, but *before* the primary vote is held. Second, we suppose that the $\mathcal{R}$ elite observes an Outsider's realized quality only in the event that she wins her party's primary election, and allow the elite to send a public message to all voters *after* the primary, but *before* the general election vote is held. The first context may be appropriate if the Outsider is already known to the elite before the primary, so that the elite has had the opportunity to assess her quality. The second context may be appropriate if the Outsider is unknown even to the elite, prior to the primary, so that the elite can only learn the Outsider's quality over the course of the primary campaign.

In both contexts, we show that there exist primitives that support a fully revealing equilibrium, in which the $\mathcal{R}$ elite reveals to voters the Outsider's realized quality. We then ask: in

those circumstances, how does the prospect of a fully revealing equilibrium shape the Outsider's decision to enter the $\mathcal{R}$ primary, as oppose to as a third-party candidate, as well as the $\mathcal{R}$ elite's decision to endorse either a globalist or a nationalist candidate? We show that, relative to our benchmark setting: after the $\mathcal{R}$ elite endorses only a globalist, the Outsider's relative value from participating in the primary *decreases*. However, conditional on the Outsider preferring to enter in the primary, the $\mathcal{R}$ elite's relative value of endorsing only a globalist *increases*, relative to our benchmark setting. The latter result stems from the fact that the elite has less to fear from an Outsider that enters through the primary. First, it can reveal that she is high quality, strengthening her candidacy in a general election contest against the other party's nominee. Second, it can reveal that she is low quality, thereby improving the odds that such a candidate is defeated in the $\mathcal{R}$ primary against the elite's globalist endorsee.

Communication in a primary election. We first modify our benchmark setting as follows. At any information set in which the Outsider has entered the primary, i.e., after her entry but before the primary vote, the $\mathcal{R}$ elite learns her realized quality and sends a (cheap-talk) message $m \in \{m_0, m_v\}$ that is observed by all agents. We continue to assume that at any information set that voters are called upon to cast their ballots, they vote in favor of the candidate that they statically prefer to all other candidates. For concreteness, we assume that $\lambda(0)$ is uniformly distributed on the interval $[\overline{\lambda}(0) - \sigma, \overline{\lambda}(0) + \sigma]$. We also assume that $v > \overline{\lambda}(0) - \sigma$, i.e., the support on the preference shock $\lambda(0)$ is not too small, so that there is a chance that rank-and-file nationalists in party $\mathcal{R}$ will prefer a high-quality globalist to a low-quality nationalist.

Note that since the $\mathcal{R}$ elite is constrained to always endorse *at least* a globalist, the Outsider never enters the primary on a globalist platform. Thus, the only information sets in which the Outsider enters a primary are those in which the Outsider wins the primary on a nationalist platform, i.e., at the location $(1, 0)$.

Existence of a fully revealing equilibrium. We first characterize the set of parameters for which there exists an informative equilibrium.

Proposition A.2. *There exists a pair of thresholds $(\underline{\gamma}^*, \overline{\gamma}^*)$ and a further threshold $\underline{\gamma}^{**}$ satisfying $\lambda(1) + v \leq \underline{\gamma}^* < \overline{\gamma}^*$ and $\lambda(1) < \underline{\gamma}^{**} < \lambda(1) + \gamma$, such that a fully informative equilibrium exists after the Outsider enters the $\mathcal{R}$ primary if and only if $\gamma \in [\underline{\gamma}^*, \overline{\gamma}^*]$, or $\gamma \in [\underline{\gamma}^{**}, \lambda(1) + v]$.*

In particular, Proposition A.2 implies that whenever *inter*-party polarization exceeds *intra*-party elite polarization, i.e., when $\gamma < \lambda(1)$, there is no informative equilibrium.

Proof. We proceed by cases. Without loss of generality, in each case, we specify that the $\mathcal{R}$ elite announces m_v if the Outsider is quality $\tilde{v} = v$, and announces m_0 if the Outsider is quality

$\tilde{v} = 0$. Beliefs are formed using Bayes' rule.

<u>Case 1.</u> Suppose $\gamma \geq \lambda(1) + v$, i.e., that $\mathcal{R}$ globalists would prefer a candidate located at $(1, 0)$ of low quality ($\tilde{v} = 0$) over a candidate located at $(0, 1)$ of high quality ($\tilde{v} = v$). We first verify conditions for existence of a fully informative equilibrium.

The $\mathcal{R}$ elite's value from sending message m_v when the Outsider's realized quality is $\tilde{v} = v$ is:

$$G(1/2)(v - 1/2\gamma) + (1 - G(1/2))(F(\gamma)(v - 1/2(\gamma + \lambda(1))) + (1 - F(\gamma))(v - \lambda(1))), \quad (21)$$

while the value from sending m_0 when $\tilde{v} = v$ is:

$$G(1/2)(v - 1/2\gamma) + (1 - G(1/2))(F(v)(v - 1/2\gamma) + (F(\gamma + v) - F(v))(v - 1/2(\gamma + \lambda(1))))$$
$$+ (1 - G(1/2))(1 - F(\gamma + v))(v - \lambda(1)). \quad (22)$$

Substituting for distributional assumptions, we find that the relative value of sending m_v when the Outsider's realized quality is $\tilde{v} = v$ is positive if and only if:

$$\gamma v - \lambda(1)(2v - (\overline{\lambda}(0) - \sigma)) \geq 0 \iff \gamma \geq \lambda(1)\frac{(2v - (\overline{\lambda}(0) - \sigma))}{v}. \quad (23)$$

Likewise, the $\mathcal{R}$ elite's value from sending message m_0 when the Outsider's realized quality is $\tilde{v} = 0$ is:

$$G(1/2)(v - 1/2\gamma) + (1 - G(1/2))(F(v)(v - 1/2\gamma) + (F(\gamma + v) - F(v))((1/2)(v - \gamma) - 1/2\lambda(1)))$$
$$- (1 - G(1/2))(1 - F(\gamma + v))\lambda(1), \quad (24)$$

while the value of sending m_v when $\tilde{v} = 0$ is:

$$G(1/2)(v - 1/2\gamma) + (1 - G(1/2))(F(\gamma)(1/2(v - \gamma) - 1/2\lambda(1)) - (1 - F(\gamma))\lambda(1)). \quad (25)$$

Substituting for distributional assumptions, we find that the relative value of sending m_0 when the Outsider's realized quality is $\tilde{v} = 0$ is positive if and only if:

$$\gamma v - (\lambda(1) + v)(2v - (\overline{\lambda}(0) - \sigma)) \leq 0 \iff \gamma \leq (\lambda(1) + v)\frac{(2v - (\overline{\lambda}(0) - \sigma))}{v}. \quad (26)$$

Combining these inequalities, we require:

$$\max\left\{\lambda(1)+v,\lambda(1)\frac{(2v-(\overline{\lambda}(0)-\sigma))}{v}\right\}\equiv\underline{\gamma}^{*}\leq\gamma\leq(\lambda(1)+v)\frac{(2v-(\overline{\lambda}(0)-\sigma))}{v}\equiv\overline{\gamma}^{*}. \quad (27)$$

We have $\overline{\gamma}^{*}>\underline{\gamma}^{*}$ if and only if $v>1/2(\overline{\lambda}(0)-\sigma)$, which follows from $v>\overline{\lambda}(0)-\sigma$. This establishes existence of a fully informative equilibrium.

<u>Case 2.</u> Suppose $\lambda(1)+v>\gamma\geq\lambda(1)$, i.e., that $\mathcal{R}$ globalists would prefer a high-quality candidate located at $(0,0)$ of high over a high-quality candidate located at $(0,1)$ of high quality, but would prefer a high-quality candidate located at $(0,1)$ over a low-quality candidate located at $(1,0)$.

The $\mathcal{R}$ elite's value from sending message m_v when the Outsider's realized quality is $\tilde{v}=v$ is:

$$G(1/2)(v-1/2\gamma)+(1-G(1/2))(F(\gamma)(v-1/2(\gamma+\lambda(1)))+(1-F(\gamma))(v-\lambda(1))), \quad (28)$$

while the value from sending m_0 when $\tilde{v}=v$ is:

$$G(1/2)(v-1/2\gamma)+(1-G(1/2))(F(v)(v-1/2\gamma)+(F(\gamma+v)-F(v))(v-\gamma)),$$
$$+(1-G(1/2))(1-F(\gamma+v))(v-\lambda(1))). \quad (29)$$

Substituting for distributional assumptions, we find that the relative value of sending m_v when the Outsider's realized quality is $\tilde{v}=v$ is (i) increasing in γ, (ii) strictly negative evaluated at $\gamma=\lambda(1)$, and (iii) strictly positive evaluated at $\gamma=\lambda(1)+v$. We conclude that there exists a unique threshold $\underline{\gamma}^{**}\in(\lambda(1),\lambda(1)+v)$ such that the relative value of sending m_v when the Outsider's realized quality is $\tilde{v}=v$ is positive if and only if $\gamma\geq\underline{\gamma}^{**}$.

Likewise, the $\mathcal{R}$ elite's value from sending message m_0 when the Outsider's realized quality is $\tilde{v}=0$ is:

$$G(1/2)(v-1/2\gamma)+(1-G(1/2))(F(v)(v-1/2\gamma)+(F(\gamma+v)-F(v))(v-\gamma))$$
$$-(1-G(1/2))(1-F(\gamma+v))\lambda(1)), \quad (30)$$

while the value of sending m_v when $\tilde{v}=0$ is:

$$G(1/2)(v-1/2\gamma)+(1-G(1/2))(F(\gamma)(1/2(v-\gamma)-1/2\lambda(1))-(1-F(\gamma))\lambda(1). \quad (31)$$

Substituting for distributional assumptions, we find that the relative value of sending m_0 when the Outsider's realized quality is $\tilde{v} = 0$ is strictly positive for any $\gamma \in [\lambda(0), \lambda(0) + v]$. We conclude that a fully informative equilibrium exists if:

$$\underline{\gamma}^{**} < \gamma \leq \lambda(1) + v. \tag{32}$$

<u>Case 3.</u> Suppose, finally, $\gamma < \lambda(1)$, i.e., that $\mathcal{R}$ globalists would prefer a candidate located at $(0, 1)$ of high quality ($\tilde{v} = v$) over a candidate located at $(0, 1)$ of low quality ($\tilde{v} = 0$). The $\mathcal{R}$ elite's value from sending message m_v when the Outsider's realized quality is $\tilde{v} = v$ is:

$$G(1/2)(v - 1/2\gamma) + (1 - G(1/2))(F(\gamma)(v - \gamma) + (1 - F(\gamma))(v - \lambda(1))), \tag{33}$$

while the value from sending m_0 when $\tilde{v} = v$ is:

$$G(1/2)(v - 1/2\gamma) + (1 - G(1/2))(F(\gamma + v)(v - \gamma) + (1 - F(\gamma + v))(v - \lambda(1))). \tag{34}$$

Comparing these expressions, we find that the relative value of sending m_v when the Outsider's realized quality is $\tilde{v} = v$ is always strictly negative, so that a fully informative equilibrium does not exist. $\qquad \square$

Outsider's decision to enter in primary or as a third-party candidate. We next restrict attention to the parameters for which a fully informative equilibrium exists, and assume that it is played at any information set in which the Outsider enters the $\mathcal{R}$ primary, i.e., on a nationalist platform. We then derive conditions under which the Outsider prefers to enter the contest in the primary, versus as a third-party candidate, at any information set in which the $\mathcal{R}$ elite has solely endorsed a globalist. In the following proposition, compare the Outsider's value from a primary challenge relative to our benchmark setting with no communication.

Proposition A.3. *Suppose $\gamma \in [\underline{\gamma}^*, \overline{\gamma}^*] \cup [\underline{\gamma}^{**}, \lambda(1) + v]$. Then, the Outsider's relative value from a primary challenge is lower with elite communication than without elite communication.*

To understand the result, suppose that the prospect of a high-quality Outsider, p, increases. Does this make a primary challenge more attractive for the Outsider? A higher prospect p of being high quality raises the prospect that she will receive a belated endorsement from the $\mathcal{R}$ elite. However, even when she enters as a third-party candidate and her realized quality is not revealed, voters take primitives into account when choosing candidates, and so a higher value of p also raises the Outsider's attractiveness in this case. With uniform prefer-

ence shocks $\lambda(0)$, the second benefit outweighs the first, encouraging the Outsider to pursue a third-party campaign.

Proof. Suppose, first, $\gamma \in [\underline{\gamma}^*, \overline{\gamma}^*]$. At an information set in which the $\mathcal{R}$ elite has endorsed a globalist, the Outsider's value from entering the $\mathcal{R}$ primary at platform $(1,0)$ is:

$$(1 - G(1/2))(1 - p)((F(\gamma + v) - F(v))1/2 + 1 - F(\gamma + v))$$
$$+ (1 - G(1/2))p(F(\gamma)1/2 + (1 - F(\gamma))), \tag{35}$$

while her value from entering the general election as a third-party candidate at platform $(1,0)$ is:

$$\Pr(\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\})(1 - F(\gamma + v(1 - p))). \tag{36}$$

We find that the Outsider's relative value from entering the $\mathcal{R}$ primary is positive if and only if:

$$\frac{\Pr(\beta \geq 1/2)}{\Pr(\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\})} \geq \frac{1 - F(\gamma + v(1 - p))}{(1 - p)(1 - 1/2(F(\gamma + v) + F(\gamma))) + p(1 - 1/2F(\gamma))}. \tag{37}$$

Recall that in our benchmark setting, the analogous condition for the Outsider to prefer entering through the $\mathcal{R}$ primary at an information set in which the $\mathcal{R}$ elite has endorsed a globalist is:

$$\frac{\Pr(\beta \geq 1/2)}{\Pr(\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\})} \geq \frac{1 - F(\gamma + v(1 - p))}{1 - F(\gamma + v(1 - p)) + 1/2(F(\gamma + v(1 - p)) - F(v(1 - p)))}. \tag{38}$$

Comparing these conditions, and using our distributional assumptions, we observe that (38) holds if (37) holds.

Suppose, second, $\gamma \in [\underline{\gamma}^{**}, \lambda(1) + v]$. At an information set in which the $\mathcal{R}$ elite has endorsed a globalist, the Outsider's value from entering the $\mathcal{R}$ primary at platform $(1,0)$ is:

$$(1 - G(1/2))p(F(\gamma)1/2 + 1 - F(\gamma)) + (1 - p)(1 - F(\gamma + v)), \tag{39}$$

while her value from entering as a third-party at platform $(1,0)$ is:

$$\Pr(\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\})(1 - F(\gamma + v(1 - p))). \tag{40}$$

We find that the Outsider's relative value from entering the $\mathcal{R}$ primary is positive if and only

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if:

$$\frac{\Pr(\beta \geq 1/2)}{\Pr(\beta \geq (1-\beta) \max\{\alpha, 1-\alpha\})} \geq \frac{1 - F(\gamma + v(1-p))}{(1-p)(1 - F(\gamma + v)) + p(1 - 1/2F(\gamma))}. \tag{41}$$

Using our distributional assumptions, we again observe that (38) holds if (41) holds. □

Note, however, that the Outsider prefers to enter the $\mathcal{R}$ primary in our benchmark setting only if $\gamma \geq \lambda(1) + v(1-p)$. Thus, if $\underline{\gamma}^{**} < \lambda(1) + v(1-p)$, whenever $\gamma \in [\underline{\gamma}^{**}, \lambda(1) + v(1-p)]$, the satisfaction of (41) yields primary entry when none would occur in the benchmark.

Elite's incentive to endorse solely a globalist. Finally, we restrict attention to parameters for which a fully informative equilibrium exists, *and* assume that it is played at any information set in which the Outsider enters the $\mathcal{R}$ primary, i.e., on a nationalist platform, *and* further restrict attention to parameters such that the Outsider prefers to enter the $\mathcal{R}$ primary at an information set in which the $\mathcal{R}$ elite has endorsed a globalist. We then ask how the elite's incentives to endorse solely a globalist, or instead endorse both a globalist and a nationalist, change vis-a-vis our benchmark setting. Recall that, under the parameter restrictions, the Outsider also strictly prefers to enter the $\mathcal{R}$ primary in our benchmark setting.

Proposition A.4. *Suppose $\gamma \in [\underline{\gamma}^*, \overline{\gamma}^*]$, that (37) holds, or that $\gamma \in [\max\{\underline{\gamma}^{**}, \lambda(1) + v(1-p)\}, \lambda(1) + v]$, and (41) holds. Then, the $\mathcal{R}$ elite's relative value from endorsing only a globalist is higher when the elite reveals the Outsider's quality in primary, relative to a setting in which the elite communicates no information about the Outsider's quality.*

To understand the result, notice that the elite has less to fear from an Outsider challenge than in the benchmark setting. If the Outsider is high quality, she will be less distasteful to the elite, which then has the ability to improve the Outsider's chances in a general election by truthfully revealing her quality. If, instead, the Outsider is low quality, the elite can reveal this information in the primary, reducing the prospect that the low-quality Outsider wins the nomination. Both forces encourage the elite to take a gamble on Outsider entry in the primary.

Proof. Suppose, first, $\gamma \in [\underline{\gamma}^*, \overline{\gamma}^*]$ and (37) holds. The elite's value of endorsing both a globalist and a nationalist is given by expression (12). The elite's value of endorsing solely a globalist is:

$$(1 - G(1/2)) \left[\begin{array}{c} p(F(\gamma)(v - 1/2(\gamma + \lambda(1))) + (1 - F(\gamma))(v - \lambda(1))) \\ +(1-p)(F(v)(v - 1/2\gamma) + (F(\gamma + v) - F(v))1/2(v - \gamma - \lambda(1))) \\ -(1-p)(1 - F(\gamma + v))\lambda(1) \end{array} \right] + G(1/2)(v - 1/2\gamma). \tag{42}$$

Substituting in distributional assumptions, it is straightforward to verify that the difference of (42) and (15) is strictly positive.

Suppose, second, $\gamma \in [\underline{\gamma}^{**}, \lambda(1) + v]$ and (41) holds. The elite's value of endorsing both a globalist and a nationalist is given by expression (12). The elite's value of endorsing solely a globalist is:

$$
(1 - G(1/2)) \left[\begin{array}{c} p(F(\gamma)(v - 1/2(\gamma + \lambda(1))) + (1 - F(\gamma))(v - \lambda(1))) \\ +(1-p)(F(v)(v - 1/2\gamma) + (F(\gamma + v) - F(v))(v - \gamma)) \\ -(1-p)(1 - F(\gamma + v))\lambda(1) \end{array} \right] + G(1/2)(v - 1/2\gamma).
$$
(43)

Substituting in distributional assumptions, it is straightforward to verify that the difference of (43) and (15) is strictly positive. □

Communication in the general election. The previous setting considered cheap talk during the primary. We not consider a setting where the elite can send a cheap talk message *after* the primary, but *before* the general election. We therefore modify our benchmark setting as follows. At any information set in which the Outsider has won a primary, i.e., between the primary and before the general election, the $\mathcal{R}$ elite may send a cheap-talk message $m \in \{m_0, m_v\}$ that is observed by all agents. We continue to assume that at any information set that voters are called upon to cast their ballots, they vote in favor of the candidate that they statically prefer to all other candidates. Note that since the $\mathcal{R}$ elite is constrained to always endorse *at least* a globalist, the Outsider never enters the primary on a globalist platform. Thus, the only information sets in which the Outsider wins a primary are those in which the Outsider wins the primary on a nationalist platform, i.e., at the location $(1, 0)$.

Existence of a fully revealing equilibrium. We first characterize the set of parameters for which there exists an informative equilibrium, showing that information transmission requires an intermediate degree of *inter*-party polarization.

Proposition A.5. *If $\lambda(1) \leq \gamma \leq \lambda(1) + v$, there exists a fully informative equilibrium, i.e., in which the $\mathcal{R}$ elite's message reveals the realized quality of the Outsider. For all other parameter values, all equilibria are babbling.*

Proof. We proceed in two parts. The first part verifies existence of a fully informative equilibrium under the parameter restriction given in the Proposition. the second establishes that when this parameter restriction fails, all equilibria are babbling.

<u>Part 1.</u> Suppose $\lambda(1) \leq \gamma \leq \lambda(1) + v$. To construct a fully informative equilibrium, we specify the following strategies and beliefs at any information set at which the Outsider wins the primary on a nationalist platform.

Message strategy. If the Outsider's quality is $\tilde{v} = v$, the elite sends the message m_v, and if the Outsider's quality is $\tilde{v} = 0$, the elite sends the message m_0.

Beliefs. When the elite sends the message m_v, all agents believe that the Outsider has quality v with probability one; likewise, when the elite sends the message m_0, all agents believe that the Outsider has quality 0 with probability one.

That beliefs satisfy Bayes' rule is immediate, given the $\mathcal{R}$ elite's messaging strategy. To verify strategies, we observe that the elite prefers to send m_v when the Outsider's quality is v, if:

$$v - .5\Pr(\lambda(0) \leq \gamma | \lambda(0) > v(1-p))\gamma - (1 - .5\Pr(\lambda(0) \leq \gamma | \lambda(0) > v(1-p)))\lambda(1)$$
$$\geq v - \Pr(\lambda(0) \leq \gamma + v | \lambda(0) > v(1-p))\gamma - (1 - \Pr(\lambda(0) \leq \gamma + v | \lambda(0) > v(1-p)))\lambda(1). \quad (44)$$

To obtain the first line, recall that at an information set in which the Outsider wins the primary on a nationalist platform, we have $\beta \geq .5$ and $\lambda(0) > v(1-p)$. If the $\mathcal{R}$ elite announces m_v, the Outsider receives the support of voters located at $(1,0)$ and at $(1,1)$, where the latter follows from the supposition $\gamma \geq \lambda(1)$. If $\lambda(0) \leq \gamma$, voters located at $(0,0)$ support the $\mathcal{L}$ nominee, and each candidate wins with probability one half. If, instead, $\lambda(0) > \gamma$, the Outsider receives the support of all nationalist voters (at least) and since $\beta > .5$, she wins the election. The second line follows a similar logic. This inequality simplifies to the condition:

$$\gamma \geq \lambda(1). \quad (45)$$

Suppose, instead, that the Outsider's realized quality is zero. Under the equilibrium conjecture, if the $\mathcal{R}$ elite announces m_0, all agents believe that the Outsider's quality is zero with probability one. Thus, voters located at $(1,1)$ cast their ballots for the $\mathcal{L}$ party nominee. If $\lambda(0) \leq \gamma + v$, voters located at $(0,0)$ and $(0,1)$ support the $\mathcal{L}$ nominee, and Assumption 1 implies that this candidate wins with probability one. If, instead, $\lambda(0) > \gamma + v$, voters located at both $(1,0)$ and $(0,0)$ support the Outsider, and $\beta > .5$ implies that she wins the election with probability one. Suppose, instead, that the elite announces m_v. In that case, the Outsider is sure to receive the support of voters located at $(1,1)$ and $(1,0)$. If $\lambda(0) \leq \gamma$, the Outsider therefore wins with probability .5. If, instead, $\lambda(0) > \gamma$, the Outsider wins with probability one, since she receives the support of (at least) all nationalist voters that constitute a majority

$\beta > .5$. Thus, the elite prefers the message m_0 to m_v if and only if:

$$\Pr(\lambda(0) \leq \gamma + v | \lambda(0) > v(1-p))(v - \gamma) - (1 - \Pr(\lambda(0) \leq \gamma + v | \lambda(0) > v(1-p)))\lambda(1)$$
$$\geq .5 \Pr(\lambda(0) \leq \gamma | \lambda(0) > v(1-p))(v - \gamma) - (1 - .5 \Pr(\lambda(0) \leq \gamma | \lambda(0) > v(1-p)))\lambda(1),$$

which holds if and only if

$$\gamma \leq \lambda(1) + v. \tag{46}$$

This establishes existence of a fully revealing equilibrium, when $\lambda(1) \leq \gamma \leq \lambda(1) + v$.

<u>Part 2.</u> We establish that whenever the condition $\lambda(1) \leq \gamma \leq \lambda(1) + v$ is violated, all equilibria are babbling. That is: in every equilibrium of the continuation game after the Outsider wins a primary challenge on a nationalist platform, on the equilibrium path, voters believe that the Outsider is high quality with probability p. In an equilibrium in which only one message is sent with positive probability by the elite, the claim is immediate. Suppose that there exists another equilibrium in which the elite sends each message m_0 and m_v with positive probability. We introduce additional notation. Let $\sigma(m|\tilde{v})$ denote the probability that the elite sends the message $m \in \{m_0, m_v\}$ when the Outsider's realized type is $\tilde{v} \in \{0, v\}$. Let $\mu(m)$ denote all other agents' (common) posterior belief that the Outsider's realized quality is v, after observing the message m. It is sufficient to show that if $\lambda(1) > \gamma$ or $\gamma > \lambda(1) + v$, then in every equilibrium in which both m_0 and m_v are sent with positive probability:

$$\max\{\mu(m_0), \mu(m_v)\} = \min\{\mu(m_0), \mu(m_v)\}.$$

Suppose, to the contrary, that there exists an equilibrium in which this condition is violated. Let $\hat{m} = \arg\max_{m \in \{m_0, m_v\}} \mu(m)$ and $\check{m} = \arg\min_{m \in \{m_0, m_v\}} \mu(m)$, and further let $\tau(m)$ denote the equilibrium probability that the Outsider wins the general election against the $\mathcal{L}$ candidate, after the message m is sent. It is easily verified that $\mu(\hat{m}) > \mu(\check{m})$ implies $\tau(\hat{m}) > \tau(\check{m})$. The elite therefore strictly prefers the message $\check{m}$ for each $\tilde{v} \in \{0, v\}$ if:

$$\tau(\check{m})(v - \lambda(1)) + (1 - \tau(\check{m}))(v - \gamma) > \tau(\hat{m})(v - \lambda(1)) + (1 - \tau(\hat{m}))(v - \gamma),$$

or $(\tau(\hat{m}) - \tau(\check{m}))(\lambda(1) - \gamma) > 0,$, which is true if $\lambda(1) > \gamma$. Similarly, the elite strictly prefers to send the message $\hat{m}$ for each $\tilde{v} \in \{m_0, m_v\}$ if:

$$\tau(\hat{m})(0 - \lambda(1)) + (1 - \tau(\hat{m}))(v - \gamma) > \tau(\check{m})(0 - \lambda(1)) + (1 - \tau(\check{m}))(v - \gamma),$$

or if $(\tau(\hat{m}) - \tau(\check{m}))(\gamma - \lambda(1) - v) > 0$, which is true only if $\gamma > \lambda(1) + v$. We conclude that if

$\gamma < \lambda(1)$, or if $\gamma > \lambda(1) + v$, in any equilibrium in which both messages are sent with positive probability, $\mu(m_0) = \mu(m_v) = p$. $\qquad\square$

Outsider's decision to enter in primary or as a third-party candidate. We next restrict attention to the parameters for which a fully informative equilibrium exists, and assume that it is played at any information set in which the Outsider wins the $\mathcal{R}$ primary, i.e., on a nationalist platform. We then derive conditions under which the Outsider prefers to enter the contest in the primary, versus as a third-party candidate, at any information set in which the $\mathcal{R}$ elite has solely endorsed a globalist. We assume that a fully informative equilibrium is played at an information set in which the Outsider wins the $\mathcal{R}$ primary, whenever it is supported by primitives.

Proposition A.6. *Suppose $\gamma \in [\lambda(1) + v(1 - p), \lambda(1) + v]$. Then, the Outsider's relative value from a primary challenge is lower with elite communication than without elite communication.*

In other words, the prospect of having her quality revealed in the primary lowers the Outsider's incentive to mount a primary challenge, relative to a setting with no elite communication.

Proof. If the elite nominates a globalist, the Outsider's relative value from entering the election through the $\mathcal{R}$ primary is:

$$\Pr(\beta \geq .5) \left[p(1 - F(\gamma) + .5(F(\gamma) - F(v(1 - p)))) + (1 - p)(1 - F(\gamma + v)) \right],$$

whereas her value of remaining out of the contest is:

$$\Pr(\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\})(1 - F(\gamma + v(1 - p))).$$

The Outsider therefore prefers to enter the election in the $\mathcal{R}$ primary if and only if:

$$\frac{\Pr(\beta \geq .5)}{\Pr(\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\})} \geq \frac{1 - F(\gamma + v(1 - p))}{p(1 - .5(F(\gamma) + F(v(1 - p)))) + (1 - p)(1 - F(\gamma + v))}. \tag{47}$$

We compare this condition with the corresponding condition that we derived in Proposition 3, for our benchmark setting without cheap talk:

$$(1 - G(1/2)) \left[1 - F(\gamma + v(1 - p)) + \frac{F(\gamma + v(1 - p)) - F(v(1 - p))}{2} \right]$$
$$> \Pr[\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\}](1 - F(\gamma + v(1 - p))). \tag{48}$$

Straightforward algebra reveals that (48) holds whenever (47) holds, given that $\lambda(0) \sim U[\overline{\lambda}(0) - \sigma, \overline{\lambda}(0) + \sigma]$.

$\square$

This shows that when $\lambda(0) \sim U[\overline{\lambda}(0) - \sigma, \overline{\lambda}(0) + \sigma]$ we can make some broad comparisons with our benchmark setting. *First*, whenever $\gamma \in [\lambda(1), \lambda(1) + v(1 - p)]$, the Outsider *never* prefers to enter the $\mathcal{R}$ primary at an information set in which the elite has endorsed only a globalist, in the benchmark setting. By contrast, when the elite informs voters about the Outsider's realized quality after winning the primary, the Outsider prefers to enter the $\mathcal{R}$ primary for these primitives, if in addition condition (47) holds. *Second*, whenever $\gamma \in [\lambda(1) + v(1 - p), \lambda(1) + v]$, if the Outsider prefers to enter the primary when she anticipates a fully revealing message from the elite, she also prefers to enter when she anticipates that no information will be revealed, i.e., in the benchmark setting. The reverse, however, is not true. Thus, for these primitives, the net consequence of informative cheap talk is to *reduce* the Outsider's incentives to enter the election through the $\mathcal{R}$ primary, and instead pursue an independent campaign. This is a similar conclusion to the case in which the elite can reveal the Outsider's quality during a primary election.

Elite's incentive to endorse solely a globalist. Finally, we restrict attention to $\gamma \in [\lambda(1) + (1 - p)v, \lambda(1) + v]$, *and* assume that a fully informative equilibrium is played at any information set in which the Outsider wins the $\mathcal{R}$ primary, i.e., on a nationalist platform, *and* further restrict attention to parameters such that the Outsider prefers to enter the $\mathcal{R}$ primary at an information set in which the $\mathcal{R}$ elite has endorsed a globalist, i.e., in which (47) holds. We then ask how the elite's incentives to endorse solely a globalist, or instead endorse both a globalist and a nationalist, change vis-a-vis our benchmark setting. Recall that, under the parameter restrictions, the Outsider also strictly prefers to enter the $\mathcal{R}$ primary in our benchmark setting.

Proposition A.7. *Suppose $\gamma \in [\lambda(1) + v(1 - p), \lambda(1) + v]$ and that (47) holds. Then, the $\mathcal{R}$ elite's relative value from endorsing only a globalist is higher when the elite reveals the Outsider's quality when she wins a primary, relative to setting in which the elite communicates no information about the Outsider's quality.*

Proof. The elite's value of endorsing both a globalist and a nationalist is given by (12). Sup-

pose, first, $\gamma > v(1-p)$. The elite's value of endorsing solely a globalist is:

$$(1 - G(1/2)) \begin{bmatrix} p(F(\gamma) - F(v(1-p)))(v - 1/2(\gamma + \lambda(1))) \\ +p(1 - F(\gamma))(v - \lambda(1)) + pF(v(1-p))(v - 1/2\gamma) \\ +(1-p)(F(v(1-p))(v - 1/2\gamma) - (1 - F(\gamma + v))\lambda(1)) \\ +(1-p)(F(\gamma + v) - F(v(1-p)))(v - \gamma). \end{bmatrix} + G(1/2)(v - 1/2\gamma).$$

(49)

Substituting in distribution assumptions, it is straightforward to verify that the difference of (50) and (15) is strictly positive for all $\gamma \leq \lambda(1) + v$. Suppose, second, $\gamma \leq v(1-p)$. The elite's value of endorsing solely a globalist is:

$$(1 - G(1/2)) \begin{bmatrix} p(1 - F(v(1-p)))(v - \lambda(1)) + pF(v(1-p))(v - 1/2\gamma) \\ +(1-p)(F(v(1-p))(v - 1/2\gamma) - (1 - F(\gamma + v))\lambda(1)) \\ +(1-p)(F(\gamma + v) - F(v(1-p)))(v - \gamma). \end{bmatrix} + G(1/2)(v - 1/2\gamma).$$

(50)

Substituting in distribution assumptions, it is straightforward to verify that the difference of (50) and (15) is strictly positive. $\qquad\square$

Just as in the setting with communication in the primaries, the $\mathcal{R}$ elite has less to fear from Outsider entry in the primary, and also values her entry to the extent that it avoids splitting the $\mathcal{R}$ factions via a third-party challenge in the general election. This raises its relative value of endorsing solely a globalist, despite anticipating that the Outsider may successfully contest the $\mathcal{R}$ primary on a nationalist platform.

A.3. Outsider may choose any policy in $[0,1]^2$ if entering as a third party.

Our benchmark analysis restricts the policy space to $\{0,1\}^2$. An alternative assumption is that the policy space includes *all* elements of $[0,1]^2$, but that locations $\{0,1\}^2$ are the only policies to which candidates can commit when running under a party label. That is: when running under the $\mathcal{L}$ party label, a candidate may only run with a policy associated with that party, i.e., $(0,0)$ or $(0,1)$; and, when running under the $\mathcal{R}$ party label, a candidate may only run with a policy $(1,0)$ or $(1,1)$. But, when a candidate runs an independent campaign, or instead forms her own party, she is be free to adopt *any* policy in $[0,1]^2$. For example, Emanuel Macron was able to adopt a strongly globalist platform, while simultaneously adopting a centrist economic policy (i.e., left-right). We explore how this possibility affects our benchmark results.

Optimal third party platform. If the Outsider chooses to run a third-party campaign, she may face one of two scenarios.

Scenario 1. Suppose that the $\mathcal{L}$ party has nominated a globalist located at $(0, 1)$ with anticipated quality v, and the $\mathcal{R}$ party has nominated a globalist located at $(1, 1)$ with anticipated quality v. The latter scenario could arise either after a nationalist of anticipated quality v contested the primary (i.e., the elite endorsed both a globalist and a nationalist), or alternatively that the primary was uncontested (i.e., the elite endorsed only a globalist).

If the Outsider enters the general election, she cannot win the support of globalists in either party. Moreover, Assumption 1 implies that unless the Outsider wins the support of *both* parties' nationalist factions, she loses the election. It is immediate that she must adopt a nationalist platform, i.e., $y = 0$. Letting x denote her policy position on the traditional (i.e., left-right) cleavage, her platform solves:

$$\max_{\hat{x} \in [0,1]} \left(1 - F\left(\gamma \max\{1 - \hat{x}, \hat{x}\} + v(1 - p)) \right\} \right) \tag{51}$$

which implies that her optimal location is $\hat{x} = 1/2$, i.e., a centrist economic policy. Note that this is true regardless of her beliefs about β, the fraction of nationalists, and thus does not depend on whether the globalist $\mathcal{R}$ nominee faced a primary challenge from a nationalist.

Proposition A.8. *If the Outsider has not entered the primary, and both parties have nominated globalist candidates, the Outsider enters the election as a third-party candidate, adopting the location* $(1/2, 0)$, *i.e., a platform that is economically centrist, and wholly nationalist.*

Scenario 2. Suppose that the $\mathcal{L}$ party has endorsed a globalist located at $(0, 1)$ with anticipated quality v, and the $\mathcal{R}$ party has nominated a nationalist located at $(1, 0)$ with anticipated quality v. The latter scenario can only arise either after a nationalist of anticipated quality v contested the primary (i.e., the elite endorsed both a globalist and a nationalist).

If the Outsider enters the general election, she cannot win the support of globalists in the $\mathcal{L}$ party, nor can she win the support of nationalists in the $\mathcal{R}$ party. We first ask: does there exist a platform $(x, y) \in [0, 1]^2$ such that she can, for some realizations of $\lambda(0)$, win the support of *both* the nationalist $\mathcal{L}$ faction *and* the globalist $\mathcal{R}$ faction. We show that the answer is *no*.

Proposition A.9. *If the Outsider has not entered the primary, the $\mathcal{L}$ party has endorsed a globalist of anticipated quality v, and the $\mathcal{R}$ party has nominated a nationalist of anticipated quality v, the Outsider runs a third-party campaign located at $(0, 0)$ if $\lambda(1) > \gamma$; otherwise, she stays out of the contest.*

Proof. The Outsider wins the support of globalist $\mathcal{R}$ voters if and only if her platform (x, y) satisfies:

$$pv - \gamma(1-x) - \lambda(1)(1-y) \geq \max\{-\gamma, -\lambda(1)\} + v, \tag{52}$$

i.e.,

$$x \geq \gamma^{-1} \max\{\lambda(1)(1-y) + v(1-p), \gamma - y\lambda(1) + v(1-p)\}. \tag{53}$$

Suppose $\lambda(1) \geq \gamma$. This implies that (53) is equivalent to the condition $x \geq \gamma^{-1}(\lambda(1)(1-y) + v(1-p))$. If $\lambda(0) < \gamma$ (recall $\lambda(0)$ is stochastic), then to win the support of $\mathcal{L}$ nationalists, the Outsider's platform must also satisfy:

$$-\gamma x - \lambda(0)y + pv \geq -\lambda(0) + v \iff x \leq \gamma^{-1}(\lambda(0)(1-y) - v(1-p)). \tag{54}$$

Conditions (53) and (54) can be satisfied only if $(\lambda(0) - \lambda(1))(1-y) - 2v(1-p) \geq 0$, which is contradicted by the supposition $\lambda(0) < \gamma \leq \lambda(1)$. Suppose, instead, $\lambda(0) \geq \gamma$. Then, to win the support of $\mathcal{L}$ nationalists, the Outsider's platform must satisfy:

$$x \leq \gamma^{-1}(\gamma - v(1-p) - \lambda(0)y). \tag{55}$$

Conditions (53) and (55) can be satisfied only if:

$$\gamma \geq \lambda(1)(1-y) + \lambda(0)y + 2v(1-p), \tag{56}$$

and since $\lambda(0) \geq \gamma$, a necessary condition for this inequality is $0 \geq (\lambda(1) - \gamma)(1-y) + 2v(1-p)$, which fails by the supposition $\lambda(1) \geq \gamma$.

Suppose $\lambda(1) < \gamma$. This implies that (53) is equivalent to the condition $x \geq 1 - \gamma^{-1}(\lambda(1)y - v(1-p))$. If $\lambda(0) < \gamma$, then to win the support of $\mathcal{L}$ nationalists, the Outsider's platform must also satisfy (54), which in turn requires

$$\max\{\lambda(1), \lambda(0)\} \leq \lambda(1)(1-y) + \lambda(0)y - 2v(1-p), \tag{57}$$

and which constitutes a contradiction. Suppose, instead, $\lambda(0) \geq \gamma$. Then, to win the support of $\mathcal{L}$ nationalists, the Outsider's platform must also satisfy (55); this condition and (53)) can only be satisfied if $y(\lambda(1) - \lambda(0)) - 2v(1-p) \geq 0$. Since $\lambda(1) < \gamma < \lambda(0)$, by supposition, we obtain a contradiction.

Thus, the Outsider can attain *at most* the support of *either* $\mathcal{L}$ nationalists, or $\mathcal{R}$ globalists. This implies that her preferred platform, conditional on entering the election, is either $(0, 0)$

or $(1, 1)$. If she locates at $(1, 1)$, $\mathcal{L}$ nationalists either vote for their own party's candidate, or instead support the $\mathcal{R}$ nominee located at $(1, 0)$. In the former case, Assumption 1 implies that the Outsider loses with probability one; in the latter case, the Outsider again loses with probability one, since the nomination of a nationalist in the $\mathcal{R}$ party implies that nationalists collectively constitute a majority $\beta \geq .5$. We conclude that if the Outsider offers a platform, she locates at $(0, 0)$. Note that if $\gamma \geq \lambda(1)$, $\mathcal{R}$ globalists support their nominee, and Assumption 1 again implies that the Outsider loses with probability one, so that she strictly prefers to stay out of the contest. If, however, $\gamma < \lambda(1)$, the Outsider's prospect of winning when she locates at the platform $(0, 0)$ is:

$$\Pr(\beta\alpha \geq \max\{1 - \beta, \beta(1 - \alpha)\}|\beta > 1/2), \tag{58}$$

which is strictly positive. □

A.4. Primaries in Both Parties.

Our benchmark setting presumes that party $\mathcal{L}$ is represented by a globalist candidate that voters believe to be high-quality with probability one. In this extension, we allow for the possibility that there is also primary competition in party $\mathcal{L}$, between a globalist candidate of high quality and a nationalist candidate of expected quality pv. This could reflect an outsider who, as in our benchmark analysis, has entered the contest without an elite endorsement and whose quality remains uncertain. The most interesting setting is one in which the primaries occur sequentially, so that the results from one party's primary contest can inform both entry and endorsement strategies in the other party. Suppose, therefore, that the $\mathcal{L}$ primary outcome is observed by all agents prior to the endorsement and entry decisions in party $\mathcal{R}$. Then, the interaction proceeds as in our benchmark setting.

Nationalist outsider wins the $\mathcal{L}$ primary. Suppose, first, that an outsider won the $\mathcal{L}$ party primary on a nationalist platform. This implies that nationalists constitute a majority $\beta > .5$, and that there is *at least* a moderate degree of nationalist polarization, $\lambda(0) > v(1 - p)$. We establish the following:

Proposition A.10. *If a nationalist of expected quality pv wins the $\mathcal{L}$ primary, the Outsider always enters the $\mathcal{R}$ primary if the $\mathcal{R}$ elite subsequently endorses only a globalist. In turn, the $\mathcal{R}$ elite always endorses both a globalist and a nationalist. After the $\mathcal{R}$ elite endorses both a globalist and a nationalist, the Outsider subsequently competes as an independent candidate on a globalist platform if $\lambda(1) > \gamma > v(1 - p)$; otherwise she stays out of the contest.*

Proof. <u>Outsider's entry decision.</u> If the $\mathcal{R}$ elite endorses a globalist, the Outsider's value from entering the primary is $1/2$, since she is sure to win the primary, and subsequently wins the support of all voters who prefer the policy $x = 1$ to the policy $x = 0$. If, instead, she enters the election on a third-party platform, she does so on a nationalist platform, i.e., at the location $(1, 0)$. Voting behavior is as follows.

(1) $\mathcal{R}$ nationalists support the Outsider if:

$$pv > \max\{-\lambda(0) + v, -\gamma + pv\},$$

which is true by $\lambda(0) > v(1 - p)$.

(2) $\mathcal{R}$ globalists support the $\mathcal{R}$ nominee.

(3) $\mathcal{L}$ nationalists support the $\mathcal{L}$ nominee if:

$$pv > \max\{-\lambda(0) - \gamma + v, -\gamma + pv\},$$

which is true by $\lambda(0) > v(1 - p)$.

(4) $\mathcal{L}$ globalists support the $\mathcal{L}$ nominee if

$$pv - \lambda(1) > v - \gamma,$$

i.e., if $\gamma - \lambda(1) > v(1 - p)$, otherwise they support the $\mathcal{R}$ nominee.

If $\gamma - \lambda(1) > v(1 - p)$, the Outsider loses by Assumption 1, and therefore strictly prefers to enter in the $\mathcal{R}$ primary. If, instead, $\gamma - \lambda(1) \leq v(1 - p)$, the Outsider's prospect of winning as an independent candidate is $\Pr(\beta(1 - \alpha) \geq \max\{\beta\alpha, 1 - \beta\}|\beta \geq .5) < 1/2$. We conclude that after the elite endorses a globalist, the Outsider *always* strictly prefers to enter in the $\mathcal{R}$ primary.

If, instead, the $\mathcal{R}$ elite endorses a globalist and a nationalist, the Outsider's value from entering the primary is zero. By $\beta \geq .5$, the nationalist wins the primary. Suppose, therefore, that the Outsider enters as a third-party candidate on a globalist platform. We observe that (a) $\mathcal{R}$ nationalists strictly prefer to vote for the $\mathcal{R}$ nominee, and (b) $\mathcal{L}$ nationalists strictly prefer to vote either for the $\mathcal{L}$ nominee or the $\mathcal{R}$ nominee. If $pv \leq v - \gamma$, $\mathcal{L}$ nationalists vote for the $\mathcal{R}$ nominee, and $\beta > .5$ implies that the Outsider loses, contradicting the profitability of her entry. Thus, the Outsider enters only if $\gamma > v(1 - p)$. This implies that $\mathcal{L}$ nationalists support their party's nominee. Next, we observe that if:

$$-\lambda(1) + pv > \max\{-\gamma + pv, -\gamma - \lambda(1) + v\},$$

voters located at $(0, 1)$ also support the $\mathcal{L}$ nominee: regardless of the voting decisions of $\mathcal{R}$ globalists, Assumption 1 then implies that the Outsider loses the election. Thus, we must have $-\lambda(1) + pv \leq \max\{-\gamma + pv, -\gamma - \lambda(1) + v\}$, i.e., $\gamma \leq \max\{v(1 - p), \lambda(1)\}$. Since we have already showed that $\gamma > v(1 - p)$ is necessary for the Outsider's entry, however, we further obtain the condition $v(1 - p) < \gamma \leq \lambda(1)$. Finally, we must have $\lambda(1) > \gamma$, otherwise our tie-breaking rule specified in fn. 9 implies that $\mathcal{L}$ globalists support their party's nominee.

We conclude that after the elite nominates both a globalist and a nationalist, the Outsider enters the general election on a globalist platform when the nationalist wins the primary if:

$$\lambda(1) > \gamma > v(1 - p), \tag{59}$$

otherwise she does not enter the race. If (59) is satisfied, the Outsider enters the race after the nationalist wins the primary, competing as a globalist and winning with probability $\Pr(1 - \beta \geq \beta \max\{\alpha, 1 - \alpha\}|\beta \geq .5)$.

Elite's endorsement strategy. The elite's value from endorsing a globalist is:

$$pv - \lambda(1) - .5\gamma. \tag{60}$$

If (59) fails, the elite's value from endorsing both a globalist and a nationalist is *at least*:

$$-\lambda(1) - .5\gamma + .5v(p + 1),$$

so that the elite strictly prefers to endorse both a globalist and a nationalist. Suppose, instead, (59) holds. Then, the $\mathcal{R}$ elite's value from endorsing both a globalist and a nationalist is:

$$\Pr(1 - \beta \geq \beta \max\{\alpha, 1 - \alpha\}|\beta \geq .5)vp + \Pr(\beta(1 - \alpha) \geq \max\{1 - \beta, \beta\alpha\}|\beta \geq .5)(v - \lambda(1))$$
$$+ \Pr(\beta\alpha \geq \max\{1 - \beta, \beta(1 - \alpha)\}|\beta \geq .5)(pv - \gamma - \lambda(1)). \tag{61}$$

The difference of (61) and (60) is strictly positive, so the $\mathcal{R}$ elite still prefers to endorse both a globalist and a nationalist. $\square$

Nationalist outsider loses the $\mathcal{L}$ primary. We next suppose that an outsider lost the $\mathcal{L}$ party primary on a nationalist platform. This implies either that $\beta < .5$, or that $\lambda(0) \leq v(1 - p)$, or that both conditions hold.

Proposition A.11. *If a nationalist of expected quality pv loses the $\mathcal{L}$ primary, the Outsider never enters the $\mathcal{R}$ primary, and enters the general election as an independent candidate if and only if a globalist*

wins the $\mathcal{R}$ primary. The $\mathcal{R}$ elite endorses a globalist if $\gamma \geq v(1-p)$, or if if $\gamma < v(1-p)$ and:

$$\lambda(1) \geq \frac{F(v(1-p)) - F(\gamma)}{F(v(1-p)) - \frac{1}{2}F(\gamma)} \frac{1}{2}\gamma.$$

Otherwise, the elite endorses both a globalist and a nationalist.

Proof. <u>Outsider's entry decision.</u> It is immediate that the Outsider wins with probability zero if she enters the $\mathcal{R}$ primary, regardless of the elite's nomination decision. It remains only to consider whether she prefers to enter the election on a third-party platform after the elite chooses its endorsement strategy, or instead stay out of the contest.

If the elite endorses a globalist, the Outsider wins with positive probability by entering the general election as an independent candidate on a nationalist platform. Suppose, instead, that the elite endorses both a globalist and a nationalist. If the globalist wins, the Outsider wins with positive probability by entering the general election as an independent candidate on a nationalist platform. If the nationalist wins, we learn that $\beta > .5$, and thus $\lambda(0) \leq v(1-p)$. The Outsider wins with positive probability in the general election only if she enters on a globalist platform. If $\gamma \geq \lambda(0)$, all voters with ideal policy $x = 0$ support the $\mathcal{L}$ party's nominee, and since *at most* globalist $\mathcal{R}$ voters support the Outsider, she loses with probability one. If, instead, $\gamma < \lambda(0)$, all voters with ideal policy $y = 0$ support the $\mathcal{R}$ nominee; $\beta > .5$ implies that the Outsider loses with probability one.

We conclude that after the elite endorses a globalist, or if the elite endorses both a globalist and a nationalist and the globalist wins, the Outsider runs a third-party campaign on a nationalist platform. Otherwise, the Outsider stays out of the contest.

<u>Elite's endorsement strategy.</u> If the elite endorses a globalist, its expected payoff is:

$$\frac{F(v(1-p))}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))}(v - 1/2\gamma)$$
$$+ \frac{G(1/2)(F(\gamma + v(1-p)) - F(v(1-p)))}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))}(v - \gamma)$$
$$+ \frac{G(1/2)(1 - F(\gamma + v(1-p)))}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))}$$
$$\times \begin{bmatrix} \Pr(\beta \geq (1-\beta)\max\{\alpha, 1-\alpha\}|\beta \leq .5)(-\lambda(1) + pv) \\ + \Pr((1-\beta)(1-\alpha) \geq \max\{\beta, (1-\beta)\alpha\}|\beta \leq .5)v \\ + \Pr((1-\beta)\alpha \geq \max\{\beta, (1-\beta)(1-\alpha)\}|\beta \leq .5)(v - \gamma) \end{bmatrix}. \tag{62}$$

Suppose, first, $\gamma > v(1-p)$. Then, $\lambda(0) < v(1-p)$ implies $\lambda(0) < \gamma$. If the elite endorses a

globalist and a nationalist, its expected payoff is:

$$
\frac{F(v(1-p))G(1/2)}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))}(v - 1/2\gamma)
$$
$$
+ \frac{G(1/2)(F(\gamma + v(1-p)) - F(v(1-p)))}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))}(v - \gamma)
$$
$$
+ \frac{G(1/2)(1 - F(\gamma + v(1-p)))}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))}
$$
$$
\times \begin{bmatrix} \Pr(\beta \geq (1-\beta)\max\{\alpha, 1-\alpha\}|\beta \geq .5)(-\lambda(1) + pv) \\ + \Pr((1-\beta)\alpha \geq \max\{\beta, (1-\beta)(1-\alpha)\}|\beta \geq .5)v \\ + \Pr((1-\beta)(1-\alpha) \geq \max\{\beta, (1-\beta)\alpha\}|\beta \geq .5)(v - \gamma) \end{bmatrix}
$$
$$
+ \frac{F(v(1-p))(1 - G(1/2))}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))} \begin{bmatrix} \mathbf{1}[\lambda(1) \geq \gamma](v - \gamma) \\ + \mathbf{1}[\lambda(1) < \gamma](v - 1/2(\lambda(1) + \gamma)) \end{bmatrix}.
$$

(63)

Comparing these expressions, we observe that the $\mathcal{R}$ elite prefers to endorse a globalist if:

$$
\frac{F(v(1-p))(1 - G(1/2))}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))} \begin{bmatrix} (v - 1/2\gamma) \\ -\mathbf{1}[\lambda(1) \geq \gamma](v - \gamma) \\ -\mathbf{1}[\lambda(1) < \gamma](v - 1/2(\lambda(1) + \gamma)) \end{bmatrix} > 0,
$$

which is true.

Suppose, instead, $\gamma \leq v(1 - p)$. Then, $\lambda(0) < v(1 - p)$ is consistent with $\lambda(0) > \gamma$. If the $\mathcal{R}$ elite endorses both a globalist and a nationalist, its expected payoff is:

$$
\frac{F(v(1-p))G(1/2)}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))}(v - 1/2\gamma)
$$
$$
+ \frac{G(1/2)(F(\gamma + v(1-p)) - F(v(1-p)))}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))}(v - \gamma)
$$
$$
+ \frac{G(1/2)(1 - F(\gamma + v(1-p)))}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))}
$$
$$
\times \begin{bmatrix} \Pr(\beta \geq (1-\beta)\max\{\alpha, 1-\alpha\}|\beta \geq .5)(-\lambda(1) + pv) \\ + \Pr((1-\beta)(1-\alpha) \geq \max\{\beta, (1-\beta)\alpha\}|\beta \geq .5)v \\ + \Pr((1-\beta)\alpha \geq \max\{\beta, (1-\beta)(1-\alpha)\}|\beta \geq .5)(v - \gamma) \end{bmatrix}
$$
$$
+ \frac{F(\gamma)(1 - G(1/2))}{G(1/2) + F(v(1-p)) - G(1/2)F(v(1-p))} \begin{bmatrix} \mathbf{1}[\lambda(1) \geq \gamma](v - \gamma) \\ + \mathbf{1}[\lambda(1) < \gamma](v - 1/2(\lambda(1) + \gamma)) \end{bmatrix}.
$$

$$+\frac{(F(v(1-p))-F(\gamma))(1-G(1/2))}{G(1/2)+F(v(1-p))-G(1/2)F(v(1-p))}(v-\lambda(1)). \tag{64}$$

The last line follows because when $\lambda(0) \in [\gamma, v(1-p)]$, nationalists from both parties support an $\mathcal{R}$ nationalist nominee of quality v; this candidate is the nominee only if nationalists constitute a majority, which implies that this candidate wins the general election with probability one. Comparing these two expressions, we observe that the elite prefers to endorse a globalist if and only if

$$\frac{F(v(1-p))-F(\gamma)}{F(v(1-p))-\frac{1}{2}F(\gamma)}\frac{1}{2}\gamma \le \lambda(1).$$

$\square$

A.5. Possibility of Elites Endorsing Only a Nationalist

We now calculate the payoff from nominating only a nationalist and establish conditions under which that would not be optimal for the elites.

A.5.1. Elite Payoff from Endorsing only a Nationalist

We now determine the expected payoff to the elite from nominating only a nationalist, restricting that an outsider who runs for office must take position 1 in the left-right dimension. As the Outsider could never win by running as a nationalist her decision is whether to enter as a globalist in the primary or general election or to stay out. There are multiple cases to consider.

<u>Case 1</u>: $v(1-p) > \min\{\lambda(1), \gamma\}$.

In this case the Outsider can never win the election and so will decide to stay out. To see why, notice that if $v(1-p) > \lambda(1)$ then all voters prefer a high-quality candidate at $(1,0)$ to an uncertain one at $(1,1)$, whereas as if $v(1-p) > \gamma$ all voters prefer a high quality candidate at $(0,1)$ to an outsider at $(1,1)$. As the Outsider never runs, the election is solely between a high quality candidate located at $(0,1)$, and a high quality candidate located at $(1,0)$. There are now two separate sub-cases, when $\gamma \ge \lambda_1$ and when $\lambda_1 > \gamma$, which determine whether the right globalists will voter in the general election for a left globalist or a right nationalist. We established in Subsection A.1 that the elite's expected payoff in those two cases are given by (18) and (19) respectively.

<u>Case 2</u>: $v(1-p) < \min\{\lambda(1), \gamma\}$.

If she locates at $(1,1)$, the Outsider is preferred to both the high quality candidate located at $(1,0)$ and at $(0,1)$ by the voters located at $(1,1)$. We first consider the Outsider's decision of

whether or not to run in the primary. If she contests the primary then she wins the $\mathcal{R}$ party's nomination with probability $G(1/2)$. In the general election, the $(1, 0)$ voters support her because $\gamma > v(1 - p)$, so that she wins with probability $1/2$. Hence, by running in the primary she wins with probability $G(1/2)/2$.

Conversely, if the Outsider runs in the general as a third-party candidate, she wins if and only if the $(0, 0)$ voters support the $(1, 0)$ candidate and the $(1, 1)$ voters are more numerous than either the $(0, 1)$ voters or the united nationalists. The probability of winning is therefore

$$(1 - F(\gamma)) \Pr(1 - \alpha \geq \max\{\alpha, \beta/(1 - \beta)\}).$$

Hence, the Outsider will contest the primary if and only if $G(1/2)/2 > (1 - F(\gamma)) \Pr(1 - \alpha \geq \max\{\alpha, \beta/(1 - \beta)\})$. We now consider the elite payoff for each of the cases in which the Outsider contests the primary and when she contests the general.

<u>Case 2a</u>: $G(1/2)/2 \geq (1 - F(\gamma)) \Pr(1 - \alpha \geq \max\{\alpha, \beta/(1 - \beta)\})$.

If the Outsider contests the primary, after the elites nominated only a nationalist, the Outsider wins with probability $G(1/2)$. If the Outsider wins then the probability she wins the general against the $\mathcal{L}$ candidate is $1/2$. If the Outsider loses the payoffs are the same as in case 1, with the additional information revealed that $\beta > 1/2$. By (19) we have that the elite payoff is

$$G(1/2) \left(1/2(-\gamma + v) + 1/2pv\right) + (1 - G(1/2)) \left(-\lambda(1) \left(1 - 1/2F(\gamma)\right) - \gamma 1/2 F(\gamma) + v\right) \quad (65)$$

if $\lambda_1 \leq \gamma$. If, instead, $\lambda_1 > \gamma$ then the $\mathcal{R}$ nationalists who defeated the Outsider primary challenge win in the general if and only if the nationalists unite behind her. Hence, the elite's expected payoff is

$$G(1/2) \left(1/2(-\gamma + v) + 1/2pv\right) + (1 - G(1/2)) \left(-\lambda(1)(1 - F(\gamma)) - \gamma(1 - (1 - F(\gamma)) + v\right). \quad (66)$$

<u>Case 2b</u>: $G(1/2)/2 < (1 - F(\gamma)) \Pr(1 - \alpha \geq \max\{\alpha, \beta/(1 - \beta)\})$.

If the Outsider runs in the general, then the $\mathcal{R}$ vote is divided across its globalist and nationalist factions. By Assumption 1, the $\mathcal{L}$ candidate wins unless $\mathcal{L}$ nationalists rally around the $\mathcal{R}$ nominee, i.e., unless $\lambda(0) > \gamma$. In that event, the $\mathcal{R}$ candidate wins if the nationalists constitute a plurality $\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\}$. We conclude that the elite's expected payoff is

$$F(\gamma)(v - \gamma) + (1 - F(\gamma)) \Pr(\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\})(-\lambda(1) + v)$$

$$+(1 - F(\gamma))(1 - \Pr(\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\})) \left(\frac{-\gamma + v}{2} + \frac{pv}{2} \right). \qquad (67)$$

A.5.2. Conditions to Not Endorse Only a Nationalist

We now present sufficient conditions under which the $\mathcal{R}$ elite never prefers to endorse solely a nationalist. Recall that Proposition A.1 gives parameter conditions for the elites to prefer nominating only a globalist to holding a competitive primary or nominating a nationalist, *absent* a potential Outsider challenge. We restrict attention to these parameter restrictions, so that only the threat of an Outsider can induce the elite to nominate solely a nationalist.

Proposition A.12. *Suppose $\lambda_1 > \gamma \frac{1 - F(\gamma)}{2 - F(\gamma)}$. Then there exist cutoffs $\eta_1, \eta_2, \eta_3, \eta_4, \eta_5 \in (0, 1)$ such that the following are sufficient conditions for the elites to never nominate only a nationalist:*

1. $F(v(1 - p)) > \eta_1$.

2. $G(1/2) > \eta_2$, $\gamma > \lambda(1) + v(1 - p)$ *and* $\frac{1 - F(\gamma + v(1 - p))}{1 - F(v(1 - p))} < \overline{x}$.

3. $F(\gamma + v(1 - p)) > \eta_3$ *and* $\Pr(\beta \leq (1 - \beta) \max\{\alpha, 1 - \alpha\}) > \eta_4$.

4. $\Pr\left(\beta \leq \frac{1 - 2\alpha}{1 - \alpha}\right) > \frac{\eta_5}{2}$.

Proof. By Proposition A.1, under the assumption that $\lambda_1 > \gamma \frac{1 - F(\gamma)}{2 - F(\gamma)}$, in the absence of an Outsider challenge, the payoff to the elites from endorsing solely a globalist, given by (17), is higher than the payoff from endorsing solely a nationalist, given by (18) and (19) respectively for the cases in which $\gamma < \lambda_1$ and $\lambda_1 < \gamma$. We now prove parts (a) and (b), then turn to parts (c) and (d) separately.

Step 1: To prove part (a) and (b) we demonstrate that endorsing only a globalist is preferred to endorsing only a nationalist under the specified conditions. Note that, when $G(1/2) \rightarrow 1$, or $F(v(1 - p)) \rightarrow 1$, the payoff from endorsing only a globalist converges to the payoff if outsider challenges were not possible, i.e., (17). Hence, it is sufficient to show that the payoff from endorsing only a nationalist, characterized in subsubsection A.5.1 is less than (17).

We already showed that if $v(1 - p) > \min\{\lambda_1, \gamma\}$, the Outsider stays out of the election when the elite endorses only a nationalist, in which case the elite's payoff is given by (18) if $\gamma > \lambda_1$ and (19) if $\lambda_1 > \gamma$, which we have already established is less than (17) when $\lambda(1) > \gamma \frac{1 - F(\gamma)}{2 - F(\gamma)}$. Consider, instead, $v(1 - p) \leq \min\{\lambda_1, \gamma\}$. If the Outsider enters in the primary after the elites endorse only a nationalist (Case 2a, above) the elite's payoff is given by either (65) or (66) depending on the ordering of λ_1 and γ; by inspection, both (65) or (66) are less than (17). We

therefore turn to Case 2b, in which case the Outsider runs a third party globalist campaign in the event that the elite endorses only a nationalist. Notice, first, that (67) is less than

$$v - \gamma F(\gamma) - (1 - F(\gamma)) \Pr(\beta \geq (1 - \beta) \max\{\alpha, 1 - \alpha\}) \lambda_1$$
$$- (1 - F(\gamma)) \Pr(\beta < (1 - \beta) \max\{\alpha, 1 - \alpha\}) \frac{\gamma}{2}.$$

Note that if $\lambda(1) > \gamma/2$ then it follows that (67) is also less than

$$v - \gamma F(\gamma) - (1 - F(\gamma)) \frac{\gamma}{2} < v - \frac{\gamma}{2},$$

i.e., the payoff from endorsing solely a globalist, (17). Similarly, if $\lambda(1) \in \left(\gamma \frac{1 - F(\gamma)}{2 - F(\gamma)}, \frac{\gamma}{2} \right)$ then (67) is less than

$$v - \gamma F(\gamma) - (1 - F(\gamma)) \lambda(1),$$

which, is less than (17) because

$$\lambda(1) > \gamma \frac{1 - F(\gamma)}{2 - F(\gamma)} > \gamma \frac{1 - 2F(\gamma)}{2 - 2F(\gamma)}.$$

We conclude that in either case the payoff from nominating only a nationalist is less than (17). Existence of each threshold η_1 and η_2 follows from continuity of $G(\cdot)$ and $F(\cdot)$.

Step 2: To prove part (c) and (d), we demonstrate that endorsing both a globalist and a nationalist is preferred to endorsing only a nationalist, under the specified conditions. If the $\mathcal{R}$ elite endorses both a nationalist and globalist, the Outsider wins only if she mounts a third party challenge. Note that when $F(\gamma + v(1 - p)) \to 1$ and $\Pr(\beta \leq (1 - \beta) \max\{\alpha, 1 - \alpha\}) \to 1$, or as $\Pr\left(\beta \leq \frac{1 - 2\alpha}{1 - \alpha} \right) \to 1$, conditional on the globalist winning the $\mathcal{R}$ primary, the probability of the $\mathcal{L}$ and $\mathcal{R}$ globalist winning in the general both converge to $1/2$. Hence the payoff to the elite from endorsing both a nationalist and globalist converges to

$$G(1/2)(v - 1/2\gamma) + (1 - G(1/2))(-\lambda(1)(1 - F(\gamma)) - \gamma(1 - (1 - F(\gamma)) + v) \tag{68}$$

if $\gamma < \lambda_1$, and

$$G(1/2)(v - 1/2\gamma) + (1 - G(1/2)) \left(-\lambda(1) \left(1 - \frac{F(\gamma)}{2} \right) - \gamma \frac{F(\gamma)}{2} + v \right) \tag{69}$$

if $\gamma > \lambda_1$. To prove the result we show that, for $\Pr(\beta \leq (1 - \beta) \max\{\alpha, 1 - \alpha\})$ sufficiently close to 1 or $\Pr\left(\beta \leq \frac{1 - 2\alpha}{1 - \alpha} \right)$ sufficiently close to 1, this limit is strictly higher than the payoff from

endorsing only a nationalist, characterized in subsection A.5.1.

We already showed that if $v(1-p) > \min\{\lambda(1), \gamma\}$, the Outsider will never enter if the elite endorses only a nationalist. So the elite's payoff is (19) if $\lambda(1) > \gamma$, which is less than (68), a weighted average of (19) and (17). Similarly, the elite's payoff is given by (18) if $\gamma > \lambda(1)$ which is less than (69), a weighted average of (18) and (17). Suppose, instead, $v(1-p) \geq \min\{\lambda(1), \gamma\}$. If the Outsider enters in the primary after the elites nominate only a nationalist (Case 2a) the elite's payoff is given by either (65) or (66) depending on the ordering of $\lambda(1)$ and γ; by inspection, (65) is less than (69) when $\gamma > \lambda(1)$ and (66) is less than (68) when $\gamma < \lambda(1)$.

We therefore turn to Case 2b, in which case the Outsider runs a third party globalist campaign in the event that the elite endorses only a nationalist. Notice that, as

$$\Pr(\beta \geq 1/2) < \Pr(\beta \geq (1-\beta)\max\{\alpha, 1-\alpha\} < 1 - \Pr\left(\beta \leq \frac{1-2\alpha}{1-\alpha}\right),$$

it follows that as $\Pr\left(\beta \leq \frac{1-2\alpha}{1-\alpha}\right) \to 1$, or $\Pr(\beta \leq (1-\beta)\max\{\alpha, 1-\alpha\}) \to 1$, (69) and (68) converge to

$$v - \frac{\gamma}{2},$$

while (67) converges to

$$F(\gamma)(-\gamma + v) + (1 - F(\gamma))\left(-\frac{\gamma + v}{2} + \frac{vp}{2}\right) < v - F(\gamma)\gamma - (1 - F(\gamma))\frac{\gamma}{2} < v - \frac{\gamma}{2}.$$

$\square$

In the first two contexts, $\mathcal{R}$ elites prefer to endorse only a globalist. In the first context, the quality difference $v(1 - p)$ is sufficiently large that the elite anticipates a relatively low risk of its rank-and-file nationalists abandoning an establishment globalist in favor of a nationalist Outsider. In the second context, the elite is anticipates a nationalist primary challenge from the Outsider, but expects its globalist establishment candidate to win the primary. In the last two cases, the elite prefers to endorse *both* a globalist *and* a nationalist to endorsing only a nationalist (they may also prefer endorsing solely a globalist to both alternatives). Recall that if the elite endorses both a globalist and a nationalist, it cannot rule out a third-party challenge by the Outsider on a nationalist platform, in the event that the globalist establishment candidate wins the primary. The third and fourth contexts yield conditions under which the elite is not too concerned about this prospect.

A.6. Cost of Running as an Outsider

Our benchmark setting assumes that if the Outsider loses a primary challenge, she cannot compete in the general election. In this extension, we allow the Outsider to compete in both intra- and inter-party contests, but that participation at each stage is costly. Specifically, we assume that the Outsider incurs a cost $c > 0$ to run in the primary and, if she lost or did not contest the primary, she must also incur the cost c to run in the general election. We obtain an open interval of costs for which the Outsider will run *either* in the primary, *or* will run as a third party candidate, but will never do both, whenever the $\mathcal{R}$ elite solely endorses a globalist. When costs lie in this interval, the benchmark analysis of the continuation game after the elite endorses only a globalist extends, directly. However, we find that the elite may have an additional incentive to hold a competitive primary: for some costs, the $\mathcal{R}$ elite may simultaneously deter *both* a primary challenge *and* a third-party challenge by the Outsider, if it endorses both a globalist and a nationalist in the primary contest.

Proposition A.13.

1. *Suppose the $\mathcal{R}$ elite endorses only a globalist. Then, there exist $\underline{c}$ and $\bar{c}$ with $0 < \underline{c} < \bar{c}$ such that:*

    (a) *if $c < \underline{c}$, the Outsider runs in the primary on a nationalist platform, and further runs as a third-party candidate on a nationalist platform if she loses the primary contest;*

    (b) *if $c \in (\underline{c}, \bar{c})$ the Outsider runs as a third-party candidate on a nationalist platform if and only if she does no lose a primary challenge; and,*

    (c) *if $c > \underline{c}$ the Outsider prefers to stay out of both the primary and general election.*

2. *Suppose that the elites have endorsed both a globalist and a nationalist. Then the Outsider will never run in the primary. Moreover, there exists a $\tilde{c} > 0$ such that the Outsider will run in the general election if and only if the globalist won in the primary and $c < \tilde{c}$.*

Proof.

<u>Part 1:</u> Suppose that the $\mathcal{R}$ elite has solely endorsed a globalist. We consider the ex-ante payoff for the Outsider if she (i) never runs, (ii) runs in either the primary or general, the one she is more likely to succeed in, but not both, (iii) runs in the primary and then runs in the general if she loses.

Clearly, under (i) her expected payoff is 0. Under strategy (ii) her payoff is the maximum of

$$\Pr(\beta \geq 1/2)([F(\gamma + v(1 - p)) - F(v(1 - p))]\mathbf{1}[\gamma \geq \lambda(1) + v(1 - p)]1/2$$

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$$+1 - F(\gamma + v(1-p))), \qquad (70)$$

and

$$\Pr(\beta \geq (1-\beta)\max\{\alpha, 1-\alpha\})(1 - F(\gamma + v(1-p))), \qquad (71)$$

less the cost, c. Hence, it follows that the payoff from running once is higher than from never running if and only if $c < \bar{c}$ where $\bar{c}$ is defined as the maximum of Equation 70 and Equation 71.

We now consider the Outsider's payoff from strategy (iii). The Outsider's expected payoff from this strategy is:

$$\Pr(\beta \geq 1/2)([F(\gamma + v(1-p)) - F(v(1-p))]\mathbf{1}[\gamma \geq \lambda(1) + v(1-p)]1/2)$$
$$+ \Pr(\beta \geq 1/2)(1 - F(\gamma + v(1-p)))$$
$$+ \Pr((1-\beta)\max\{\alpha, 1-\alpha\} \leq \beta < 1/2)(1 - F(\gamma + v(1-p)))$$
$$- c - [\Pr(\beta \geq 1/2)F(v(1-p)) + \Pr(\beta \leq 1/2)]c. \qquad (72)$$

To understand this expression, notice that the first two lines give the probability that the Outsider wins the primary *and* subsequently wins the general election as the $\mathcal{R}$ party nominee. The third line gives the probability that the Outsider loses the primary but subsequently wins the election on a third-party nationalist platform. The fourth line lists the total expected costs incurred by the Outsider. She incurs the cost c for running in the primary. She further incurs the cost c of a third-party run whenever she loses the primary: this occurs either if there is a nationalist majority $\beta \geq .5$ but not even a moderate degree of nationalist polarization, or if there is no nationalist majority, i.e., if $\beta \leq .5$.

Notice, first, that the sum of the first three lines of Equation 72 strictly exceeds the maximum of Equation 70 and Equation 71. That is: the probability of winning the election is higher from strategy (iii) than strategy (ii), since the Outsider runs in both contests. Second, we observe that Equation 72 is strictly decreasing in c. So, there exists $\underline{c} > 0$ such that strategy (iii) is preferred to strategy (ii) if and only if $c < \underline{c}$. To verify that $\underline{c} < \bar{c}$, observe that since $\bar{c}$ is defined as the maximum of Equation 70 and Equation 71, Equation 72 evaluated at $c = \bar{c}$ is bounded from above by:

$$\Pr(\beta \leq 1/2)[\Pr(\beta \geq (1-\beta)\max\{\alpha, 1-\alpha\}|\beta \leq 1/2)(1 - F(\gamma + v(1-p))) - c'] \qquad (73)$$

where c' is equal to Equation 71. Since Equation 73 is strictly negative, we conclude that $\underline{c} \in (0, \bar{c})$.

Part 2: By Proposition 1 the Outsider can never win by running in the primary or in the general if a nationalist is nominated, but if a globalist wins the primary election the Outsider wins with probability given by Equation 4. Hence defining

$$\tilde{c} = (1 - F(\gamma + v(1 - p))) \Pr(\beta > (1 - \beta) \max\{\alpha, 1 - \alpha\} | \beta \leq .5)$$

it is profitable for the Outsider to run in the general election only if a globalist won the primary and $c \in (0, \tilde{c})$. $\qquad\square$