Reform sabotage and the Competence Curse

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Motivation

- In many cases, political sabotage—and non-sabotage—is driven less by ideology and more by power.
- A failed policy may impose electoral costs on the incumbent.
- Therefore, when the opposition expects a reform to succeed, it has stronger incentives to sabotage implementation.
- By contrast, when the opposition expects a reform to fail on its own, sabotage becomes unnecessary.
- This paper studies how government competence shapes both policy choice and the opposition's incentive to sabotage.

This paper

- This paper:
  1. develops a dynamic model of policymaking under uncertainty, in which reform is threatened by sabotage;
  2. identifies an **competence-sabotage trade-off**: a *competent* government makes fewer policy mistakes but invites stronger reform sabotage.
  3. Intermediate competence maximizes public welfare.

Related Literature

- **Political obstruction:** sabotage as belief manipulation (Hirsch, 2022), dynamic timing (Gieczewski, 2022), agenda control (Fong, 2018), signaling (Patty, 2016), capital accumulation (Hafer & Landa, 2023).

  We: sabotage between groups (parties, factions) but individuals.

- **Reform sabotage:** uncertainty on distribution (Rodrik and Fernandez, 1991); bureaucratic sabotage (Heo & Wirsching, 2026).

  We: reform can be destroyed or delayed due to desires for power.

- **Mediocre politician:** mediocrity from self-selection (Caselli & Morelli, 2004) or party organization (Mattozzi & Merlo, 2015).

  We: intermediate competence is socially *optimal*—it reduces mistakes while suppressing sabotage.

Model

Two parties interact over time $t = 0, 1, 2, \ldots$. In each period, one is incumbent (I) and the other is opposition (O).

Information structure:

1. Nature chooses policy state $\theta \in \{R, Q\}$, with $\Pr(\theta = R) = 1/2$.
2. I observes a private signal

$$s \sim \mathcal{N}(1, \sigma^2) \mid_{\theta=R}, \qquad \mathcal{N}(-1, \sigma^2) \mid_{\theta=Q}$$

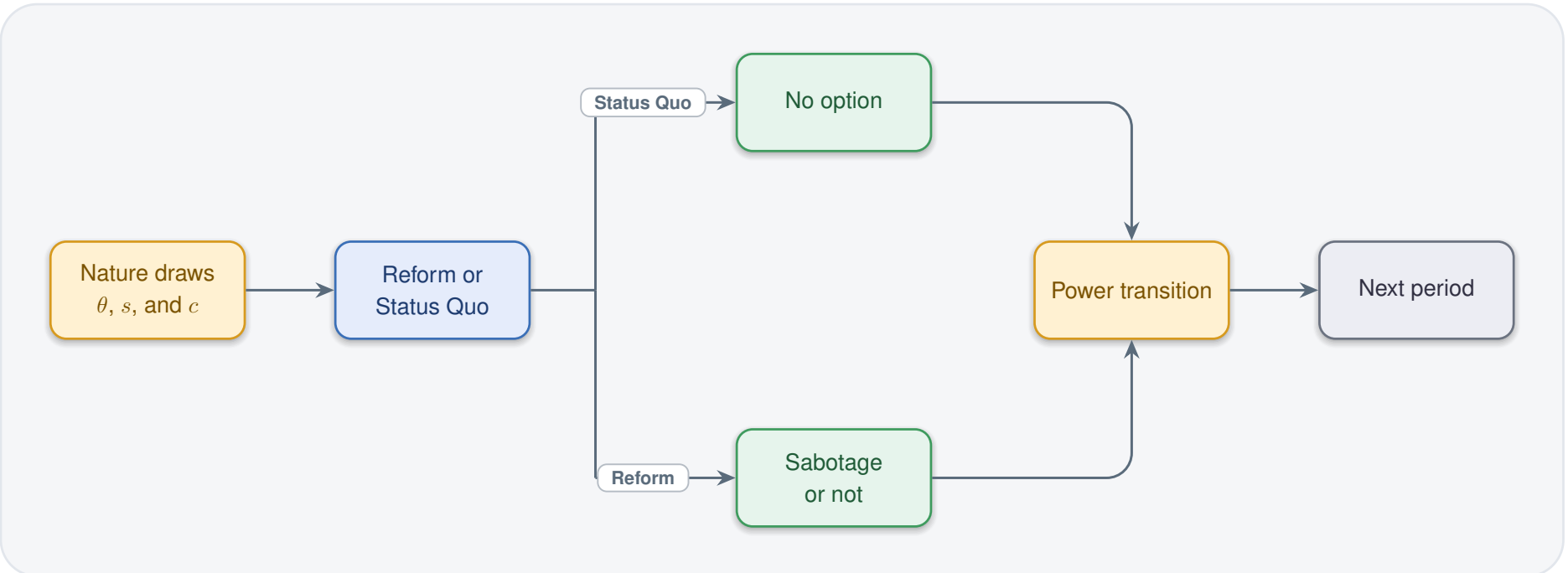
If I chooses Q, then Q will be implemented.

If I chooses R, O can sabotage R at a cost $c \sim G(\cdot)$ with full support on $[0, \overline{c}] \subset \mathbb{R}_+$.

Fight for reform

- If R is sabotaged, Q will be implemented.
- **Office motivated**: I gets office rent $\beta > 0$; and O gets 0 and pays c if sabotage reform.
- **Transition:** $I_{t+1} = I_t$ if the implemented policy matches θ; $I_{t+1} = O_t$ otherwise.
- The public gets 1 if the implemented policy matches θ; and 0 otherwise.
- Solution concept: Markov perfect equilibrium (party role as Markov state).

Timing


Nature draws
θ, s, and c
Reform or
Status Quo
Status Quo
No option
Reform
Sabotage
or not
Power transition
Next period

Policy choice

- Let $\mu^I(s) := \Pr(\theta = R \mid s)$ denote belief about "reform is correct" on signal realization s.
- I chooses reform only if $\mu^I(s) \geq 1/2$.

$$\mu^I(1-P) + (1-\mu^I)P \geq 1 - \mu^I$$

Lemma 1

Incumbent chooses reform if and only if $s \geq s^* = [\mu^I]^{-1}(1/2) = 0$

Competence and policy accuracy

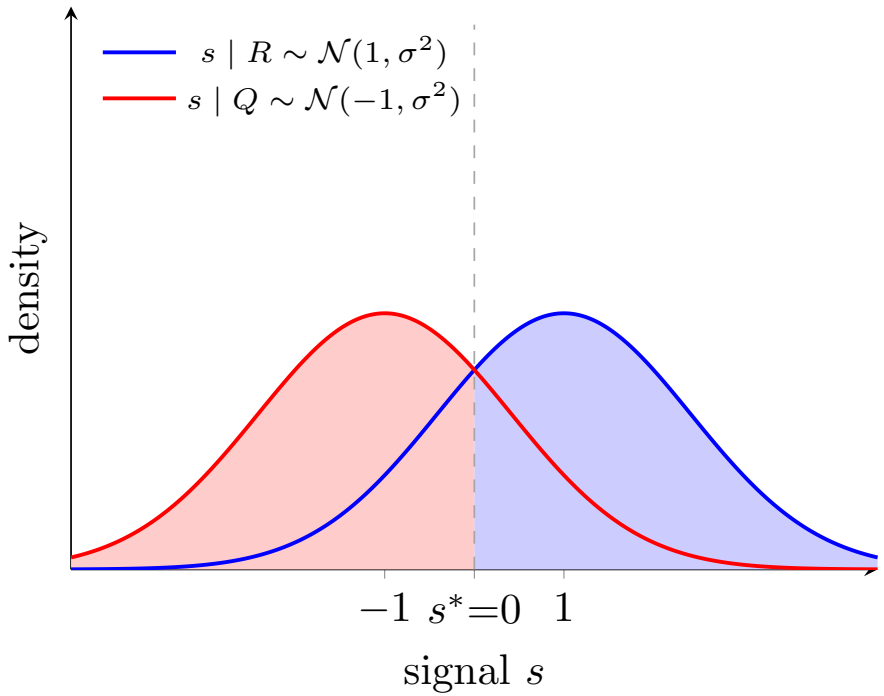
- σ^2 in $\mathcal{N}$ measures competence.
- $\Pr(s \geq s^* \mid \theta = R)$ and $\Pr(s \leq s^* \mid \theta = Q)$ are probability that I chooses the right policy.

Lemma 2

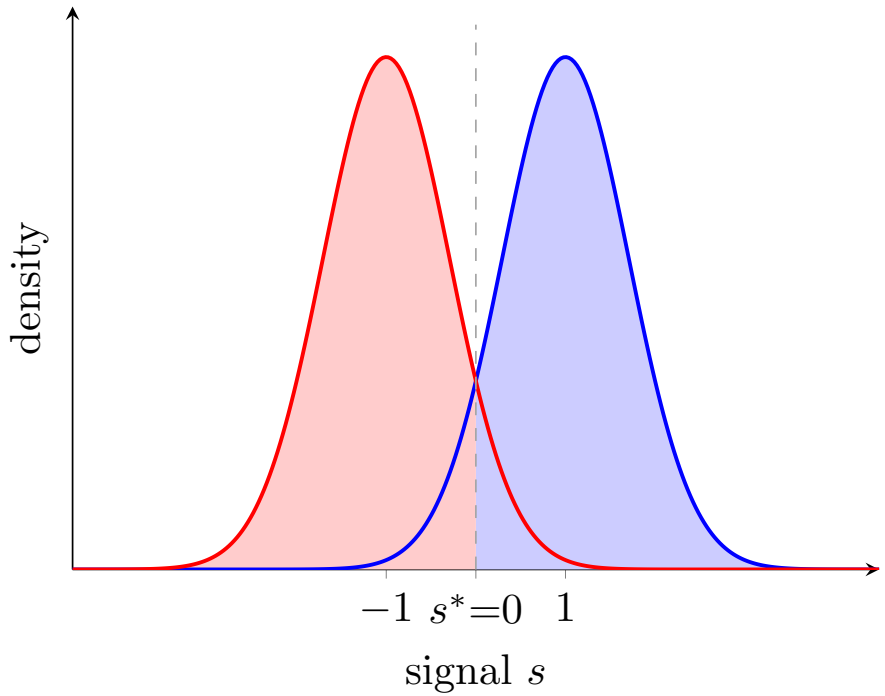
$\Pr(s \geq s^* \mid R)$ *and* $\Pr(s \leq s^* \mid Q)$ *are increasing in competence (smaller* σ^2*)*

Illustration

Less competent ($\sigma^2 = 2$)
accuracy ≈ 0.76



More competent ($\sigma^2 = 0.5$)
accuracy ≈ 0.92



Higher competence ($\sigma^2 \downarrow$) separates the distributions, so the shaded correct-choice mass $\Pr(s \geq s^* \mid R)$ and $\Pr(s \leq s^* \mid Q)$ both grow (Lemma 2).

Sabotage decision

- When I reforms, O's belief about $\theta = R$ is:

$$\gamma := \Pr(\theta = R \mid x = R) = \frac{\Pr(s \geq s^* \mid R)}{\Pr(s \geq s^* \mid R) + \Pr(s \geq s^* \mid Q)}$$

sabotages reform only if

$$\underbrace{\gamma\delta V^I + (1-\gamma)\delta V^O}_{\text{benefit of sabotage}} - c \geq \underbrace{\gamma\delta V^O + (1-\gamma)\delta V^I}_{\text{beneift of not sabotage}}$$

Lemma 3

In equilibrium, O sabotages reform if and only if

$$c \leq c^* = (2\gamma - 1)\delta\Delta \quad \textit{where} \quad \Delta := V^I - V^O$$

Competence and sabotage

- γ is increasing in competence (smaller σ). Competence implies higher chance $\theta = R$.

$$\gamma = \left[1 + \underbrace{\frac{\Pr(s \geq s^* \mid Q)}{\Pr(s \geq s^* \mid R)}}_{-} \right]^{-1}$$

- c^* is increasing in λ. (2nd order effect: O pays more ex ante $\rightarrow$ c^* up)

Lemma 4

O is more likely to sabotage with higher competence (smaller σ^2)

Equilibrium

Using two cut-off rules, we can construct continuation payoffs V^I and V^O and obtain

$$\Delta = \frac{\beta}{1 - \delta(2\Phi(1/\sigma) - 1)(1 - G(c^*))}$$

where $\Phi(1/\sigma)$ is the accuracy of policy choice.

Proposition 1

There exists at least one equilibrium in which I chooses reform R whenever $s \geq 0$, and O sabotages reform whenever $c \leq c^*$, where c^* is a fixed point of

$$c^* = \Delta(G(c^*)).$$

Competence-sabotage trade-off

Two opposing effects:

sabotage effect $(-)$

Competent gov faces more reform sabotage.

policy effect $(+)$

Competent gov makes fewer policy mistakes.

Let H_θ denote ex ante probability of reform in θ.

Public welfare is:

$$\underbrace{H_R(1-G(c^*))}_{\text{reform survival}} + \underbrace{H_Q G(c^*)}_{\text{sabotage wrong reform}} + \underbrace{1-H_Q}_{\text{right status quo}} = (H_R - H_Q)(1-G(c^*)) + 1$$

Optimal competence

Proposition 2 (Mediocrity)

The optimal σ is strictly bounded away from zero.

$$\underbrace{\frac{\partial(H_R - H_Q)}{\partial\sigma}}_{0}(1-P)\mid_{\sigma\to 0^+} + (H_R - H_Q)\frac{\partial(1-P)}{\partial\sigma}\mid_{\sigma\to 0^+}$$

The marginal effect on accuracy converges to zero as $\sigma \to 0^+$, and the effect on sabotage does not.

Extensions

- **Opposition private signal**. Suppose O receives a private signal with the same competence. sabotage effect $\uparrow$. If O is independent of I, sabotage effect $\downarrow$.

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- **Probabilistic transition**. sabotage effect $\downarrow$
- **Endogenous transition**. A voter decides retention and replacement. Any electoral rule can be sustained in equilibrium. Optimal rule is (almost) non-responsive to outcome if she does not observe sabotage, and punishes sabotage whenever possible.

Final remarks

1. We develop a dynamic model of policymaking under uncertainty whereby reform implementation is threated by sabotage.
2. The model features an **competence–sabotage trade-off**: competence implies accurate reforms but also more sabotaged and failure.
3. Public welfare is maximized at **an intermediate level of government competence**.