Optimal Retrospective Voting Rules

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Abstract

A standard view in the empirical literature is that voters base their electoral behavior on retrospective assessments of politicians’ performance. Typically, it is thought to be difficult to reconcile such purely backward looking behavior with voter utility maximization. One reason optimizing voters might look backward when determining whether to reelect an incumbent is that the past performance of politicians reveals information about likely future performance. While voter behavior of this sort might appear retrospective, on this logic voters care about the past only insofar as it affects expectations about the future. It is therefore more properly labeled prospective.

Is it possible to have a model of rational voters whose behavior is truly retrospective—i.e., not motivated by concerns about the future? We argue that such a model is possible because the actions of office-motivated politicians may be influenced by their expectations of voter response. Consequently, purely retrospective voting can influence voters’ payoffs by altering the behavior of forward looking politicians.

We propose a model of policy making and elections in which there are no prospective concerns (the game ends after the election). We demonstrate that purely retrospective voting can alter politicians’ incentives, allowing the voter to capture informational rents. In so doing, we provide a rationale for why optimizing voters might behave retrospectively. We characterize the optimal retrospective voting rules for a variety of informational environments.

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