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The past and future impact of behavioral economics in the field of political economy is assessed. It is argued that politician leaders operate in an intensely competition environment where the framework of rational choice is compelling. In contrast, rational choice is less compelling when studying the behavior of voters in mass elections where the consequences of each individual's choices are negligible. A discussion of the literature on why voters bother to vote and on the choices voters make when casting their ballots illustrates the limits of explanations based on rational decision-makers and the potential contribution of behavioral research to the study of political economy.
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In spite of the growing influence of behavioral decision theory and social psychology in many of the subfields of economics, psychological research has had relatively little impact in the field of political economy so far. Why the field of political economy has resisted the incorporation of behavioral decision theory is a question concerning the sociology of knowledge. Whether political economy as a field could be improved by incorporating the findings of behavioral decision theory is a question that concerns the future trajectory of political economy research. In this note, I offer some reflections on both questions by way of a review of the strengths and weaknesses of the rational choice paradigm in political economy. I argue that the resistance of most political economists to behavioral decision theory is partly justified. Some political actors, in particular professional politicians and leaders of interest groups, operate in environments where optimal decision theory is likely to provide a compelling account of the choices that are observed. However, I also argue that the resistance to behavioral decision theory can be carried too far. There are other important political actors, namely voters, who act in an environment where the standard economic assumption that optimal decision theory provides a good account of how people actually behave requires a leap of faith that is unsupported by either logic or evidence.

Since labels can mean different things in different contexts, let me start with a definition.

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By "political economy," I mean the research program of applying economic theory to the study of politics. Since the field of political economy has attracted scholars from both economics and political science, it might seem that political economists would have been among the first to adopt the findings of psychological research in how people make decisions. After all, the behavioral revolution came to political science in the 1950s and 1960s. The very term "political science" reflects the enduring legacy of the behavioral revolution. Prior to the behavioral revolution, the discipline, then known as "government," was largely concerned with describing the functioning of governmental institutions. The behavioral revolutionaries sought to make the study of politics into a science by changing the focus to mass political behavior and by introducing statistical methods of inference.[1] New subfields came into existence, including public opinion (the study of the distribution of political beliefs among the electorate), political socialization (the study of how political views are acquired in childhood and early adulthood) and political sociology (the study of the relationship between social class and political behavior). Research expanded rapidly in the intersections of political science, psychology and sociology.

While the initial embrace of behavioral work was followed by disenchantment and retreat in some of the subfields of political science, behavioral work remains an active and influential part of the discipline. No field in political science is as grounded in rigorous empirical scholarship as the field of public opinion, and the central findings of public opinion researchers are difficult to square with the principles of rational choice (Converse 1975). The assumption of fixed preferences does not fit easily of the inconsistency of individual responses over time. When survey researchers ask the same questions to the same people at six-month intervals, only around 50 per cent of the respondents give the same answer. An economist might respond that it is not irrational for respondents to change their minds if they learn new facts. This interpretation is rendered implausible by the further finding that when researchers return to the same respondents to ask the same question a third time, the first answer is as highly correlated with the third answer as with the second (Zaller 1992).

While the assumption that preferences are fixed is not part of the definition of rationality (although it is part of the rational choice approach in practice), other survey findings flatly contradict the notion that the views revealed in public opinion polls are rational. For example, it is well known that survey results can be sensitive to changes in the wording of questions between logically equivalent formulations, or to changes in the order in which questions are asked. As Converse concluded in a classic paper in public opinion, "Large portions of the electorate simply do not have meaningful beliefs, even on issues that have formed the basis for intense political controversy among elites for substantial periods of time" (1964: 245).

In spite of the work by Converse and his associates, in spite of the fact that the only recipient of a Ph.D. in political science to be awarded a Nobel prize, Herbert Simon, was one of the pioneers of behavioral research in economics, most researchers in the intersection of political science and economics have remained loyal to the model of rational choice. One important reason for such loyalty is that political economists were themselves revolutionaries, in revolt against previous paradigms in political science including behavioralism. In the eyes of economists and theoretically minded political scientists, political science was a discipline rich in data but poor in theory. Marxism and rational choice offered competing unifying

1. It is commonly remarked that scientific disciplines that are confident in their scientific status don't need to use the word "science" as part of their name.

theories and the unifying theory of rational choice proved to be more durable. Since what economics brought to political science was a unifying theory, political economists could not be expected to jettison the theory lightly, especially in the absence of an equally general alternative.[2]

In addition, the initial applications of rational choice to political questions yielded large returns in terms to new insights into how politics works. In particular, political science was transformed by Arrow's (1951) demonstration that no method of aggregating preferences is neutral, that all political choices reflect the rules for setting the agenda and counting votes, as well as voters' preferences.[3] Scholars in the rational choice tradition returned to the study of political institutions, now armed with the standard economic model of rational choice with fixed preferences, and generated a wealth of insights about the consequences of procedural rules. With so much virgin land to be plowed, important gains could be obtained even if the plow did not penetrate far below the surface.

In sum, it is understandable that political economists initially made a virtue of their allegiance to the standard economic model of choice. Indeed, I am convinced that the rational choice framework will continue to serve as a source of new insights regarding political outcomes for years to come. Much of political conflict occurs in an intensely competitive environment where each actor is straining to obtain every possible advantage over his or her opponents. Such an environment represents the best possible terrain for applying a theory of optimal decision-making as a model of how actors behave in practice. There are, however, important aspects of politics where choices have no consequences for the choosers, which makes the application of a model of choice based on the choosers' evaluation of the consequences problematic to say the least. The key distinction goes back to Schumpeter's discussion of democracy in *Capitalism, Socialism and Democracy* (1942).

Schumpeter's theory of democracy

In *Capitalism, Socialism and Democracy,* Schumpeter made three important arguments regarding the nature of democracy, two of which have become guiding principles of research in political economy. Schumpeter's first argument is that what he called the eighteenth century view of democracy as an institutional arrangement for realizing the common good by having the people themselves decide the issues of the day through the election of legislators is incoherent. To view democracy as a means of realizing the common view only makes sense if the common good is well defined. Informally making the point that Arrow subsequently proved, Schumpeter dismissed the notion of the common good with the statement: "There is … no such thing as a uniquely determined common good that all people could agree on or be made to agree on by the force of rational argument" (251).

In place of the 18th century view of democracy, Schumpeter argued for a more realistic vision of democracy as simply an "institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote (269). This leads to Schumpeter's second argument. Politicians, Schumpeter argued, are analogous to entrepreneurs in the market. Just as entrepreneurs compete with each other to produce products or services that will attract consumers, politicians offer policies in competition with each

2. Thus, the influential criticism of applications of the standard economic model in political science by Green and Shapiro (1994) argues against the usefulness of any general theory of politics. Green and Shapiro do not argue that there is an alterative general theory that is superior.
3. Also important was Mancur Olson's (1965) demonstration that rational actors will generally not contribute to the effort to achieve group benefits if group members receive the benefits regardless of whether or not they contributed.

other to attract voters. Schumpeter approvingly quotes an unnamed politician as saying "What businessmen do not understand is that exactly as they are dealing in oil so I am dealing in votes" (285). Parties, in this view, are no more than groups of politicians who form an alliance to gain electoral advantage. "[T]he department store cannot be defined in terms of its brands and a party cannot be defined in terms of its principles" (283). In short, Schumpeter argued that if with the change of the objective from "maximizing profits" to "maximizing votes" or, more precisely, "maximizing the probability of winning the next election," the standard economic theory of the firm is applicable to the behavior of politicians.

In contrast to the analogy between vote-maximizing politicians and profit-maximizing entrepreneurs, Schumpeter's third important argument about politics in *Capitalism, Socialism and Democracy* is that voters are *not* like consumers. The application of the theory of consumer choice to the behavior of voters, according to Schumpeter, would be fundamentally misleading. Schumpeter cites two reasons why one should not expect the rationality of consumer choice to carry over to voters' choice. The first is that voters, unlike consumer, cannot easily learn from past choices. In Schumpeter's colorful language:

> The picture of the prettiest girl that ever lived will in the long run prove powerless to maintain the sales of a bad cigarette. There is no equally effective safeguard in the case of political decisions. Many decisions of fateful importance are of a nature that makes it impossible for the public to experiment with them at its leisure and at a moderate cost (263).

The second and more fundamental reason why voters are unlike consumers is that voters' do not experience the consequences of their individual choice. While votes in aggregate decide the winner of elections, the vote of any individual voter has a negligible impact on the outcome. No election outcome at the national level has ever been decided by a single vote. Indeed, as the 2000 US presidential vote in the state of Florida revealed, the official vote count has a margin of error of at least several hundred votes (out of approximately six million votes cast) using current vote-counting technology. Thus, the decision of who to vote for in national elections, from the individual's point of view, is a decision without any consequences.

Since no voter is individually responsible for the outcome of elections, the sense of responsibility is weakened and the sense of reality is lost, according to Schumpeter. The voter, argues Schumpeter, "is a member of an unworkable committee, the committee of the whole nation, and this is why he expends less disciplined effort on mastering a political problem than he expends on a game of bridge" (261). It is worth quoting Schumpeter at length on the consequences for politics:

> [T]he typical citizen drops down to a lower level of mental performance as soon as he enters the political field. He argues and analyzes in a way that he would readily recognize as infantile within the sphere of his real interests… His thinking becomes associative and affective. And this entails two further consequences of ominous significance. First, even if there were no political groups trying to influence him, the typical citizen would in political matters tend to yield to extra-rational or irrational prejudice and impulse… Second, … the weaker the logical element in the processes of the public mind and the more complete the absence of rational criticism and the rationalizing influence of personal experience and responsibility, the greater are the opportunities for groups with an ax to grind (262-3).

While Schumpeter's first argument anticipated Arrow's Possibility Theory and Schumpeter's second argument anticipated the Downsian model of political competition, Schumpeter's third argument would have anticipated behavioral political economy if it had not been mostly ignored.

Super-rational voters

As in other fields of economics, the initial response to the challenge of explaining voting behavior has been to explore how much of voters' behavior can be understood according to the principles of rational choice. The most common approach is simply to assume that voters vote rationally in accordance with well-defined preferences over the alternatives on the ballot. In formal theory in political science, policies are typically represented as points in an n-dimensional real coordinate space and preferences are defined over the set of feasible policies. In political economy, the most common practice is to derive preferences over policies from self-regarding preferences over consumption (and possibly over leisure as well).

A satisfactory rational account of why people bother to vote has proven to be one of the most difficult challenges. The standard formulation, due to Riker and Ordeshook (1968), is that eligible voters become actual voters when the expected consequence of voting for the voter's preferred party is greater than the cost of going to the polls. In the simple case of an election with two parties, the condition for a rational voter to vote is traditionally written as

$$pB - C > 0$$

where p is the probability that the voter is decisive in changing the changing the outcome, B is the benefit of a victory by the preferred party and C is the cost of casting a vote.[4] The immediate difficulty is that the probability that a single vote will change the election outcome is virtually zero. If there is a positive cost of voting, even a very small one, no one should vote.

Riker and Ordeshook "solved" the problem of explaining the fact that millions do vote by assuming that voters gain utility from the act of voting independently of the vote's effect on the outcome. With a consumption benefit of voting of D and with the probability of altering the outcome essentially zero, the condition for a rational voter to vote becomes $D - C > 0$ or that the intrinsic pleasure of going to the polls and marking the ballot is greater than the cost, which is not much of a theory. Subsequent game-theoretic models by Ledyard (1981, 1984) and Palfrey and Rosenthal (1983, 1985) incorporated the idea that there must be some who vote in equilibrium (assuming that there exist voters who would gladly pay the cost of voting if their vote was certain to decide the election) since a single voter could decide the election if no one else voted. But the game theoretic approach proved to be a dead-end as the models implied that the share of the population that votes in equilibrium goes to zero as the population becomes large.[5]

One response to the failure of rational choice to provide an illuminating account of why people vote has been to emphasize the potential importance of moral reasoning. Downs (1957) argued that some voters vote out of a concern that a sufficiently low turnout would undermine the viability of democracy, a system of government that voters evaluate highly. The impact of one more vote on the likelihood that democracy survives is as negligible as the impact of one vote on the outcome of the election, so Downs' argument is not convincing as a rational explanation of voting. It could be argued, however, that voters do not accept strict consequentialist reasoning in assessing the morality or voting.

4. More precisely, p is the probability of either being the tie-breaking vote or being the vote that changes a loss to a tie.
5. See Feddersen (2004) for a review of this literature.

Feddersen and Sandroni (2002) explore a model of voting in which voters receive utility from acting in accordance with an ethical duty to help their group, where groups are defined in terms of shared political preferences, whether or not the individual action has a non-negligible impact on the group's welfare.

While the standard model of choice has not proven to be of much use for understanding why people vote, there are important aspects of voters' behavior that rationality can explain. The share of the population that votes is negatively correlated with things that increase the cost of voting, such as bad weather or the difficulty of voter registration (Wolfinger and Rosenstone 1980, Powell 1986). Electoral turnout is higher in close elections (Blais 2000), although it is unclear whether the positive correlation of turnout and closeness is due to voters' belief that their vote is more likely to be decisive when the election is close or to the increased effort of parties to get their supporters to the polls in close contests. Most importantly, the lack of information most voters have about politics and the limited time that most voters devote to learning about the alternatives on the ballot before deciding how to vote documented in public opinion polls can be understood as a rational response to the limited impact any voter has on the outcome (Downs 1957).

The consistent application of the principles of rationality to voters' choices can lead to non-intuitive conclusions about voting in the presence of uncertainty. Austen-Smith and Banks (1996) and Feddersen and Pesendorfer (1996, 1999) explore the consequences of the insight that a truly rational voter, in a context where voters have private information, should condition his or her vote on being in the state of the world in which one vote would change the outcome. States of the world in which the vote does not change the outcome are irrelevant.

An example constructed by Feddersen (2000) illustrates the flavor of the equilibria that result when voters condition their vote on being pivotal. Let there be four voters, two alternatives $\{A,B\}$ and two states of the world $\{a,b\}$ with the decision to be made by majority rule. Assume that the first voter always prefers A regardless of the state of the world, while all other voters prefer A in state a but prefer B in state b. Assume that the second voter is perfectly informed about the state of the world, while all other voters are less than perfectly informed. In this example, voter 1 has a dominant strategy to vote for A (his preferred alternative regardless of the state) while the perfectly informed voter 2 has a dominant strategy to vote for A in state a and to vote for B in state b. If the third voter abstains, then the fourth voter can assure her preferred outcome by voting for B, regardless of her private information, since then the voter with better information who shares her preferences will decide the election. For the same reason, if fourth voter always votes for B, then the third voter can obtain his most preferred outcome by abstaining. Thus, the equilibrium entails either voter 3 or voter 4 voting for B while the other abstains, regardless of their own views of the alternatives.[6]

This line of work has important implications for the evaluation of voting rules for small groups, such as juries or committees. For example, minimizing the probability of wrongly convicting the innocent may not be achieved by requiring a unanimous vote to convict if jurors vote rationally (Feddersen and Pesendorfer 1998). It does strain the limits of credibility, however, to assume that voters take account of the information that other voters must have regarding the alternatives for the election to be so close that the change of one vote

6. Austen-Smith and Banks (1996) provide examples where voters rationally ignore their own views when deciding which alternative to support while Feddersen and Pesendorfer (1996, 1999) explain abstention with costless voting by the desire of uninformed voters to let the election be decided by voters with more information.

will change the election outcome when deciding which candidate to support for national office.[7] But if the theory of rational choice is to apply to voting, voters should condition their vote on the (highly unlikely) event that their vote affects the outcome. In all other states of the world, the voter's choice of how to cast her ballot has no consequences.

Non-standard preferences

People have political preferences, that is views of how others should be treated and how society should be organized, as well as self-regarding preferences regarding their personal consumption opportunities. It is reasonable to ignore political preferences when studying market behavior. In a large market, the choices of a single participant generally have little impact on the well being of others or on the aggregate outcome. Political preferences may exist, but they are not relevant for the decisions that market participants face. In an election, in contrast, where voters are asked to choose between options that affect the entire nation, voters' preferences regarding collective outcomes might be important determinants of voters' choices. There is evidence, for example, that support for the incumbent reflects voters' perception of aggregate economic performance, controlling for voters' perception of whether or not their personal economic situation is improving (Markus 1988).[8] Incorporating such preferences regarding aggregate outcome or the welfare of others can increase the explanatory power of the theory without abandoning the rational choice framework. The standard criticism of assuming non-standard preferences is that anything can be explained without much work if theorists are free to assume whatever preferences they find convenient. The research program of trying to explain as much about politics as possible in the standard framework of rational choice with self-regarding preferences is far from exhausted. But if political preferences do matter, then the theory of political competition will be advanced by taking such preferences into account.

While many might applaud the idea that voters care about the welfare of others, such considerations can provide insight into less attractive aspects of political beliefs as well as some of the most commendable. Lindert, Kristov and McClelland (1992) argue that voters' preferences are best conceptualized as a weighted sum of their own utility of consumption plus the average utility attained by different social groups. Lindert, Kristov and McClelland proceed to argue that voters' concern with different social groups is a declining function of the difference between the voter's income and the group's average income. In other words, rich voters care more about the welfare of other rich individuals than about the income of the poor and vice versa. Lest this strike the reader as too harsh, consider the difference in emotional impact between hearing about someone like yourself who suffered a large loss and hearing about an equivalent misfortune occurring to someone whose life is nothing like yours.

An important application of the idea that voters weigh the welfare of different groups differently is in studying the impact of racial divisions in politics (Lind 2003). While it is a myth that most beneficiaries of means-tested welfare programs in the US are black, it is true that blacks are overrepresented among the population receiving means-tested transfers. The fact that blacks are significantly more supportive

7. It is even less clear how a rational voter should vote with more than two parties to choose from.
8. Such findings do not constitute decisive evidence that voters consider the economic health of the nation when deciding whom to support. Voting in terms of national economic health, or sociotropic voting, is consistent with purely self-regarding preferences if voters anticipate that a rising economy will eventually result in higher personal income (Kiewiet and Kinder 1981).

of government help for the poor than whites, controlling for income, education, gender and everything else that might matter (Kinder and Sanders 1996) can be interpreted as providing empirical support for the claim that American voters, on average, attach greater weight to the welfare of their own racial group than to members of other racial groups.[9]

Yet another approach is to emphasize the importance of different views of the effectiveness of government policies. Roemer (1995) and Piketty (1995) assume that voters are identical in being either self-interested (Roemer) or concerned with the welfare of the poor (Piketty) but differ in their view of the effect of redistributive taxes on labor supply. Roemer (1995) focuses on the role of political parties that compete on the basis of rival claims about how the economy works, with the conservative party arguing that redistribution is very costly while the left party argues that redistribution is almost costless. Piketty (1995) emphasizes the multiplicity of views of the economy that can result from rational Bayesian learning when voters start with different priors and experimentation is costly. In general, the observation that political debate is as much over policy consequences as it is over policy goals has not received as much attention as it deserves.

Retrospective voting

All of the approaches to understanding how people vote discussed assume that voters behave rationally in the sense of basing their vote on their expectations regarding the future policy choices that would follow from an electoral victory of one party or another. V. O. Key, Jr. (1966) argued, instead, that voters look backwards, not forwards, when deciding how to vote. Rather than perform the difficult task of estimating future policy choices that the incumbent and the challenger might make, voters perform the easier task of evaluating whether or not they are content with the incumbent's term in office. When voters are reasonably happy with the outcome, incumbents are reelected. When voters are unhappy, incumbents are voted out of office. Hibbs (2000) successfully explains almost all of the variance in the vote share received by the incumbent party in US presidential elections from 1948 through 1996 with a simple empirical model based on the assumption that voters reward incumbents who deliver prosperity (measured by a weighted average of the growth of after-tax income during the previous four years) and peace (a dummy variable for incumbents who did not initiate wars with large numbers of combat deaths).[10]

Retrospective voting can be interpreted in a way that is consistent with rationality. Downs (1957) argued that voters rationally use the incumbent's record to predict what the incumbent will do in the future if reelected.[11] A retrospective rule of thumb can be understood as a rational choice given the cost of gathering and processing information or as an optimal strategy for creating incentives for politicians to act in voters' interests (Ferejohn 1986). But voters seem to apply the retrospective rule of thumb in ways that defy

9. Of course, there are many different ways in which race might enter voters' preferences. Lee and Roemer (2004), for example, assume that voters have preferences over (a) their own income, (b) non-economic policies in which race is salient and (c) aggregate income inequality. In addition, Lee and Roemer assume a negative correlation between racist preferences with regard to non-economic policies and the weight given to the goal of reducing income inequality.
10. See Hibbs (2004) for a recent review of the literature on the impact of economic performance on voting.
11. See Fiorina (1981) for an empirical comparison of the views of retrospective voting held by Key and Downs. Fiorina concludes that voters' expectations of the future matter for voters' evaluation of the incumbent, as in Downs, but that Key is probably correct in arguing that voters pay attention to past outcomes rather than past policy choices.

rationality. Achen and Bartels (2002b) provide evidence that in 1916 voters in counties on the New Jersey shore punished the incumbent president running for reelection (Woodrow Wilson) for an outbreak of fatal shark attacks that decimated the tourist industry in the summer before the election.[12] Rural voters in the US systematically punish incumbents during periods of drought and floods (Achen and Bartels (2002b). As Achen and Bartels note, a natural disaster might reveal the weaknesses of an incompetent incumbent but natural disasters should also reveal the strengths of an effective leader. It is hard to rationalize a strategy of systematically punishing the incumbent for economic losses due to acts of God.[13] A study by Wolfers (2002) found that voters in oil-producing states in the US reward incumbent governors when the price of oil rises and punish incumbent governors when the price of oil falls. The price of oil reflects actions of men and women rather than acts of God, but it is equally beyond the control of governors of oil-producing states.

Does it matter if voters follow non-rational rules of thumb or rational strategies? Achen and Bartels (2002a) put the question in a more precise form. Suppose (1) that voters have diverse preferences over a one-dimensional outcome space, (2) policy outcomes depend on the policy choice plus a random variable with the outcome but not the policy choice observed by voters and (3) voters apply the rule of thumb of reelecting the incumbent if and only if their evaluation of the outcome is above an arbitrary threshold, and (4) parties care only about winning. Will the political equilibrium be different than what would occur with rational, informed voters? The answer is no. In this set-up, voters' rule of thumb induces both parties to implement the policy that produces the median voters' ideal point as the expected outcome, which is exactly the equilibrium when voters are perfectly rational and perfectly informed.

The assumption that politicians care only about winning is not crucial to Achen and Bartels' result. If politicians have non-centrist policy preferences, then politicians will face a trade-off between increasing the probability of winning and advocating policies closer to the politicians' ideal points, as in models of rational voters in the presence of uncertainty regarding the location of the median voters' ideal point (Roemer 2001). Even rewarding and punishing incumbents for acts of God does not eliminate the electoral pressure on politicians to supply policies that large numbers of voters support. A rational politician devoted to winning reelection would still select policies that maximize the probability that a majority of voters will evaluate their circumstances as good enough to support the incumbent. If, however, politicians care about policies and there is a significant random component to voters' evaluation of the incumbent's performance, the possibility arises that politicians with extreme policy preferences can defeat centrist incumbents and remain in office for a substantial period of time if they are sufficiently lucky. Even if politicians with extreme preferences eventually fail to win reelection, Achen and Bartels observe that blindly replacing incumbents with whoever is the most visible challenger when voters are unhappy can produce disastrous outcomes in the short-run.

Conclusion

It is a safe prediction to say that the standard

12. The loss of votes for the incumbent following the shark attacks was roughly the same order of magnitude as the impact of a decline in the average growth of after-tax income during the incumbent's term by one percentage point.
13. I am reminded of a cartoon reprinted in Fiorina (1981) from the period when Carter was president of the US in which two voters are gloomily watching a snowstorm while one comments, "We never had winters like this before Carter took office!"

model of rational choice will remain an important model of decision-making in political economy in the near future. While Schumpeter and Downs may have been wrong to adopt the shortcut of assuming that politicians seek to maximize the probability of winning the next election, rather than deriving politicians' concern with winning elections from fundamental preferences over either personal income or conceptions of social welfare, the Schumpeterian program of studying politicians as rational actors competing for power rests on solid logical and empirical foundations. As many have argued in the longstanding debate over the strengths and weakness of rational choice, the rational choice model is compelling in describing behavior of actors in highly competitive environments. Elections occur at regular intervals, the competition for the top jobs at the national level is intense, and the vote count provides a clear measure of success or failure. Such an environment is one where actors have both the incentive and opportunity to hone their political skills and where only the most skillful survive.

The rational choice model has some explanatory power when applied to voters as well. Voters are rational not to invest in acquiring information about politics, unless they derive enjoyment from following the twists and turns of political competition. Voters may well be rational in basing their expectations regarding future actions on past outcomes rather than on campaign promises. Even the narrow model of self-regarding preferences has explanatory power with regard to voters' choice because of the human predisposition towards moral and political views that are consistent with self-interest. Broadening the range of preferences to include voters' views of social welfare or justice is a means of expanding the explanatory power of rational choice without abandoning the core principles.

Rationality cannot account for all important aspects of voters' behavior, however. Retrospective voting can be understood as a rational decision rule taking account of the cost of information, provided one ignores the evidence that incumbents are rewarded and punished for circumstances beyond the incumbent's control. But retrospective voting can also be understood according to prospect theory. Voters' preference for the incumbent when times are good and for the challenger when times are bad fits with experimental evidence that people prefer riskier choices when threatened with losses than when expecting gains (Quattrone and Tversky 1988). Nor does the standard economic model provide a plausible account for the importance of political advertising in campaigns. It is hard to see what US voters learn from the typical political advertisement on television, other than which candidates have more money to spend.[14] Just as financial theorists have developed models in which the market contains both rational and "noisy" traders, Grossman and Helpman (2001) study the role of interest groups and campaign contributions in models where the electorate is divided into rational voters, who vote on the basis of the candidates' policy positions, and impressionable voters who vote on the basis of the number of ads they see.

In sum, the best models of politics are likely to be based on rational politicians competing for the votes of voters whose behavior is predictable but not entirely rational.[15] Rational choice models seem to approximate the rules of thumb that voters employ in some contexts. But behavioral models of voter choice may lead to insights regarding politics that are inaccessible to researchers unwilling to relax the assumption of rational behavior.

14. It is sometimes argued that voters rationally use the amount of money a candidate spends as a signal of the candidate's quality, but campaign spending could also be interpreted as an indication of a candidate's willingness to promote policies favored by the small share of the electorate who make substantial campaign contributions.

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