

# On the electoral punishment/rewarding of the incumbent: Can voters do it?

## Sobre a punição/recompensa eleitoral do incumbente: Podem os eleitores fazê-lo?

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**Abstract**—The article analyzes the possibility of voters penalizing or rewarding the incumbent (economic) performance at the polls. For this, it is considered that voters have limited rationality. This does not prevent them from performing this task without bias, which should serve as an obligation to use the elections to effectively penalize or reward the incumbent and/or not elect those who do not deserve it.

**Keywords**—Bounded rationality, Elections, Voters.

**Resumo**—O artigo analisa a possibilidade de os eleitores penalizarem, ou recompensarem, nas urnas, o desempenho (económico) do governo. Para tal, considera-se que os eleitores dispõem de racionalidade limitada. Tal não os impede de desempenharem aquela tarefa sem enviesamento, o que deveria servir de obrigação de utilização das eleições para, efectivamente, penalizar, ou recompensar, o governo e/ou não elegerem quem não o merece.

**Palavras-Chave**—Racionalidade Limitada, Eleições, Eleitores.

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### 1 Introduction

THE electoral business cycles literature generally concludes that the short-run electorally-induced fluctuations are harmful to the social

welfare (in the long-run).<sup>1</sup> As a matter of fact, because the electoral results depend on voters' evaluation, it can be said that the electorate is also responsible for existence of electoral business cycles as, through ignorance or for some other

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1. In spite of the eminently theoretical content of the article, it is fair to refer to the vast amount of empirical studies that dealt with the verification of empirical support for the various models of electoral cycles: political or partisan; retrospective or rational. With regard to Portugal, Veiga and Veiga (2004) and Veiga and Veiga (2007) are two references of obvious interest. Eventually, Caleiro and Guerreiro (2004) is another, which shows that, in these matters, the use of spatial econometrics techniques is generally recommended.