Democracy, Accountability, and Representation

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Chapter One

Elections and Representation

The claim connecting democracy and representation is that under democracy governments are representative because they are elected: if elections are freely contested, if participation is widespread, and if citizens enjoy political liberties, then governments will act in the best interest of the people. In one – the "mandate" – view, elections serve to select good policies or policy-bearing politicians. Parties or candidates make policy proposals during campaigns and explain how these policies would affect citizens' welfare; citizens decide which of these proposals they want implemented and which politicians to charge with their implementation, and governments do implement them. Thus, elections emulate a direct assembly and the winning platform becomes the "mandate" that the government pursues. In a second – "accountability" – view, elections serve to hold governments responsible for the results of their past actions. Because they anticipate the judgment of voters, governments are induced to choose policies that in their judgment will be positively evaluated by citizens at the time of the next election.

Yet both views are problematic. Representation is an issue because politicians have goals, interests, and values of their own, and they know things and undertake actions that citizens cannot observe or can monitor only at a cost. Even if once they are in office politicians may want to do nothing but serve the public, to get elected in the first place they may have to gratify special interests. And once elected, they may want to pursue their private goals or some public objectives that differ from those of citizens. If they have such motivations, they will want to do things other than represent the public. And voters do not know everything they need to know, whether to decide prospectively what politicians should be doing or to judge retrospectively if they did what they should have done. And if voters know that there are some things they do not know, they do not want to bind politicians to implement their wishes. In turn, if citizens do not have sufficient information to evaluate the incumbent governments, the threat of not being reelected is insufficient to induce governments to act in the best interest of the public.

In this chapter we analyze whether voters can enforce representation by using their vote to choose policies and politicians, using it to sanction the incumbent, or using their vote simultaneously in both ways. We then discuss institutional features that may be conducive to inducing representation.

The Mandate Conception of Representation

In electoral campaigns parties propose policies and offer candidates. If voters believe that politicians are not all the same, they may attempt to secure representation by using their vote to choose best policies or policy-bearing politicians. The questions we need to examine are whether (1) electoral campaigns are informative, that is, voters can justifiably expect that parties would do what they proposed, and (2) pursuing the winning platform, the "mandate," is always in the best interest of voters. We will say that "mandate-representation" occurs if the answer to both these questions is positive, that is, parties truthfully inform voters about their intentions and the implementation of these intentions is best for voters under the given circumstances.

The mandate conception of representation is widespread: scholars, journalists, and ordinary citizens rely on it as if it were axiomatic. Keeler (1993), for example, explains the major policy reforms introduced by Reagan, Thatcher, and Mitterand as follows: their respective countries faced economic crises, voters wanted change and expressed this desire at the polls, and the respective governments implemented their mandates. This model seems to account well for policy formation in advanced industrial society (Klingeman, Hofferbert, and Budge 1994). As a French politician put it, "Since the Romans, it is an old law of politics, which we should never lose from our view: governments can last only by the principle by which they were born" (Séguin 1997).

A rudimentary conceptual apparatus may help clarify what is entailed. In elections, parties or candidates present themselves to voters, informing them about their policy intentions.[1] Specifically, they tell voters which policies they intend to pursue, for what purposes, and with which consequences. Once elected, the victorious candidates choose policies, not necessarily the same as announced. Having observed the outcomes of the policies, voters vote again. To introduce an example, suppose that there are two possible platforms: S (for economic "security") and E (for "efficiency") policies.[2] Competing parties or candidates promise to do S or E, and once elected pursue S or E.

Politicians may care both about policies and about being elected and reelected. Politicians have preferences over policies if their reward from holding office or the probability of reelection depends on the policies they adopt. One can think of the reward from holding office in three ways: politicians may have favorite policies and derive utility from implementing them, they may want to advance their private interests, or they may derive satisfaction from the honor attached to office. Politicians have some beliefs about the promises that are more likely to make them win and the policies that voters will in fact appreciate having experienced their results.

Thus, the question about mandate representation is whether (1) the policy of the incumbents will be the same as their electoral platform, and (2) whether pursuing this platform will be best for voters. The conditions under which mandate representation occurs are threefold: when politicians' and voters' interests coincide, when politicians are motivated by the desire to be reelected and they think that voters will reelect them if they pursue policies on which they campaigned, and when politicians are concerned about the credibility of their future promises. We discuss these situations in turn.

1. Interests of politicians coincide with those of voters.[3] Citizens and governments have identical interests if governments want in their self-interest to bring about states of the world that are most desired by citizens. If politicians and voters

[1] Candidates also extol their personal virtues, a topic we treat later.

[2] The terminology is Elster's (1994).

[3] Obviously, the question that arises with such formulations is, Which voters? We assume in this chapter that, whatever is the dimensionality of the issue space, a majority rule equilibrium exists and thus there exists a "decisive voter." For complications that arise when this assumption does not hold, see Ferejohn (1986, 1995).

also have the same beliefs about the effects of policies on outcomes ("technical beliefs" in the language of Austen-Smith 1990),[4] then candidates get elected on the platform most preferred by voters and as incumbents they implement this platform in their own interest.

Almost all discussions of representation, beginning with J. S. Mill's *Considerations on Representative Government* (1991 [1861]), assume that electing politicians who somehow mirror or reproduce the composition of the electorate achieves representation. The assembly is representative in this view if it is a miniature of the electorate, a sample of it. The hypothesis underlying this conviction is that if the assembly is descriptively representative, then it will act to represent interests of the represented. As a consequence, discussions of representative institutions focus almost exclusively on electoral systems (for an example, see Rogowski 1981). The pathbreaking, and still unduly ignored, contribution of Pitkin (1967) was to problematize this connection: is it true that proportionality is the best way to secure representation? If each representative puts forth opinions and promotes the interests of his constituency, will the best interest of the collectivity be served?[5] And what if representatives become different from their constituents by the mere fact of being representatives? What if, once elected, they acquire knowledge the constituents do not have and perhaps even interests of their own?

2. Politicians want to be elected and reelected.[6] And they expect that voters will reelect them if they pursue the policies

[4] In its pure form, spatial theory of voting is logically incomplete: voters care only about outcomes but they choose on the basis of policies. What is obviously missing are "technical beliefs," as defined earlier. Note that if candidates and voters have identical interests but different technical beliefs, they will have different induced preferences about policies.

[5] One difficulty with this view, manifest in Mill, is that while the assembly may reflect interests proportionately, many decisions entailed in governing do not permit proportional allocations. Indeed, many are dichotomous, and in those the majority prevails while the minority loses. Hence, while proportionality allows all voices to be heard, it does not guarantee that all interests will be proportionately accommodated. Thus, as Pitkin points out, the activity of representing entailed by descriptive representation consists at most of articulating views, not of making decisions.

[6] This is true regardless of whether politicians also have other interests as long as they put a high value on holding office per se.

that they offered in their election campaign. If election-seeking politicians know the preference of the decisive voter, they offer a platform that coincides with this preference. If they expect that voters' preferences will not change or that these preferences will be confirmed by observing the outcomes of implementing the mandate (Harrington 1993a), then the incumbents pursue the announced policy in quest of reelection. And if voters know what is good for them, the outcome is best for voters, so that voters' threat to punish deviations from the mandate is credible.

3. Politicians are concerned that their promises be credible in the future. Even if voters believe that a deviation from the mandate was beneficial for them, they discount future promises of politicians who acquire a reputation of reneging on their campaign promises. Hence, voters may threaten the incumbents to vote against them if they betray their promises, regardless of the outcomes. This threat is implemented by the rival party in Alesina's (1988) model, in which voters are not strategic. In turn, it is implemented by voters in Banks's (1990) model, where, in turn, the credibility of this threat is assumed, rather than derived.[7] Hence, this is at best an incomplete story. We return to it later.

Note that mandate representation is a situation in which policies adopted by incumbents follow their electoral platforms *and* these policies are the best for citizens under the conditions observed by the incumbents. The three possibilities distinguished earlier add up to the conclusion that mandate representation occurs when what politicians and voters want coincides or when politicians care only about winning elections, and to win they must promise and implement policies that are best for the public. But short of this happy coincidence, politicians may have incentives either to deviate from the mandate in the best interest of the public or to stick to it at the cost of the electorate.

[7] Banks justifies this assumption referring to the multiperiod model of Austen-Smith and Banks (1989), where the threat of punishing deviations is indeed credible. But in Austen-Smith and Banks, governments never quite fulfill promises: when voters expect little of governments, parties always promise more than they deliver, even though they deliver first best; in turn, when voters expect a lot, platforms and reelection chances are independent of what voters want.

To highlight the weakness of the mandate mechanism, suppose that politicians cannot be reelected even once.[8] Voters know that once elected the incumbent will do whatever he wants. Without the sanction of voting again, voters must guess which of the competing parties or candidates has policy preferences that coincide with theirs and which is impervious to the corrupting sway of office. Yet unless the pool of candidates includes such politicians and unless voters guess correctly who they are, the victorious candidates will not act in the representative manner. If they have policy preferences distinct from those of the decisive voter, they will deviate from the announced policies; if they pursue private benefits, they will extract rents.

Moreover, just to get elected, politicians may have to make promises to special interests. Suppose, in the spirit of the Chicago School of Regulation (Stigler 1975; Peltzman 1976; Becker 1958, 1983), that (1) voters are ignorant, rationally or not, about the impact of policies on their welfare, and (2) to present themselves to voters, politicians need to expend resources, including but not limited to money. Politicians are concerned only with winning elections, but to win they must raise resources. Because voters do not care about policies that have only a small impact on their welfare, politicians can sell to interest groups policies that inflict only a small cost on each individual voter but which concentrate benefits on the particular interest groups and spend on electioneering the resources contributed by interest groups in exchange for these policies. Since policies that raise resources from special interests are costly to voters, politicians choose policies that make them indifferent at the margin between increasing voters' welfare and campaign expenditures, and the welfare of voters is not maximized.

To take an example, suppose that politicians decide whether to

[8] In fact, it is enough that the number of elections in which a politician can run is known and finite. Suppose that the politician will not be able to run after the t-th term. Then during the (t – 1)st election voters will know that in the last term the politician will have no incentives to seek reelection and will vote against him. But if the politician will not be reelected for the t-th term, then he will not have incentives to behave well during the (t – 1)st term and voters will not elect him. But then the same will be true during the (t – 2)nd term, . . . , all the way to the first one. Unless politicians care about voters' approval when they leave office for the last time, term limits deprive voters from creating incentives for politicians to represent them.

subsidize the sugar industry. By subsidizing the sugar industry, the government inflicts on each individual an annual cost of \$5.75 and benefits the sugar industry to the tune of \$1.5 billion. Voters will not want to spend their resources to learn about the sugar policy and its effects: this information costs more than \$5.75. Then the government will subsidize, get a campaign contribution from the industry, and maximize its probability of reelection.[9] Indeed, according to the Center for Responsive Policy (*New York Times*, January 24, 1997, p. 3), a sugar price subsidy that adds an extra \$50 to a five-pound bag of sugar was supported by sixty-one senators who received on the average \$13,473 from the industry political action committee, while it was opposed by thirty-five senators who on the average got \$1,461.

The fact is that just to exist and to present themselves to voters, political parties must raise funds. When these funds come from special interests, they are exchanged for favors. Presumably, if Philip Morris Co. Inc. contributed in 1996 over \$2.5 million to the Republican National Committee (*New York Times*, January 28, 1997, p. 3), it must have expected at least \$2.5 million in favors; otherwise, its management should have been thrown out by stockholders. Exchanges of political contributions for policy favors are distorting through their effects on the allocation of resources. And the social cost of such distortions is likely to be much greater than that of outright theft, which is distorting only through its effect on distorting taxes.

Yet situations in which either politicians deviate from their promises in voters' best interest or stick to them against the interests of a majority are possible even if incumbents face repeated elections and even if electoral campaigns are costless (or publicly funded).

1. Conditions may change in such a way that the implementation of the mandate is no longer best for voters. Suppose

[9] This argument is subject to two criticisms. One is that if voters are only rationally ignorant, à la Stigler (1975), governments will be constrained to limit such policies to those that inflict a small cost on voters: hence, the aggregate loss of welfare may not be very large. Clearly what matters is how gullible voters are, and Becker (1983), who drops the assumption that ignorance is only rational, offers not even an intuition about it. Second (see Arnold 1993 and our subsequent discussion), there are several groups and most importantly the partisan opposition that have the interest to diffuse for free information about such policies.

that immediately upon assuming office an incoming government that won the election campaigning for policy S learns something neither it nor the voters knew at the time of the election: the departing government, competing for reelection, hid the sad contents of the treasury, and the electoral victors discover upon assuming office that coffers are empty. Say that S is the better policy when conditions are good, while E is better when they are bad. Then the government faces the choice of deviating from the mandate in the best interest of voters or adhering to it in spite of the changed circumstances. In turn, voters, who would have agreed to changing the policy had they observed what the government observes, must decide whether to believe the government's message, which will appear self-serving, without direct access to this information. And they can err, in either direction. Hence, incumbents will deviate some of the time and voters punish some deviations, good or bad.

Note that even changes of conditions that are endogenous to government policy, but were unforeseen by politicians before they reached office, may be reasons to change course in the interest of citizens' welfare; the 1983 switch of the French Socialist government may be a case in point.

2. To be elected, a candidate must offer the platform preferred by the decisive voter. Suppose a candidate believes that the decisive voter has incorrect beliefs about the effect of policies on outcomes. This candidate then faces a choice of offering a platform that she thinks is better for voters and going down to defeat (perhaps hoping to win the next time around, if the competitor implements less effective policies) or proposing what voters want and having at least a 50–50 chance of winning (if the other competitor offers the same platform). If the incumbent believes that the less popular policy is sufficiently more effective than the one voters prefer, he or she anticipates that, having observed its effects, voters will become persuaded that the correct policy was chosen and will vote to reelect, so that the politician will be able to continue the policy that is in effect better for citizens.

Two situations need to be further distinguished. In one (Harrington 1993a: sec. 4), the two candidates have the same beliefs about the preferences of the decisive voter but different beliefs about the effectiveness of policies, meaning that one of them thinks the decisive voter is wrong. Then they offer the same platform in the electoral campaign but once elected may pursue different policies. If the winner is the candidate who believes that the policy preferred by the decisive voter is significantly inferior to the alternative, the incumbent adopts the policy she prefers, in the belief that voters will be persuaded about its superiority once the outcomes materialize. In such situations, we should observe candidates offering the same platform and then sometimes deviating from the mandate.

In the second situation, the two candidates have the same beliefs about the effectiveness of policies but differ in their beliefs about the preference of the decisive voter. If elected, they pursue the same policy, but to get elected they offer different platforms. If the winner is the candidate who believed that the voters are mistaken, the incumbent switches policies once elected. In such situations, we should observe candidates offering different platforms and then pursuing the same policy regardless of who is elected.

Note that in both of these situations candidates (may) deviate from their platforms once elected, but they deviate believing that they are acting in the best interest of the electorate.

3. Suppose that everything is the same as just described but the incumbent does not believe that voters will be persuaded by the effectiveness of the better policy – either because voters are quite certain which policy is better for them or because the policy choice does not make a great difference. As Harrington (1993a) shows, if voters initially believe that one policy is better than the other, they are harder to convince ex post of the superiority of the alternative.[10] Fearing that if he proposes one platform and pursues another he will not be reelected, the incumbent offers the inferior platform that voters prefer and implements it, against what he believes are citizens' best interests. The mandate will be implemented, but politicians will not act in a representative manner.

To summarize: under some conditions, incumbents may either pursue policies that enhance that welfare of voters by deviating

[10] The intuition is the following. Suppose that voters initially believe that policy S is better for them than E by some amount *e*. If they observe an outcome of implementing E that is better than S by the amount *e*, their posterior belief will be that E produces outcomes at a level between their initial expectations and their observation, which will still be below S. To be persuaded that E is better than S, the outcome of E would have to be better than the prior on S by more than *e*.

from the mandate or they may adhere to the mandate even if they think that implementing it is not best for voters. And if implementing the mandate is not the best the government can do, then the threat of punishing incumbents who deviate from it is not credible. Voters may not like governments that betray promises, but they will not punish politicians who made them sufficiently better off by deviating from the mandate.

This impunity is mitigated by reputational considerations (Downs 1957; Ferejohn 1995). Politicians may be concerned about adhering to promises as an investment in credibility. Indeed, the Polish government was said to "be forced to remind itself of the promises of 1993 and to make some concessions to the voters, under the penalty of losing its credibility" (Krauze 1994). If incumbents anticipate that voters will not only look at their past policies but also pay attention to their new promises, that is, if their past performance in office is not fully informative, they must be concerned about being believed, which, in turn, moderates their temptation to deviate from the old promises. A politician who executed a pirouette will have to rely solely on his past performance when seeking reelection, while a politician who stuck to promises will be more likely to be believed next time around. In turn, voters may want to punish politicians who renege on their promises as an investment in information. After all, voters want their choices to have consequences; hence, they want to be able to predict the behavior of politicians from their campaign platforms, rhetoric, or identity. Politicians may claim that unforeseen circumstances are the reason they deviated from their mandates. But they have some explaining to do, which is prima facie evidence that they think they are expected to follow mandates.

While such reputational mechanisms may encourage the incumbents to adhere to electoral promises, a striking feature of democratic institutions, highlighted by Manin (1997), is that politicians are not legally compelled to abide by their platform in any democratic system. In no existing democracy are representatives subject to binding instructions. Citizens' suits against governments that betrayed specific campaign promises have been rejected by courts in several countries, most recently in Poland. No national-level democratic constitution allows for recall, and, except for the U.S. House of Representatives, electoral terms tend to be long – on the average, 3.7 years for legislatures and 3.9 years for presidents (Cheibub and Przeworski, Chapter 7 in this volume). While provisions for impeachment and procedures for withdrawing confidence are common, they are never targeted at the betrayal of promises.[11] Binding national referenda based on citizens' initiative are found only in Switzerland and, in more restrictive forms, in Italy and Argentina. Hence, once citizens elect representatives, they have no institutional devices to force them to adhere to promises. Voters can sanction deviations from mandates only after their effects have been experienced.

Why then are there no institutional mechanisms to force officeholders to be faithful to their platforms? Historically, the main argument was that legislatures should be allowed to deliberate. People want their representatives to learn, one from another. Moreover, when people are uncertain about their judgments, they may want representatives to consult experts.

Another historical argument was that voters may not trust their own judgments. People not only may be afraid of their own passions but, if they are rationally ignorant, they must know that they do not know. Presumably, elections establish the calendar for when the accounts are to be taken. Hence, citizens may want to give the government some latitude to govern and evaluate government's actions at election times. O'Flaherty (1990) argues that this is a reason to elect politicians for fixed terms; in this way citizens can guard themselves against inconsistent time preferences and yet exercise ex post control.

Finally, institutions must allow for changing conditions. No electoral platform can specify ex ante what the government should do in every contingent state of nature; governments must have some flexibility in coping with changing circumstances. If citizens expect that conditions may change and governments are likely to be representative, they will not want to bind governments by their instructions.[12]

Hence, there are good reasons why democratic institutions

[11] Occasionally a deviation from mandates provides part of the impetus for impeachment, even though deviation is not the formal justification. Two recent presidents who abandoned their campaign promises, in Venezuela and Ecuador, were impeached, one immediately, with no time allowed for the outcomes to materialize.

[12] Minford (1995: 105) observes in the context of monetary policy that "if voters have little information, they may prefer to let governments have complete discretion, regardless of the lack of credibility, rather than tie their hands."

contain no mechanisms enforcing adherence to mandates. We choose policies that represent our interests or candidates who represent us as persons, but we want governments to be able to govern. As a result, while we would prefer governments to stick to their promises, democracy contains no institutional mechanisms that insure that our choices would be respected.

The Accountability Conception of Representation

Even if citizens are unable to control governments by obliging them to follow mandates, citizens may be able to do so if they can induce the incumbents to anticipate that they will have to render accounts for their past actions. Governments are "accountable" if voters can discern whether governments are acting in their interest and sanction them appropriately, so that those incumbents who act in the best interest of citizens win reelection and those who do not lose them. Accountability representation occurs when (1) voters vote to retain the incumbent only when the incumbent acts in their best interest, and (2) the incumbent chooses policies necessary to get reelected.

To understand why the problem of accountability arises, we must consider again politicians' objectives. Politicians may want to do nothing that well-informed citizens would not have wanted them to do; they may be public-spirited and dedicate themselves fully to furthering the public interest. But they may also want something different from and costly to citizens, whether just some goals that citizens do not share, reelection, or private gains. Politicians may want to pursue their own ideas even if these differ from those of citizens.[13] Some may care most about advancing their careers against fellow politicians, within the government or the same party. Some may seek perks (Niskanen 1971). Some may want to get rich at the expense of citizens, while in office or after leaving it. Some may be most concerned about recognition by foreigners. In all these cases politicians will want something whose pursuit is injurious to citizens. For a lack of a better term and to keep with the standard terminology, we will refer to this something as "rents."

To introduce another term standard in this literature, there are

[13] Suppose that in a poor country people want to consume immediately while benevolent politicians want to develop the country by increasing investment.

different ways in which politicians can "shirk," that is, do things that citizens would not want them to do. They shirk if they spend time conspiring against their rivals. They shirk if they act to increase their own wealth. They shirk if they extend clientilistic favors to their families and friends. But the most important way in which they can act against the best interests of their constituents is by choosing policies that advance their own interests or the interests of some special interests to which they are beholden.

The problem facing citizens is then to set up a trade-off for politicians – between extracting rents and losing office or not extracting rents and staying in office – that would induce them to keep rents low, where keeping rents low may mean just doing what voters want. The standard view of how the accountability mechanism operates relies on "retrospective voting." In this view, citizens set some standard of performance to evaluate governments, such as "My income must increase by at least 4 percent during the term," "Streets must be safe," or even "The national team must qualify for the World Cup." They vote against the incumbent unless these criteria are fulfilled. In turn, the government, wanting to be reelected and anticipating the citizens' decision rule, does whatever possible to satisfy these criteria.

Imagine that the conditions under which the government makes decisions can be "good" or "bad." Governments decide whether to implement policy S, which is better for citizens when conditions are good, or policy E, which is better when conditions are bad. Suppose that the rents the incumbents obtain when they do all they can for the public consist just of their salaries and legally authorized perks of office, and suppose that the incumbents value being reelected. To make this analysis less abstract, examine a numerical example in which the legally qualified rents equal $r^* = 1 + e$, where e is some small number, and the value of being reelected is $V = 2$.

Let the structure of payoffs be as follows (the first number in each pair represents government rents, but citizens observe only their welfare, which is the second number):

		Government	
		Implement S	***Implement E***
Conditions	***"Good"***	$1 + e$, 5	3, 3
	"Bad"	3, 1	$1 + e$, 3

Suppose now that the electorate knows everything it needs to know. Then, to induce politicians to act as well as they can under the circumstances, voters set their reelection rule as “When conditions are good, vote for the incumbent if the outcome is at least 5. When conditions are bad, vote for the incumbent if the outcome is at least 3; otherwise throw the rascals out.” A government facing good conditions knows that by choosing S it will get $r^* = 1 + e$ and it will be certainly reelected, thus obtaining $r^* + V > 3$, where 3 is the most it can get by choosing E and not being reelected. In turn, a government facing bad conditions knows that by choosing E it will get $r^* + V > 3$, which is what it would get by adopting S. Hence, the government acts in a representative manner and citizens get the most they can under either conditions. Accountability induces representation (Key 1966). As Fiorina (1981: 11) put it: “Given political actors who fervently desire to retain their positions and who carefully anticipate public reaction to their records as a means to that end, a retrospective voting electorate will enforce electoral accountability, albeit in an ex post, not an ex ante, sense.”

Yet suppose that voters do not know what the conditions are. Politicians know these conditions, but voters may be unable to observe them at all or they may be able to monitor them only at a cost. Such conditions may include the negotiating posture of foreign governments or international financial institutions (something citizens cannot observe) or the level of demand in the major recipients of the country’s exports (something voters can observe only if they turn into economists). Then voters are in a quandary. If they set the standard the incumbent must meet at 5 and conditions turn out to be bad, the incumbent cannot be reelected whatever he does and he will seek excess rents. In turn, if voters set the standard at 3, the incumbent will be able to extract excess rents when the conditions happen to be good and be reelected by giving voters less than he could have given them. Whatever voters decide to do, politicians will sometimes escape from their control.

One aspect of incomplete information merits particular attention. Note that the voters who animated the previous pages were myopic: they were concerned only with the change of their welfare during the current term. But if voters are fully rational, they should also care at the end of the term about the present value of their future welfare: the legacy the incumbent leaves for the future. If the economy grows because the government cuts all the trees in the country, the voter will live on champagne during the term, but there will be no trees left to cut. In turn, if the economy declined because it underwent structural reforms, voters will have suffered economic deprivation but may have improved their life chances for the future. Yet all that voters observe is the change of welfare during the term, and they have to make inferences about the future on this basis. Say that voters observe that their current welfare declines: should they infer that the government is investing in their future or pursuing some (neoliberal) chimeras of its own or just robbing them blind? Following Stokes (1996a), note that voters can adopt one of three postures:

1. They can extrapolate the present experience into the future. This is the "normal" posture, insofar as this is what models of retrospective voting normally assume.
2. They can assume an "intertemporal" posture (Przeworski 1996), expecting that the worse things have gotten, the better they augur for the future.
3. They can assume an "exonerating" posture, attributing the decline of their welfare to bad conditions, rather than to anything the government did.

It is hard to tell what is rational for people to do under these circumstances. Some empirical work on neoliberal reforms in new democracies (Przeworski 1996; Stokes 1996b) suggests that people are willing to exonerate governments for inflation and to treat increases of wages intertemporally, as forecasting inflation, but that they are risk-averse about unemployment and turn against governments that generate it. Yet other studies come to the conclusion that people are sensitive to inflation and relatively indifferent to unemployment (Rose 1997; Weyland 1996). In any case, there is little on which people can base these judgments.

Accountability models of elections assume typically that while voters do not know something that they need to know to evaluate governments, incumbents do know what they need to do in order to be reelected. The implicit artifice on which these models rely is that voters offer a contract to the government: "if you give us at least this, we will vote for you; otherwise, we will not." Yet voters do not offer such contracts. Note that we could cast not only ballots but also a list of our conditions for reelecting the incumbent. But we do not, and we do not because we want governments to do all they can for us, rather than just fulfill our minimal demands. Indeed, Manin (1997) points out that voters can decide whether to reelect the incumbent on any basis they want, including qualifying for the World Cup, and that they can change their mind between the beginning and the end of a term. At least in this way, voters are sovereign.

Hence, a question arises about how the incumbent will act if information is asymmetric both ways: when voters are not certain about the conditions under which policies are made but incumbents are uncertain what would satisfy voters. It can be shown (Cheibub and Przeworski, Chapter 7 in this volume) that when incumbents very much care about being reelected, they will represent, always pursuing policies appropriate to the conditions they observe, so that voters are better off keeping their expectations secret. When, however, incumbents care less about being reelected and, in turn, voters expect that conditions are likely to be good, voters are better off formulating exacting demands and making them known to politicians. Finally, when incumbents attach less value to being reelected and voters expect conditions to be bad, there is nothing voters can do to prevent incumbents from extracting excess rents when conditions happen to be good. Hence, voters are better off if they can reveal or not reveal their demands strategically. But to do so, they must still know how much the incumbent cares about being reelected and how likely it is that conditions are good.

In sum, accountability is not sufficient to induce representation when voters have incomplete information.

Using the Vote for Two Purposes

In a pure accountability model, voters use the vote only for one purpose, which is to sanction the incumbent, and the entire information available to voters is revealed by the performance of the incumbent. In a pure mandate model, voters compare promises candidates make about the future, and use the vote only to choose the better candidate. In Downs's (1957; also Fiorina 1981) model, voters use the information about the past performance of the incumbent and, if available, of challengers, but this is also a mandate model in the sense that voters use the information about the past only to choose a better government for the future. Indeed, Sniderman, Glaser, and Griffin (1990) claim that purely retrospective voting would be irrational: rational people look forward. Yet this is not right: if voters can credibly employ their vote only to sanction the incumbent, threatening to use it this way is a perfectly rational way of inducing governments to act well in the future.

For all we know, voters do not meditate whether to use the one instrument they have, the vote, to choose a better government or to structure incentives for incumbents. Fearon (Chapter 2 in this volume) offers persuasive stories to the effect that voters want to select good policies and politicians. Yet voting "to keep them honest" seems also ingrained in the repertoire of the democratic culture. The fact remains that voters have only one instrument to reach two goals: to select better policies and politicians, and to induce them to behave well while in office. The question then is what happens when voters try to use the vote for both purposes.

Suppose that, believing that politicians are not all the same, voters are swayed by the prospect of electing better governments. Voters may believe that the challenger is more competent, having a better understanding of the relation between policies and outcomes, or is more honest, being willing to accept lower rents in exchange for holding public office. An election takes place, an incumbent is installed, both the incumbent and the electorate observe the objective conditions, voters set their voting rule, incumbents choose rents, and voters vote again. Having observed what happened during the term, voters vote for a challenger with the probability that the challenger will be better than the incumbent (in the sense that she would have generated higher welfare under the same conditions). Anticipating that voters will vote for the challenger with some positive probability, the incumbent will then require a higher level of rents. Thus the rents that are necessary to induce the incumbent to seek reelection when voters use the vote as a selection device are larger than in the case when voters are only concerned about incentives for the incumbent. Using the vote to choose a better government prospectively is costly to voters in terms of their control over the incumbent (see Fearon, Chapter 2 in this volume).

Note immediately that the following nightmare may arise (Ferejohn 1986; Banks and Sundaram 1993): if voters always think that the challenger is better, then the incumbent can never be reelected, and he will always choose to extract high rents. In turn, if incumbents extract high rents, voters will never vote for them. The incumbent knows that voters will always be swayed by the promises of the challenger and always extract maximal rents, which means that if voters believe that politicians are not all the same, they are certain that the challengers will be better for them. In this situation, voters' control breaks down completely.[14]

Yet, while voters may be gullible, they cannot be that ingenuous. The performance of the incumbent is informative. As Bartels (1988) discovered, in the United States at least, the past performance of a president is a good predictor of his future performance (and not of a challenger's). Thus, voters who use their vote prospectively have good reasons to rely on retrospective information. Harrington (1993b) shows that the more uncertain voters are about the effect of policies on outcomes, the more they should rely on information about past performance. They can observe the past performance of the incumbent and then decide how likely it is that a challenger is better. Nevertheless, as long as voters use their vote to elect a better government, they must lower the power of incentives for the incumbent.

Madison (*Federalist* no. 57) thought that "The aim of every political constitution is, or ought to be, first to obtain for rulers men who possess most wisdom to discern, and most virtue to pursue, the common good of the society; and in the next place, to take the most effectual precautions for keeping them virtuous whilst they continue to hold their public trust." Using the vote for both purposes – to obtain the best rulers and to keep them virtuous – is not irrational: while voters lose some control over the incumbent, in exchange they elect a better government. Yet the system Madison and his colleagues designed makes it possible to strive for one goal only at the expense of the other.

Institutions, Elections, and Representation

Democracies are not all the same, and it is possible that some democratic systems foster representation better than others.

[14] This may seem farfetched. But several countries, notably Ecuador and Poland, experienced a series of elections in which the challenger promised to pursue an expansionary policy, was believed by voters, switched upon election to a contractionary one, to be defeated by a challenger promising an expansionary policy, etc.

While we have little systematic knowledge about the effects of particular institutional arrangements on voters' control over politicians, some institutional factors merit attention.

1. Voters must be able to assign clearly the responsibility for government performance. Their ability to do so is limited when the government is a coalition. It is also limited when the presidency and the congress are controlled by different parties. It takes an elaborate theory of government to figure out who is responsible for what under such conditions (but see Anderson 1995).

Hamilton argued in *Federalist* no. 70 that accountability is obscured under a plural, that is, cabinet executive: "But one of the weightiest objections to a plurality in the executive . . . is that it tends to conceal faults and destroy responsibility. . . . The circumstances which may have led to any national miscarriage or misfortune are sometimes so complicated that there are a number of actors who have different degrees and kinds of agency, though we may clearly see upon the whole that there has been mismanagement, yet it may be impracticable to pronounce to whose account the evil which may have been incurred is truly chargeable." But a similar ambiguity arises in presidential systems. Bagehot (1992: 67) expressed this view most forcefully: "Two clever men never exactly agree about a budget. . . . They are sure to quarrel, and the result is sure to satisfy neither. And when the taxes do not yield as they were expected to yield, who is responsible? Very likely the secretary of the treasury could not persuade the chairman – very likely the chairman could not persuade his committee – very likely the committee could not persuade the assembly. Whom, then, can you punish – whom can you abolish – when your taxes run short?"

The empirical findings concerning clarity of responsibility, most of them due to Powell and his collaborators, are confusing. Majority-inducing institutions increase the distance between the ideal position of the median voter and of the government (Huber and Powell 1996), but they increase what Powell (1990) measures as the "clarity of responsibility," which, in turn, makes voting for incumbents more sensitive to economic performance (Powell and Whitten 1993). Hence, it seems that majoritarian institutions generate governments that are farther from voters in policy space but more accountable. The relation between citizens' preferences and the actual policies – not studied by Powell – is thus indeterminate.

2. Voters must be able to vote out of office parties responsible for bad performance, and the parties they select must be able to enter government. These may appear to be universal features of democracy, but under some electoral systems they are next to impossible: witness the continued tenure of the Christian Democrats in Italy or of the LDP in Japan, or the weak connection between voting results and electoral outcomes in Bolivia. As Pasquino (1994: 25) put it with regard to Italy, "governing parties seemed to expropriate the voters of the political influence by making and unmaking governments at all levels with very little respect for electoral results."

3. Politicians must have incentives to want to be reelected. This condition becomes problematic when there are limitations on reeligibility, ubiquitous in presidential systems (Cheibub and Przeworski, Chapter 7 in this volume), and when political parties are not continuing bureaucratic organizations that offer their militants career prospects (Zielinski 1997). Paldam (1991) observed that the coefficients of the function relating the probability of reelection to economic outcomes are higher and their estimates are tighter when the party system is stable.

4. The opposition must monitor the performance of the government and inform citizens. Indeed, any reasonable understanding of representation must include the opposition. Citizens have two agents, not just one: the incumbents who govern and the opposition that wants to become the government. The opposition is an agent of citizens because it wants to win office and, in order to win office, it must also anticipate the retrospective judgments that voters will make about the incumbents at election time. Anticipating these judgments, the opposition has incentives to monitor the government and to inform (truthfully or not) voters about the performance of the incumbents.

Yet the existence of an opposition that wants to and can monitor government performance should not be taken for granted. Opposition can collude with the government[15] or it can be so

[15] Crain (1977) argued that in a single-member, single-district electoral system incumbents are unlikely to ever run against each other and that they therefore share an interest in raising barriers to entry of challengers from either party. Dasgupta (1993) offered another model of collusion and an argument that we should subsidize new parties.