Summary of the paper

In their paper titled “Estimating Dynamic Games of Electoral Competition to Evaluate Term Limits in U.S. Gubernatorial Elections”, Prof. Sieg from the University of Pennsylvania and Prof. Yoon from the Baruch College develop a model of political competition in the American gubernatorial elections and offer a comprehensive welfare analysis of term limits.

According to the theoretical literature in political economy, electoral competitions are usually modeled as dynamic games with asymmetric information and perfect monitoring. The primary objective of this paper is therefore to find feasible solution to identify and estimate these types of dynamic games. This paper proposes to use standard semi-parametric techniques to model a class of dynamic games. The empirical approach provides novel quantitative insights into the trade-off that voters face between ideology and competence, the differences of those among parties and states, as well as the differences in preferences between political candidates and voters. Moreover, the authors aim to quantitatively investigate the relative importance of term limit and offer a comprehensive analysis of its impact on electoral outcomes and voters’ welfare.

The empirical results of this paper indicate that voters are willing to accept considerable trade-offs between ideology and ability and governors enjoy significant advantages as a result of maintaining position. As a result to this, the chance of reelection provides strong incentives for moderate governors to shift closer to the center of the ideological spectrum during their first term in office. As for the welfare effect of term limits, the authors show that term limits may be welfare improving if the tenure effects are negative and sufficiently large.