



THE UNIVERSITY OF CHICAGO

**CENTER FOR EFFECTIVE
GOVERNMENT**

Harris School of Public Policy

DEMOCRACY REFORM PRIMER SERIES

Term Limits

A Practical Research Guide

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About the Democracy Reform Primer Series

Narrowing the gap between research and public dialogue, the University of Chicago Center for Effective Government's Democracy Reform Primers responsibly advance conversations and strategy about proposed changes to our political institutions. Each Primer focuses on a particular reform, clarifies its intended purposes, and critically evaluates what the best available research has to say about it. The Primers do not serve as a platform for either authors or the Center to advance their own independent views about the reform; to the contrary, they serve as an objective and authoritative guide about what we actually know—and what we still don't know—about the likely effects of adopting prominent reforms to our political institutions. In some instances, the available evidence may clearly support the claims of a reform's advocates. In other instances, it may cut against them. And in still others, the scholarly literature may be mixed, indeterminate, or altogether silent. Without partisan judgment or ideological pretense, and grounded in objective scholarship, these Primers set the record straight by clarifying what can be said about democracy reforms with confidence and what requires further study. This series is produced with support from Democracy Fund and the Democracy Innovation Fund.

About the Center for Effective Government

The University of Chicago Center for Effective Government was founded in 2019 at the University of Chicago's Harris School of Public Policy to help solve the problems of government ineffectiveness with a multi-faceted theory of action. The Center organizes its work and activities around three key areas—ideas, education, and engagement—and builds bridges across differences between scholars, students, practitioners, leaders, journalists, and advocates. Through robust, innovative programming, the Center works to strengthen institutions of democracy and improve government's capacity to solve public problems.

About the Author



Anthony Fowler is a Professor at the Harris School of Public Policy at the University of Chicago. His research applies econometric methods for causal inference to questions in political science, with particular emphasis on elections and political representation. Fowler is currently the Co-editor in Chief of the Quarterly Journal of Political Science, and the co-author (with Ethan Bueno de Mesquita) of *Thinking Clearly with Data: A Guide to Quantitative Reasoning and Analysis* (Princeton University Press, 2021). Fowler earned his Ph.D. in government from Harvard University and completed undergraduate studies at the Massachusetts Institute of Technology. Anthony is also the Series Editor for the 2024 Democracy Reform Primer Series.

Summary

Promise of the Reform

Too many of our incumbents are incompetent, corrupt, ideologically extreme, or out of touch, yet the vast majority of incumbents are regularly reelected. Term limits would “throw the rascals out” and bring new blood into office.



Key Takeaways from the Research

- Term limits would remove from office high-quality elected officials who the voters like.
- Term limits would reduce the incentives of elected officials to work hard and please the voters.
- Most incumbent success is attributable to the popularity of the candidates, not the institutional advantages of incumbency.
- Empirically, term limits appear to reduce economic growth and increase ideological polarization.
- There still are reasons to support term limits, particularly when our elections and governing institutions do not perform as intended, but there may be better solutions to these problems that do not sacrifice our best elected officials or remove their incentives to do a good job.

Important Questions that the Research Does Not Answer

- What effects do term limits have on the kinds of people who decide to run for office?
- To what extent do elected officials improve with experience (or decline with age)?
- How do term limits change the ways that elected officials are able to negotiate, coordinate, and compromise with others?

“If entrenched incumbents are the problem, we can ‘throw the rascals out’ by making them legally ineligible to run for reelection.”

Most Americans are unhappy with their current political system, which includes many entrenched incumbent politicians who seem out of touch, hold extreme views, and face little serious electoral competition. Term limits are a popular solution to this problem. If entrenched incumbents are the problem, we can “throw the rascals out” by making them legally ineligible to run for reelection.

Term limits are currently in place for U.S. presidents, the governors of 36 states, the state legislators of 15 states, and many other state and local elected officials. Term limits are not in place for members of the U.S. Congress, although polls suggest that the majority of Americans would prefer such a reform. And Democrats in Congress recently put forward a bill that would impose term limits on Supreme Court justices.

In assessing the theoretical and empirical research on the likely effects of term limits, his Primer discusses the following issues:

- the theory of electoral accountability, which identifies two negative implications of term limits (they remove from office the high-quality elected officials that voters like, and they reduce their incentive to do a good job), theoretical arguments in favor of term limits, focusing on perverse electoral incentives and bad institutions,
- empirical evidence on explanations for incumbent success, the benefits of electoral accountability, and the effects of term limits that have already been implemented, and
- what the available research means for the promise of term limits and what open questions remain unanswered.

Theoretical Research on Term Limits

One of the best arguments in favor of democratic elections comes from the theory of electoral accountability.¹ In short, the idea is that voters learn about political candidates—often by observing past performance—and vote for the one who they believe will produce the best outcomes in the future.

This theory highlights two benefits of democratic elections. The first of these is that, when multiple candidates run for office, the voters can select the candidate they believe is best. *Best* here incorporates all of the different factors that voters care about. For example, voters might care about honesty, competence, ideological alignment, and they might select the candidate who provides the best combination of these attributes.

The second benefit is that incumbents who would like to be reelected want to convince voters that they are better than the alternatives. Again, better refers to all of the factors that voters care about. So an incumbent who wants to convince voters they are better than the alternatives will likely have an incentive to work harder, engage in less corruption, select policies that reflect public opinion, etc. Throughout this Primer, I will refer to these two theoretical mechanisms as electoral selection and incentives.

What are the implications of term limits for electoral selection and incentives? First, term limits mitigate the benefits of electoral selection by making one of the potential candidates ineligible. Worse yet, it's not just any candidate that's ineligible. It's the incumbent who won the last election (and possibly more before that). If the voters previously selected the best candidate, then the term-limited incumbent is probably better than the average candidate and has a better-than-random chance of being the best candidate again. Ask yourself, would a company be better or worse off if it was forced to fire its successful CEO at the end of the year?

Second, term limits mitigate electoral incentives. If an elected official is term-limited, she has less incentive to impress the voters. Compared to the scenario where she is seeking reelection, a term-limited incumbent will likely not work as hard, be more likely to engage in corruption, and be more likely to implement the policies that she likes as opposed to the policies that the voters like. Again, ask yourself, would a successful CEO do a better or worse job if she were told that, no matter how well the company performs, she is going to be fired at the end of the year?

“Ask yourself, would a company be better or worse off if it was forced to fire its successful CEO at the end of the year?”

Theoretical Research on Term Limits

Therefore, from a theoretical standpoint, term limits have at least two troubling effects: they take away an option from voters that they have previously selected; and they reduce the incentive for incumbents to work hard to please the voters.

So what are the theoretical reasons to support term limits? One of the previous arguments can be flipped on its head if we believe the effects of electoral incentives are counterproductive. And there are good reasons to worry about perverse electoral incentives. Voters are imperfectly informed about the actions of politicians and the effects of different policies, and this can theoretically distort electoral incentives away from what would be best for voters.

“Term limits take away an option from voters that they have previously selected and they reduce the incentive for incumbents to work hard to please the voters.”

Theoretical Research on Term Limits

There are a number of examples of perverse electoral incentives. For example,

- In their effort to please voters, politicians might divert their efforts toward visible policy efforts—like invasive security screening at airports—and away from less visible but perhaps more effective policy efforts—like intelligence gathering.² The same logic applies to policies that have immediate, visible benefits—like public beautification or direct cash assistance—as opposed to policies that have long-term but less immediately visible benefits—like environmental regulation or pension reform.

Politicians might worry that voters are much more likely to learn about one kind of mistake—like letting a dangerous criminal free—versus another kind of mistake—like over-incarceration, which could bias policy decisions.³

If voters prefer one policy but politicians have private information that tells them another policy is better, reelection-motivated politicians will have an incentive to pander and do what voters think they prefer rather than what will make voters better off.⁴

Politicians might also spend public funds in ways that maximize their reelection chances rather than doing what is most efficient or equitable.⁵

Theoretically, term limits could mitigate these concerns by removing the perverse incentive for elected officials to cater their decisions to voters' stated preferences rather than to the best policy outcomes. However, term-limited politicians won't necessarily do what's best for voters in the absence of electoral incentives. Rather than exerting

more effort on long-term problems, term-limited incumbents might just exert less effort overall. Rather than pandering to the voters, the politicians might just implement the policy best for them, which need not be the best policy for voters. Another reason to favor term limits is that voters might dislike the political system but feel like they have no choice but to reelect their incumbent given that flawed system.

Consider, for example, a corrupt legislator who has seniority in the legislature, chairs an important committee, and brings a lot of government spending home to her district. The voters might feel like they have no choice but to reelect their incumbent even if they dislike her, lest they have a rookie legislator who won't bring home the bacon.⁶ The same logic would apply to an incumbent who is loyal to a political machine, an incumbent who votes in overly partisan ways to stay in favor with party leadership, or an incumbent who devotes too much attention to constituency service rather than policy.

In this line of thinking, voters from different legislative districts face a collective action problem. Perhaps we would all be better off if we could get rid of our entrenched incumbents and start anew, but given the current system, no district has an incentive to replace their entrenched incumbent. Term limits are a potential solution to this problem because they would force incumbents to leave office before becoming too entrenched. Of course, there are counterarguments here as well. Term-limited incumbents will have less incentive to focus on constituency service and pork-barrel spending or ingratiate themselves with party leaders, but that doesn't mean they'll spend more effort on policies that benefit the public.

Empirical Research on Term Limits

“Term-limited U.S. governors tax and spend more than those who are eligible to run for another term.”

Do electoral selection and incentives behave as predicted by theory? Coincidentally, term limits provide one of the best opportunities to answer this question. Several research papers have explicitly tested whether elected officials perform differently when they are term limited. For example, one paper found that term-limited U.S. governors tax and spend more than those who are eligible to run for another term.⁷ One problem with this study is that we don't know whether more taxing and spending is, on net, a good or bad thing. The answer surely varies from person to person, depending at least in part on their ideology. Another problem is that this test conflates the effects of electoral selection and electoral incentives. On one hand, term-limited governors have less electoral incentive, so we would theoretically expect them to work less hard, but typically, the reason they are term-limited is that they won several recent elections, so they are positively selected, which means we would theoretically expect them to be more competent.

Another study addressed these concerns by using better outcome measures like state economic growth and state borrowing costs and by using a clever design that disentangles the effects of selection and incentives.⁸ Specifically, it takes advantage of the fact that several states have historically switched from a one-term limit for governors to a two-term limit, which allows them to more cleanly estimate an incentive effect by comparing first-termers who are and are not term-limited. Moreover, they can also estimate a selection effect by comparing second-termers who are term-limited to first-termers who are term-limited. Interestingly, they find that both factors are quite important. Holding constant whether the governor is term-limited, governors who won two elections produce higher economic growth and lower borrowing costs than governors who only won one election. And holding constant the number of terms served, governors who are not term-limited produce higher economic growth and lower borrowing costs than those who are term-limited. So both electoral selection and incentives have clear benefits for voter welfare, and term limits short circuit both forces.

U.S. state legislatures, where more data and more measures of productivity exist, have also been used to test for the effects of term limits on electoral incentives.⁹ Comparing the same elected official when they are or are not term-limited, it was found that when legislators are term-limited, they sponsor fewer bills, are less productive on committees, and are absent for more floor votes.

“Governors who won two elections produce higher economic growth and lower borrowing costs than governors who only won one election.”

Empirical Research on Term Limits

What about the fact that so many incumbents are reelected? Doesn't this undermine electoral accountability? Not necessarily. If incumbents get reelected precisely because they were positively selected to begin with and because they are doing a good job in office, their high reelection rates could be a result of electoral accountability working as it should. In one of my own studies on incumbent success in U.S. elections, I estimate that 64% of the electoral success of incumbents is attributable to selection on party, 12% is attributable to selection on other candidate characteristics, and 24% is attributable to the direct benefits of officeholding.¹⁰ So most of the success of incumbents is attributable to positive selection rather than the institutional benefits that incumbents accrue by virtue of being incumbents.

Instead of comparing term-limited and non-term-limited elected officials within the same system, several studies more directly estimate the net effects of term limits by studying what happens when state legislatures implement term limits. For example, it has been estimated that state legislative term limits increase polarization between elected officials.¹¹ Since most voters are much more ideologically moderate than their elected officials,¹² this means that the average legislator under term limits is likely doing a worse job representing the preferences of her constituents.

“State legislative term limits increase polarization between elected officials.”

Using a similar design to the state legislative term study, I find suggestive evidence that state legislative term limits hinder economic growth.¹³ This evidence is only suggestive because states tend to implement term limits when their economy is already in decline, so it is hard to know whether the observed declines are because of term limits or just a continuation of the decline that may have led to the reform. But in conjunction with the previously discussed results of Alt and colleagues, the evidence suggests that term limits hinder economic prosperity.

Further evidence suggests that the implementation of term limits causes legislators to lose influence relative to staff, bureaucrats, and governors and to become less professional, less innovative, and less specialized.¹⁴ If we dislike entrenched legislators, it is not obvious that we are better off with more powerful, more entrenched bureaucrats and legislative staff who are not electorally accountable.

“Term limits causes legislators to lose influence relative to staff, bureaucrats, and governors and to become less professional, less innovative, and less specialized.”

Conclusion

On net, theory and evidence from political science suggest that term limits would likely reduce the quality and competence of elected officials while also reducing their incentives to work hard on behalf of voters. This likely means that voters will be worse represented and see worse policy outcomes.

To the extent that we are worried about perverse electoral incentives and poorly performing institutions, there are likely better solutions and reforms that do not sacrifice the desirable aspects of electoral accountability. For example, we could consider:

- Campaign finance reforms to reduce the time that elected officials spend raising money and increase the time that they spend on policy,
- Ballot access reforms that would increase electoral competition and reduce the power of political machines and party leaders,
- Term limits for legislative leadership positions, and legislative reforms (including committee selection procedures) that reward accomplishments rather than seniority.

Existing research does not definitively answer all questions about term limits. Some particularly important outstanding ones include:

- How do term limits change the kind of candidates who run for office? We have evidence that high-quality, relatively moderate candidates are more likely to run when the value of holding office is higher,¹⁵ and term limits would seem to reduce the value of holding office, but we have little direct evidence on this question.
- To what extent do elected officials improve with experience (or decline with age)? If politicians improve with experience, this is another reason that term limits might reduce the quality of representation. Unfortunately, estimating returns to experience (or age effects) is difficult because everyone serving in a legislature together gains experience (and age) at the same rate over time, and there could be other things changing over time. New (or younger) legislators might differ from seasoned legislators for reasons other than just experience.
- How do term limits influence the ability of elected officials to negotiate, coordinate, and compromise with others? Long-term relationships might be important for the policymaking process. If an elected official will soon be term limited, perhaps other officials and bureaucrats have less incentive to work with or try to please them. This might partly explain why term limits cause staff and bureaucrats to gain influence relative to elected officials.
- To what extent do electoral incentives lead politicians to do things that are, on net, good or bad for voters? Just now, existing research does not provide a strong basis for quantifying the perverse effects of electoral incentives and weigh them against the desirable effects of elections.

“To the extent that we are worried about perverse electoral incentives and poorly performing institutions, there are likely better solutions and reforms that do not sacrifice the desirable aspects of electoral accountability.”

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