

Electoral Overoptimism among Political Elites: Evidence from a PR System*

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March 22, 2025

Abstract

This study makes a three-fold contribution to the growing literature on politicians' cognitive biases. First, we introduce a new, probabilistic measurement of politicians' overoptimism about their party's prospects of winning government office, devised for PR systems. Second, we propose an argument for why political leaders—although known to be positively selected on cognitive ability—should be more prone to optimism bias than non-leaders. Third, we evaluate this argument using original survey data from Swedish local governments. We document substantial overoptimism, particularly among opposition politicians and those in elite positions. We furthermore provide quasi-experimental evidence suggesting that political leaders' overoptimism is partly due to confirmation bias when interpreting voter preferences, as they are only more prone to optimism bias than non-leaders when their party has gained in recent polls. The observed overoptimism has implications for policy-making by potentially deterring opportunistic, myopic policies aimed at short-term vote maximization at the expense of long-term priorities.

*The author is grateful for helpful comments from Pär Nyman as well as seminar participants at Gothenburg Research Group on Elections, Public Opinion and Political Behavior. Financial support from the Swedish Research Council [2019-02463] is gratefully acknowledged.

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In competitive democratic elections, politicians face uncertainty regarding their prospects of keeping or gaining executive power after an election. While many have studied how such uncertainty matter for politicians' policy decisions (see, e.g., Schultz 1995; Seiferling 2020), these studies assume that politicians' perceptions of their electoral competition are largely correct. However, given recent evidence of cognitive biases among politicians (e.g., Baekgaard et al. 2019; Broockman and Skovron 2018; Walgrave et al. 2023), this is arguably a bold assumption.

Yet, the potential biases in politicians' assessments of their electoral prospects remain largely unexplored. Furthermore, the few studies that do exist mostly concern assessments about candidates competing in single-member districts (Enos and Hersh 2017; Sheffer and Loewen 2019). By contrast, a majority of the worlds national legislatures operate under proportional representation (PR) systems, where the electoral prospects of *parties* are more important than those of individual candidates, and where predicting who will gain executive power is more complicated due to inherent uncertainty not only about the electoral outcomes but also about the subsequent government formation process.

This study seeks to make three contributions to the literature on politicians' cognitive biases. First, we introduce a new, probabilistic measurement of optimism bias devised for PR systems. We apply it here to Sweden, combining data on assessments made in 2020 by local politicians about the probability that their party will join the local governing coalition after the 2022 election, with corresponding predictions based on concurrent 'objective' observables. We find substantial optimism bias, particularly but not only among politicians in the opposition.

Second, to help begin make sense of this bias, we advance a new argument about its determinants, heeding recent calls for more studies of whether political leaders are more or less biased than other politicians (Walgrave et al. 2023). Drawing on research on overconfidence among elite groups and on confirmation bias, we propose that—despite being positively selected on cognitive ability (Dal Bó et al. 2017)—politicians in leadership position should exhibit more optimism bias about their party's electoral prospects than their colleagues. Third, we report a set of regression analyses comparing politicians in the same local party, which provide evidence supporting the theoretical argument. We conclude by discussing the implications of overoptimism for the trade-off between short-term and long-term oriented policy-making.

Measuring bias in politicians' electoral predictions in a PR system

We study politicians in Swedish municipalities, which means that we can analyze a large number of elections, with a common party system and institutional environment that shares many features with other PR systems. Municipalities are governed by a local council to which members are elected from multi-member electoral districts in September every fourth year. Municipalities have a 'quasi-parliamentary' system, in which a majority coalition (or party) in the council appoints the Mayor and the committee chairs. This governing coalition (or party) is commonly regarded as the equivalent of a national government (Cronert and Nyman 2021).

We use data from a web-based survey, which was distributed to almost all elected members of the local councils in the 290 municipalities. Data collection took place November 10, 2020–February 1, 2021, at which point 3,925 politicians (32 percent) had participated. We focus here on politicians in the eight major parties in Swedish politics. Appendix A1 reports details about data collection, ethical considerations, variable definitions, and descriptive statistics.

At a general level, most scholars would probably agree with Boyne (1998, p. 212) that an ideal measure of electoral competition “would consist of responses by incumbents to questions about their likely fate at the polls”. In that spirit, we asked our respondents: “In your assessment, what is the likelihood that your party will be part of the governing coalition after the municipal

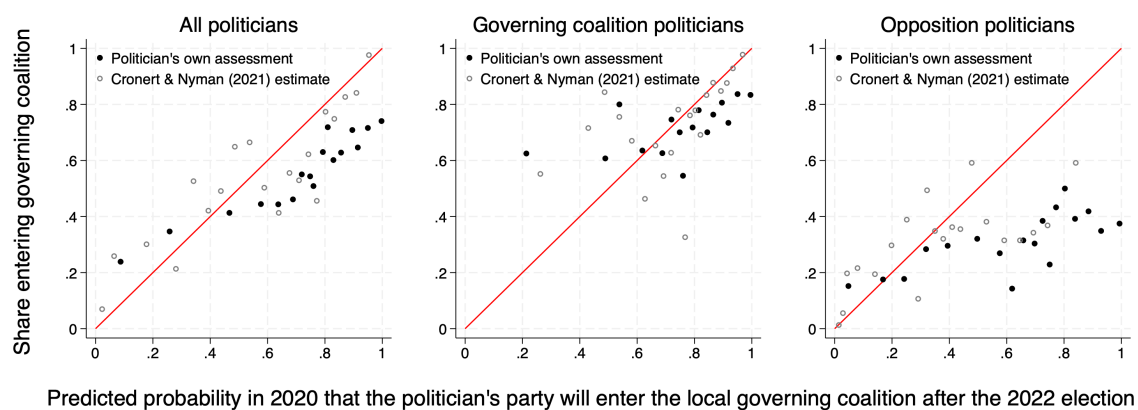


Figure 1: Relationship between 2020 predictions and 2022 outcomes.

election in 2022? Indicate a probability between 0 and 100.” Vis-à-vis Boyne (1998), there are both theoretical and methodological reasons for asking the politicians about the probability that their party will enter the governing coalition, rather than their own likelihood of being elected into the local council. Theoretically, the parties—rather than individual politicians—are the central actors in list PR systems, and the parties in the governing coalition have the most political influence (Cronert and Nyman 2024). Methodologically, since politicians within the same local party were asked to predict the very same outcome, we can compare them to investigate how individual attributes help explain their predictions.

Figure 1 provides a first overview of our respondents’ predictions. If all of them estimated the electoral prospects of their parties correctly, we would expect a direct 1:1 relationship between their predictions in late 2020 and the actual outcome after the 2022 election. We can test this expectation by reporting the share of successful entries into the local governing coalition over the estimated probability of success, with data “binned” into 20 ventiles based on the estimated probabilities. The theoretical 1:1 relationship is illustrated by the diagonal line. Black markers represent respondents’ own predictions, while—as a point of reference—hollow markers represent predictions for each respondent’s party produced using the approach by Cronert and Nyman (2021) based on ‘objective’ observable factors, such as historical coalition patterns, electoral volatility, and parties’ results in national polls around the time of the survey.

The left panel reports the results for all respondents. The results show a clear tendency towards optimism bias, as all but the two bottom ventiles are located below the diagonal line. While the share of respondents whose party joined the local government in 2022 was 0.54, the respondents’ average predicted probability was 0.69. Motivated by the large incumbency advantage in Swedish local politics, the center and right panel report the results separately for parties in the governing coalition and the opposition. While both groups are overly optimistic on average, this is particularly true for opposition politicians. The discrepancy between the black and the hollow markers suggests that politicians’ errors are larger than we would expect based solely on the uncertainty in the ‘objective’ factors incorporated in the Cronert and Nyman (2021) measure. The predictions of the latter approach are also not fully accurate, as indicated by the distance of the hollow markers from the diagonal line. However, they show much less of a tendency towards overestimation, with an average predicted probability of 0.56.

Next, we use these two data sources to create an individual-level measure of optimism bias OB_i of respondent i , by simply computing his or her subjective prediction about their party’s

government inclusion probability SGP_i less the ‘objective’ governing probability estimate OGP_p generated for his or her local party p by the Cronert and Nyman approach.

$$OB_i = SGP_i - OGP_p \quad (1)$$

Although OB_i refers to a party’s electoral outcome, this equation is similar to that used by Sheffer and Loewen (2019) to compute the extent to which MPs in three countries overestimate their individual chances of being re-elected into their parliamentary seats; however, it has the conceptual advantage that both terms on the right-hand side are expressed as probabilities.

How this measure is best understood warrants a brief conceptual discussion. In essence, it is first and foremost a measure of *overoptimism* about the own party’s governing prospects after the upcoming election. However, as highlighted in previous research, such overoptimism may stem from different sources (Krizan and Windschitl 2009). In situations where a person would not expect to influence the target outcome, overoptimism can be seen as reflecting *wishful thinking*. However, in the present situation, respondents—particularly those in leadership roles—may expect to at least partially influence their party’s outcome through their own actions leading up to the election. Indeed, although municipal elections coincide with national elections, it has been shown that up to two thirds of Swedish voters make separate voting decisions for each level (Lidström 2021). This means that our measure will also in part reflect respondents’ *overestimation* of how they will perform in the local competition for votes. Overestimation, in turn, is commonly regarded as one out of three often-conflated categories of *overconfidence*; the other two being over-placement and over-precision (see Ortoleva and Snowberg 2015). This discussion is important as we now turn to discuss the possible sources of overoptimism.

Political elites, confirmation bias, and electoral overoptimism

As most people are inherently optimistic (Kahneman 2011), the patterns above likely in part reflect a general tendency for wishful thinking, much like when citizens forecast election outcomes (Lewis-Beck and Skalaban 1989). Also, since optimism tends to confer resilience against stress and setbacks, it appears particularly valuable for politicians—not least opposition politicians—which implies that politicians may generally be positively selected on optimism.

However, if we consider the second potential source of optimism bias above—overconfidence—we should expect some politicians to be more overoptimistic than others. Specifically, a long-standing finding in social psychology holds that people with higher levels of confidence tend to have higher perceived competence and leadership potential (Anderson et al. 2012; Ronay et al. 2019), and consequently are more likely to end up in top jobs (Adamecz-Völgyi and Shure 2022). For the same reason, overconfident people should have an advantage in intra-party competition for leadership positions. Relatedly, overconfident candidates have been found more attractive to voters (Ronay et al. 2019), which means that parties may have a strategic interest in promoting overconfident individuals to leadership positions. Due to such selection mechanisms, we should expect political leaders to be more overconfident than non-leaders.

In turn, there are good reasons why we should expect these leaders’ overconfidence to translate into overoptimism about their party’s electoral prospects. First, by virtue of their ascent to a position of power, they are likely to exhibit a stronger belief in their own capabilities to influence political outcomes (Magee and Frasier 2014). This elevated belief may translate into a higher estimation of their party’s opportunity to win an upcoming election campaign, by providing a greater sense of agency and confidence that they will achieve their goals (cf. Kahneman 2011; Krueger Jr and Dickson 1994). Relatedly, overconfident political leaders may

also be more prone to disregard the strength of their political adversaries, analogously with how overconfident entrepreneurs tend to underestimate market competition (Kahneman 2011).

A possible second reason for the observed overoptimism is biased interpretation of voter preferences. Experimental research on Swedish politicians has shown that trends in vote intention polls may influence their strategies and positions (Schumacher and Öhberg 2020). However, politicians' interpretations of voter preferences are known to be biased (Broockman and Skovron 2018; Walgrave and Soontjens 2023). One bias of particular relevance here is confirmation bias; i.e., the tendency to give disproportionate weight to information that aligns with preexisting beliefs (Baekgaard et al. 2019). Applied to politicians interpreting information about their party's poll results, such bias would imply that a disproportionate weight is given to favorable news. In fact, evidence of such bias emerges in a reanalysis of Schumacher and Öhberg's (2020) data on Swedish politicians' satisfaction with their party's recent poll results and their beliefs about the next election, reported in Appendix A3. While respondents who are satisfied with the polls are the most optimistic about how their party will perform, those who are dissatisfied are *no less* optimistic than those who are neither satisfied nor dissatisfied.

Now, especially in a local politics settings, we might not expect all politicians to consume polls to the same extent. Specifically, recent cross-national evidence shows that—presumably due to more resources and a higher perceived need for reliable knowledge to inform decision-making—politicians in elite positions are more likely than other politicians to deem polls a useful source of information about voter preferences (Walgrave and Soontjens 2023). As this should motivate political leaders to devote more attention than others to vote intention polls, we might expect that even a uniform tendency among politicians for biased interpretation of such polls would translate into a gap in overoptimism between political leaders and non-leaders.

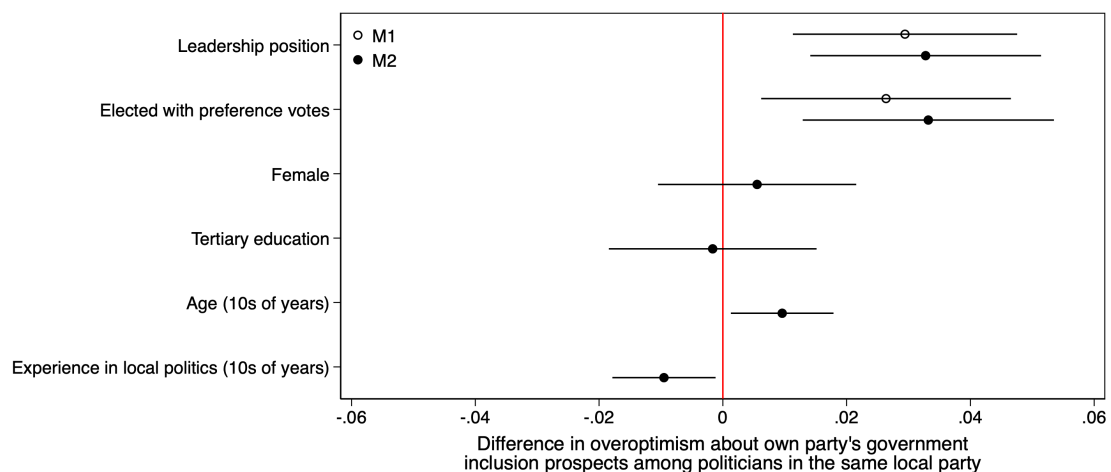
In sum, we might expect that 1) even though political leaders are known to be positively selected on cognitive ability (Dal Bó et al. 2017), they will exhibit more optimism bias than others; and 2) that this bias may in part stem from biased interpretation of vote intention polls.

Empirical analysis

While all elected politicians may in a sense be seen as community elites, there is also variation in this characteristic among politicians that we can exploit to test these arguments. To that end, we identify two groups of elites in our data: First, we identify those promoted by their party into a *leadership position*, meaning those that are the chair of the local party, or the chair or party group leader in the local council or one of its committees. Substantiating the theorized assumption, these leaders report substantially higher self-efficacy than other respondents (see Appendix A1). Second, we identify those *elected with preference votes*, meaning that at least five percent of the local party's voters marked their name on the ballot. Even though most of these candidates would have gained their seat also without these votes, they serve as an acknowledgment of the candidate's popularity. Given that elites tend to be positively selected on confidence and that voters reward overconfident candidates (Ronay et al. 2019), we might expect higher overconfidence, and in turn higher optimism bias, among these two elite groups.

Figure 2 reports two OLS regressions of respondents' overoptimism about their party's governing prospects (OB_i). Importantly, to reduce confounding, both models includes fixed effects for each combination of municipality and party, which means that estimates are based only on variation *among politicians in the same local party, who make predictions about the same outcome*.¹ Besides these fixed effects, Model M1 includes only the indicators for holding

¹ Thanks to these fixed effects, there is no within-local-party variation in the OGP_p component of OB_i in Eq. 1, as the Cronert and Nyman (2021) measure is at the local party-level. In effect, our analysis does not hinge on



OLS regressions with municipality-party FEs. 95-percent confidence intervals. For full output, see Table A4.

Figure 2: Associations between individual traits and prediction outcomes

a leadership position and being elected with preference votes. Both these characteristics are clearly associated with overoptimism; the probability estimations made by leaders are 2.9 percentage points higher than non-leaders in the same local party, while the figure for those elected with preference votes is 2.6. These coefficients are even stronger in Model M2 that controls for a set of background variables.² These results are consistent with previous research on overconfidence among elite groups and support the theoretical argument outlined above.

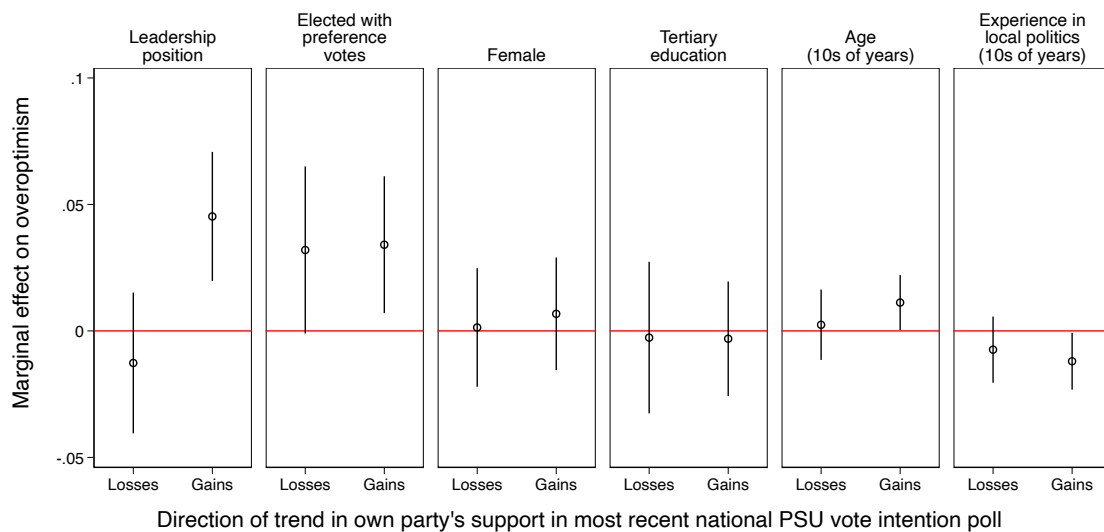
Next, Figure 3 investigates whether biased interpretation of vote intention polls may help explain why political leaders are particularly overoptimistic. This analysis exploits a discontinuity stemming from the fact that during our data collection, on December 2, 2020, Statistics Sweden published a new edition of its biannual vote intention poll PSU; the country's largest and most prestigious vote intention poll (see Figure A2), which is known to impact politicians' satisfaction with their party's performance (Schumacher and Öhberg 2020). Considering that large shifts in trends occurred for several parties between these polls (see Figure A1), this provides a quasi-experimental source of variation in the direction of current trends among politicians in the same party. In the interest of space, balance tests regarding the timing and content of exposure, a media analysis verifying the mass media dominance of the PSU poll, and other information substantiating the validity of this analysis are reported in Appendix A2.

To exploit this variation, we create a variable indicating whether the party had seen recent gains or recent losses. We then extend Model M2 above by adding interactions between each of our variables of interest and the poll variable, as well as a set of weekly dummies to capture possible unrelated time trends.

Based on the extended model, Figure 3 reports the marginal effects of each variable of interest on confidence, by poll context. The results show that political leaders are more overoptimistic only when their party has seen recent gains in the polls, and vice versa. Consistent with confirmation bias, this relationship however appears asymmetric; the negative coefficient in the loss context is 70 percent smaller in absolute terms, and not significantly different from 0. Notably, no such interaction effects are found for the other variables. This is in line with

the quality of the OGP_p data, as identical results emerge if we run it on the politicians' predictions (SGP_i).

² Among them, age is the only one positively related to optimism bias. The opposite is true for experience in local politics, suggesting a learning effect. There are no systematic variations based on sex or education.



OLS regressions with municipality-party FEs. 95-percent confidence intervals. Other variables are at their means.

Figure 3: Marginal effects of individual traits on overoptimism by poll trend

evidence from Walgrave and Soontjens (2023, Table A3) that while elite politicians find external polls more useful than non-elites, no such differences exist across sex, seniority, et cetera.

Concluding discussion

This study has made a three-fold contribution to the literature on politicians' cognitive biases. First, we have introduced a new, probabilistic measurement of politicians' overoptimism about their party's prospects of winning government office, which can be seen as reflecting a combination of wishful thinking and overconfidence. Second, we have proposed an argument for why political leaders should be more prone to optimism bias than non-leaders. Third, using original survey data from Swedish local governments, we have documented a substantial degree of optimism bias—particularly among politicians in opposition and those in elite positions—and provided quasi-experimental evidence suggesting that political leaders' overoptimism is in part due to confirmation bias in their interpretation of vote intention polls.

It is worth highlighting a possible implication of these findings for policy-making. Previous research has shown that politicians who are more confident about their re-election take more risky decisions (Sheffer and Loewen 2019). However, in an electoral context, such a tendency needs not be unequivocally problematic. Indeed, it might imply that such politicians will also be less prone to engage in opportunistic policy-making intended to maximize short-term voter benefits at the expense of longer-term priorities such as public investments and climate policy. Experimental evidence about this mechanism has recently been provided with regards to environmental-friendly infrastructure investments (Cronert and Nyman 2024). Thus, while overconfidence bias among organization leaders is typically associated with detrimental effects (Kahneman 2011), it may also have unintended positive side-effects in the political realm.

More research is needed to verify assumptions and establish causal linkages firmly. Future studies could experimentally manipulate optimism levels and compare policy preferences between treatment groups (cf. Schumacher and Öhberg 2020). Cross-national analyses could shed light on how institutional contexts condition the scope and impact of overoptimism.

Considering the differences between elite and non-elite politicians, these aspects may also differ between political levels. Indeed, given that most Swedish local politicians carry out their tasks alongside regular work, and consume less polls than those in other countries (Bäck et al. 2009), the bias observed here might mark a lower bound for other countries and political levels.

In any event, given the great interest in the policy-making impact of electoral competition, our findings stress that researchers need to consider carefully how the politicians they analyze actually perceive their electoral prospects. After all, it is their perceptions about how they will fare at the polls—biased or not—that will ultimately inform their electoral strategies.

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